

**Invitation to Comment**  
***Reexamination of Existing Standards***

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: _____
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input checked="" type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name: ewalker@vscpa.com or (804) 612- 9428."/>

**Please identify your organization, if applicable.**

Organization:

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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**FASAB GAAP HIERARCHY QUESTIONS**

**QUESTION 1.1:** The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

**Agree**

**Please explain your response. Click here to enter text.**

In general, SFFAS 34 is sufficiently clear for selecting the principles for the preparation of general purpose financial statements. However, it would be helpful to know how many and which types of federal entities have been permitted to follow FASB instead of FASAB.

**QUESTION 1.2:** **Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?**

**Agree**

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**Please explain your response**, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

Our experience is primarily related to the Department of Defense. As you know, the DoD has been unable to issue general purpose financial statements with an unqualified opinion from independent accountants or the Office of the Inspector General. Since fiscal year 2018 and through 2022 the DoD has received a disclaimer of opinion and between 20 and 28 material weaknesses each year.

The financial reporting issues relating to beginning balances for inventory, fixed assets, and related liabilities, expenses, revenues continue to impact this situation (GAO-23-105784 highlights of report to congressional committees). It would be useful to the general public and to Congress its oversight responsibilities to work with the DoD to resolve any of the financial reporting requirements unique to the DoD and to close those gaps.

#### REEXAMINATION OF FASAB STANDARDS QUESTION

**QUESTION 2:** Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)<sup>1</sup> in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

**(1) High priority:** topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

**(2) Medium priority:** topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

**(3) Low priority:** topic and related SFFASs are not of concern and do not need to be reexamined at this time.<sup>2</sup>

**Please explain your response, including specific details<sup>3</sup> and examples to support your rationale, especially those ranked high priority and medium priority.** Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is

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<sup>1</sup> [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

<sup>2</sup> The Board anticipates that the topics for reexamination will need to be reassessed in the future.

<sup>3</sup> For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

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seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent’s views on these matters.

<b>Topic #1</b>	<a href="#">SFFAS 1, Accounting for Selected Assets and Liabilities</a> <a href="#">Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</a> <a href="#">TB 2020-1, Loss Allowance for Intragovernmental Receivables</a>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #2</b>	<a href="#">SFFAS 2, Accounting for Direct Loans and Loan Guarantees</a> AS AMENDED BY: <a href="#">SFFAS 18</a> , <a href="#">SFFAS 19</a>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #3</b>	<a href="#">SFFAS 3, Accounting for Inventory and Related Property</a> AS AMENDED BY: <a href="#">SFFAS 48</a> <a href="#">Interpretation 7, Items Held for Manufacture</a>
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**Low Priority**

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We have no comments on this matter at this time.

<b>Topic #4</b>	<a href="#">SFFAS 4, Managerial Cost Accounting Standards and Concepts</a> AS AMENDED BY: <a href="#">SFFAS 55</a>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #5</b>	<a href="#">SFFAS 5, Accounting for Liabilities of The Federal Government</a> AS AMENDED BY: <a href="#">SFFAS 12, SFFAS 25</a> <a href="#">Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</a> <a href="#">Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense</a> <a href="#">TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</a> <a href="#">TB 2017-1, Intragovernmental Exchange Transactions</a>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #6</b>	<a href="#">SFFAS 6, Accounting for Property, Plant, and Equipment</a> AS AMENDED BY: <a href="#">SFFAS 23, SFFAS 40, SFFAS 50</a> <a href="#">Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 &amp; SFFAS 6</a> <a href="#">TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2)</a> <a href="#">TB 2017-2, Assigning Assets to Component Reporting Entities</a>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #7</b>	<a href="#">SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</a> AS AMENDED BY: <a href="#">SFFAS 20, SFFAS 21, SFFAS 53</a> <a href="#">Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</a> <a href="#">Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</a> <a href="#">TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</a>
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	<a href="#">TB 2017-1</a> , <i>Intragovernmental Exchange Transactions</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #8</b>	<a href="#">SFFAS 10</a> , <i>Accounting for Internal Use Software</i>
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**Low Priority**

We have no comments on this matter at this time.

	<a href="#">SFFAS 15</a> , <i>Management’s Discussions and Analysis</i> <sup>4</sup>
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We will response separately to the related exposure draft Omnibus Concepts Amendments (Amending SFFAC 2 with note disclosures and MD&A concepts and rescinding SFFAC3).

