



March 11, 2019

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its *Three-Year Plan for Fiscal Years 2019-2021*. The FMSB is comprised of 19 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB has reviewed the proposed three-year plan and we appreciate FASAB's continued effort furthering the federal financial standards. The FMSB concurs with most of the content and relative prioritization of the projects on the agenda. However, we do have a few comments and questions regarding some of the projects.

Reporting Model Project –The FMSB continues to support the efforts of FASAB. We believe the Reporting Model Project is a high priority project that should result in significant, overarching improvements to federal financial reporting. We strongly support the project's objectives and recognize that it is a complex undertaking. Users of federal financial information are placing increased demands upon the federal entity to provide improved reports that link spending to budgets and operational results and this project should further the cause to meet this demand for improved information. We recommend adding "full *accrual cost* . . ." in the first bullet point within the financial reporting model section on page 18 of the report. We are referring to full accrual for provisions not related to monetary supply issues.

Risk Reporting Project - In our prior letters, we supported the approach taken by FASAB to address the issue of Risk Assumed, now Risk Reporting, and encourage FASAB to continue its efforts as it focuses on determining the best information regarding potential effect of the fiscal health of the federal government. Some of these areas could include catastrophic events, pension, extended liabilities and unfunded premiums.

Public-Private Partnerships (P3) – With the continued pressure on the federal government to provide services to the taxpayers, P3's are taking on a more significant role in providing those services that may be otherwise limited by available resources, especially in infrastructure finance. We support FASAB's phase II objectives in moving this issue forward and encourage FASAB to provide the necessary comprehensive guidance. We firmly believe the FASAB needs to cover all the potential topics in the project in one exposure draft rather than address a few and address others in later drafts. We also believe the FASAB needs to be concise in its guidance so the implementation across all federal agencies is consistent.

Department of Defense Implementation Guidance – This project is ongoing, and we support FASAB’s attempts to resolve some long-standing matters specific to the Department of Defense. The AGA has also engaged in projects relative to the Department of Defense in the past and addressing Department of Defense concerns is a matter we support. We encourage the FASAB that as they continue to evaluate these projects that perhaps they are considered on the short-term goal of getting an unmodified opinion for the federal government as a whole but with the idea the Department of Defense will eventually issue financial statements without the need of the special guidance.

Land – We applaud the efforts of the FASAB in the released exposure draft addressing this issue. We refer the FASAB to our response letter and live testimony regarding our response to this topic.

Evaluation of Existing Standards – The FMSB believes this is an important and far reaching project. We strongly encourage the FASAB to provide the necessary resources to this project. We believe this is one avenue to reduce the amount of costs associated with the preparation of financial statements as well as address current standards that may not be applicable due to overall changes to the federal government, technology and the political arena.

Please refer to our assigning liability response letter for our comments and recommendations regarding this project.

Regarding the intragovernmental receivables several of our board members were questioning whether if there was really an uncollectable amount or are the differences a reconciling issue.

Materiality – Please refer to our response letter regarding materiality.

Note Disclosures – This project corresponds with GASB’s wide-ranging note disclosure which has resulted in a project to eventually streamline and improve note disclosures. While it will be difficult to achieve streamlined note disclosures for federal agencies, we encourage the FASAB to focus on information that is essential to understanding by the readers of the financial statements.

Potential Projects

While we have had limited response from our Federal members, the following items with explanations are provided for your consideration of potential projects.

FASAB’s “potential project” of “Financial / Economic Condition” may help serve the critical goal of providing relevant, tangible, concise financial performance information to all types of federal managers, including program managers, federal executives, Congress, and citizens. This project ought to be given a high priority, perhaps utilizing the Reporting Model mechanism to derive some tangible benefit from that project, which apparently is solely conceptual in nature and has consumed and is consuming FASAB resources. However, we caution the FASAB that spending time on new and experimental reporting would distract FASAB from the focusing on basic financial statements issues that can help the Federal Government achieve a clean opinion. Regarding achieving an unmodified opinion, members of the FASAB should prioritize projects that are focused on financial reporting and convergence. For example, asset retirement obligations (ARO,) and similar environmental clean-up costs, nonmonetary transactions, research and development accounting, the conceptual framework and revenue recognition should be prioritized. Focusing on these projects help improve the consistency amongst standard setters and providing a similar treatment of common accounting principles. Several of our members believe that review of statement of budgetary resources should be a project of high importance as budgets drive federal operations. The statement of budgetary resources is one of the most important statements in the financial reports and should reflect the latest budget concepts and changes that have occurred in accounting and reporting budget amounts.

As with all standard setting entities, we encourage FASAB to consider transitioning to a codification similar to the FASB model. We believe this is necessary as the number of standards and amendments continue to

increase. Codification makes amendments easier to communicate and administer but also allows for standards to be organized in a logical order rather than evolution.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, Chair at lmiller@eidebailly.com or at 208-383-4756.

Sincerely,



Lealan Miller, CGFM, CPA
Chair- AGA Financial Management Standards Board

cc: John H. Lynskey, CGFM, CPA, AGA National President

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