

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING  
FINAL MINUTES  
January 17, 2008**

The meeting was convened at 1:00 PM in room 7C13 of the GAO Building, 441 G St., NW, Washington, DC.

**ADMINISTRATIVE MATTERS**

• **Attendance**

Present: Ms. Payne (chairperson), Ms. Gilmore, Ms. Hug, Messrs. Bragg, Dingbaum, McFadden, and Synowiec. Present via telephone: Ms. Chadwick, Messrs. Fletcher, and Ward (substituting for Mr. Sturgill). FASAB/AAPC project director, Ms. Valentine, and general counsel, Mr. Dymond, were also present.

Absent: Sturgill

• **Minutes**

The minutes of November 29, 2007 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

Ms. Payne noted the appointment of two new CFOC representatives to the AAPC to replace two retiring members. The two new members are Donjette Gilmore, Dept. of Defense, and John Brewer, Dept. of Agriculture. Ms. Gilmore was present for the meeting and Mr. Brewer was not available to attend the meeting. Ms. Payne and the other members of the Committee welcomed Ms. Gilmore to the AAPC. Ms. Payne also recognized Mr. Mike McFadden who announced that he was leaving his position at Labor for a non-OIG and non-CFO-related position within NASA. Ms. Payne applauded Mr. McFadden for his great work on the inter-entity cost guidance, soon to be released as a technical release. The Committee wished Mr. McFadden success in his new position at NASA.

**PROJECT MATTERS**

• **Project Agenda Status**

*Inter-Entity Cost*

*Heritage Assets and Stewardship Land*

Ms. Valentine noted that staff forwarded both technical releases (8 & 9) to the FASAB on January 7, 2008 to start the 45-day review period that will end on February 20, 2008. This time frame will allow the Committee to meet the requirement that the 45-day review period include the FASAB meetings on February 13 & 14, 2008.

Mr. McFadden added that he hoped the work of the inter-entity cost task force would continue its work by addressing any other specific case issues surrounding inter-entity cost. He noted that there was at least one specific issue that had been raised by a task force member. Ms. Payne ensured the Committee that the work of the task force would continue. Ms. Payne said she would ask the remaining co-chair of the task force Dorrice Roth if she wanted to continue on with the work of the task force as the sole chair or if she would like to solicit the Committee for a co-chair.

- **Agenda Committee Report**

Ms. Payne noted that the agenda committee was asked to present their recommendation on adding a list of general PP&E issues to the AAPC agenda. The members were presented with a project plan that outlined the three general PP&E issues being considered. The AAPC is being asked by the FASAB to develop guidance regarding issues on group/composite depreciation, accounting for assets deployed to a war zone, and cost accounting (assignment of R&D, support and overhead to general PP&E).

Mr. Dingbaum, chair of the AAPC agenda committee, recommended to the Committee that they accept the issues presented in the general PP&E issues project plan and that they be added to the AAPC agenda. The AAPC members unanimously agreed to add the issues to the AAPC agenda. Ms. Payne then asked for volunteers to chair the task force to address those issues. Mr. Fletcher and Ms. Gilmore volunteered to co-chair the task force and Mr. Bragg will serve as a participant of the task force.

Mr. Fletcher asked Ms. Payne if the AAPC project would include the consideration of fair valuing of assets including heritage assets. Ms. Payne reiterated to Mr. Fletcher that the AAPC had no authority to amend existing FASAB standards nor establish new standards and that fair valuing of assets would have to be addressed by the FASAB and could not be included within the scope of the AAPC project. However, she did note that if the AAPC felt that there was a need for guidance on possible approaches when estimating the historical cost of general PP&E when initially capitalized, a project could possibly be added to address those needs.

- **New Business**

Ms. Payne asked the Committee for its input on FASAB's technical agenda. Ms. Payne told the Committee that the FASAB will be considering its technical agenda in early 2008 and there are many potential projects to consider and the Board would benefit greatly from the AAPC's input regarding the most important topics to address.

She provided the members with information about the Board's current agenda, criteria relied on in selecting projects and a list of potential projects. She wanted the members to discuss the merits of the projects. She also noted that in addition to the technical agenda, the members were free to raise any issues or suggestions they had regarding the Board's outreach efforts. Their input will assist the FASAB in selecting where their future resources are directed.

The following is a summary of the FASAB technical agenda discussion:

## **I. Ranking of Projects by Committee Members**

### **FIVE VOTES**

- **Deferred Maintenance and Asset Impairment**

-- This is an important issue for many agencies as funds are not available to maintain assets.

-- There is great inconsistency in the measurement approaches used and in the quality of information.

### **FOUR VOTES**

- **Performance Reporting**

### **THREE VOTES**

- **Linking Cost and Performance**

-- Many members placed performance reporting and linking cost & performance together.

-- One member noted that the community has done a great job in developing information and it is time to take it to the next level by ensuring that cost information is incorporated in performance reports.

-- Standards are needed to bring integrity/discipline to performance reporting.

- **Leases**

### **TWO VOTES**

- **Summary or Popular Reporting**

-- Preparers need guidance regarding minimum content.

-- The role of the auditor relative to summary reports should be clarified.

### **ONE VOTE**

- **Asset Retirement Obligations**
- **Electronic Reporting**
- **Property with a Reversionary Interest Investments**

- **Application of the Liability Definition**
  - **Liabilities related to treaty obligations**

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Interest expressed in the following current projects:

**The Entity (1)**  
**Communication Methods (1)**

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**II. Other Comments**

**Technical Issues:**

- States report the Unemployment Trust Fund as an asset and the federal government reports the same investments (at the departmental level) as assets.
- Implementation guidance on fiduciary activities

**Waste:**

Ms. Payne asked if there are any processes that are currently being completed by the agencies and audited by the auditors that they would classify as a waste of taxpayer money.

- One member indicated that depreciating military assets was a waste.

**Education:**

Ms. Payne asked how the member felt about FASAB sponsoring financial management/reporting education sessions for new agency CFOs.

- The members thought it would be helpful and could be done at least once a year if not twice.

• **Next Meeting**

March 20, 2008

**Adjournment:** The meeting was adjourned at 2:00 PM.