<b>Topic #9</b>	<a href="#">SFFAS 17</a> , <i>Accounting for Social Insurance</i> AS AMENDED BY: <a href="#">SFFAS 26</a> , <a href="#">SFFAS 37</a>
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**High Priority**

Social programs comprise the single most material component of the federal budget. Social security alone was projected in 2022 to have approximately \$23 trillion in net future cash flows over the next 75 years. Despite the poor-funded status of social programs, funding solutions are rarely proposed or addressed. The Board may consider whether recognition and disclosure requirements are sufficient to promote long-term financial stewardship over social insurance trust funds.

A parallel could be drawn to state and local public pension funds, which were chronically underfunded across the United States. In response to awareness generated through new requirements to recognize true liabilities on the face of the financial statements for the first time (due to GASB Statements 67, 68, 74, and 75), funding levels appear to be beginning to improve.

<b>Topic #10</b>	<a href="#">SFFAS 24</a> , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i>
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<sup>4</sup> SFFAS 15, *Management’s Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board’s consideration.

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	<a href="#">SFFAS 32</a> , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”</i>
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**Medium Priority**

Establishing which standards to apply to the US CFR is subjective and impactful. We have no specific comments on this matter at this time.

<b>Topic #11</b>	<a href="#">SFFAS 27</a> , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: <a href="#">SFFAS 43</a>
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**Low Priority**

We have no specific comments on this matter at this time.

<b>Topic #12</b>	<a href="#">SFFAS 29</a> , <i>Heritage Assets and Stewardship Land</i>
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**Medium Priority**

This topic has not been revisited since 2005. At that time the Board clarified that it did not reconsider recognition and measurement, but that it may reconsider the recognition and measurement issues for heritage assets and stewardship land (para. 53). It seems inconsistent with FASB and GASB standards to classify these as assets (a resource that embodies economic benefits or services under the government’s control) while fully recognizing the cost of acquisition, improvement, reconstruction, or renovation in the period of the cost.

<b>Topic #13</b>	<a href="#">SFFAS 31</a> , <i>Accounting for Fiduciary Activities</i>
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**Medium Priority**

In 2008 when this standard became effective, there was disagreement about the basis of accounting and placement of the fiduciary information within the basic notes. With 15 years of experience using the information, it may be a good time to re-evaluate the definition of fiduciary activities, basis of accounting, and placement within the financial statements.

<b>Topic #14</b>	<a href="#">SFFAS 33</a> , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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**Medium Priority**

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Post-implementation of GASB Statement 68 found that some users appreciated the discount rate sensitivity disclosure and 10-year contribution and net pension liability information, which is also consistent with FASB requirements, but not currently included in federal disclosures.

<b>Topic #15</b>	<a href="#">SFFAS 34</a> , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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**High Priority**

Please see our responses to questions number one and two above.

<b>Topic #16</b>	<a href="#">SFFAS 36</a> , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #17</b>	<a href="#">SFFAS 38</a> , <i>Accounting for Federal Oil and Gas Resources</i> <a href="#">TB 2011-1</a> , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #18</b>	<a href="#">SFFAS 39</a> , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #19</b>	<a href="#">SFFAS 44</a> , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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**Medium Priority**

FASAB should consider alternatives to decrease the complexity of SFFAS 44.

<b>Topic #20</b>	<a href="#">SFFAS 47</a> , <i>Reporting Entity</i>
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**Medium Priority**

More concise guidance would improve the requirements of SFFAS 47.

<b>Topic #21</b>	<a href="#">SFFAS 49</a> , <i>Public-Private Partnerships: Disclosure Requirements</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #22</b>	<a href="#">SFFAS 51</a> , <i>Insurance Programs</i>
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**Low Priority**

We have no comments on this matter at this time.

<b>Topic #23</b>	<a href="#">SFFAS 52</a> , <i>Tax Expenditures</i>
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**Low Priority**

We have no comments on this matter at this time.

	<a href="#">SFFAS 54</a> , <i>Leases</i> <sup>5</sup> AS AMENDED BY: <a href="#">SFFAS 57</a> , <a href="#">SFFAS 60</a> , <a href="#">SFFAS 61</a> <a href="#">TB 2023-1</a> , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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We have no comments on this matter at this time.

	<a href="#">SFFAS 56</a> , <i>Classified Activities</i> <sup>6</sup> <a href="#">Interpretation 8</a> , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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We have no comments on this matter at this time.

	<a href="#">SFFAS 59</a> , <i>Accounting and Reporting of Government Land</i> <sup>7</sup>
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<sup>5</sup> SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

<sup>6</sup> SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

<sup>7</sup> SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

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