

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
September 27, 2007**

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, Ms. Chadwick, Ms. Hug, Ms. Healy, Messrs. Bragg, Campbell, Dingbaum, Fletcher, McFadden, Sturgill, and Synowiec.

Absent: none

• **Minutes**

The minutes of July 12, 2007 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

None

PROJECT MATTERS

• **Project Agenda Status**

Inter-Entity Cost

Ms. Payne began the discussion by noting that the ED had a very good response rate. Ms. Valentine noted that the IEC task force had already provided comments on the ED responses to the Committee for discussion at the meeting. Mr. McFadden, co-chairperson of the AAPC Inter-Entity Cost task force, began going through the ED responses along with the task force's comments, which are presented by question. He first reiterated Ms. Payne's comment on the number of responses to the ED, as well as the number of complimentary remarks that were noted.

The first question asked the respondents if they "*believe there are other broad and general costs that should be added to the list of examples*". Mr. McFadden noted that the Social Security Administration (SSA) suggested adding the maintenance of social security numbers to the list of broad and general costs. The task force believes that the maintenance of SSN is not a "service" that SSA provides to other Federal entities, but that the maintenance of SSN is the core function of SSA for all who use those numbers. Mr. McFadden also noted that he had a call into SSA to get more clarification on their suggestion. Ms. Payne wondered if the maintenance of SSN should even be identified for classification as a service that is either broad & general or eligible

for inter-entity costing. Mr. McFadden agreed with Ms. Payne's point, but reiterated that he wanted to get clarification from SSA.

Mr. Mc Fadden discussed the following comments with the Committee:

- DFAS payroll services: It is the belief of the task force that Federal agencies use various payroll services and pay a cost for those services. It was noted that if agencies are not pay full cost for these services then an inter-entity cost should be considered.
- Cost of Borrowing: The task force believes that this issue is beyond the scope of the task force and should be handled at the FASAB level.
- GAO Audits: The task force believes that for the most part the cost of the audits would most likely be immaterial and not integral to the operations of any entity receiving the service.
- Treasury Trust Fund Maintenance: The task force believes that this service does meet the definition of broad and general even though some agencies do reimburse Treasury for the services. The Committee asked the task force to clarify in the guidance whether legislation requires certain entities to reimburse Treasury for their services.
- GSA Building Management: The task force has gone back to GSA to get a better understanding on their services and how those costs are allocated to the receiving agency.
- Directness of relationship to entity's operations: Several respondents asked for further clarification on this section of the guidance.
- Identifiability: Several respondents had questions about the discussion on inter-agency agreements.

IEC Task force conclusions:

- No new broad and general costs should be added to the current list of example costs noted in the proposed guidance.
- The criteria for considering "broad and general" seemed to hold up to all of the comments and the task force believes that no changes should be made to the criteria.
- The task force has begun working on revising the "directness of relationship" section of the guidance to address the concerns noted in the comment letters, specifically paragraph 20.
- The task force will clarify the discussion on inter-entity agreements in paragraphs 25 & 26.
- The final guide will eliminate Appendix B: Excerpts from SFFAS 4.
- The necessary revisions will be made to guide and will be circulated back to the Committee before the November meeting.

Heritage Assets and Stewardship Land

Mr. Synowiec and Ms. Hug, co-chairpersons of the AAPC HA/SL task force, discussed the comment letters received from the HA/SL implementation guidance exposure draft dated June 11, 2007 and responses are due back by August 13, 2007. Ms. Hug noted that four comment letters were received on the exposure draft in addition to one letter from a FASAB member.

Mr. Synowiec stated that the task force's plan for the guide is to meet with the task force sub-committee chairs to discuss the comments and make the necessary revisions. Mr. Synowiec discussed the following comments with the Committee:

- Methodology for developing supporting documentation: The guide specifically did not provide detailed guidance in this area, however respondents consistently asked for more guidance in this area. Mr. Fletcher provided a few examples of what is considered supporting documentation in many cases at Interior (e.g., past/historical practices).
- Assessing and reporting condition: Additional guidance was also requested in this area as well. Mr. Fletcher cautioned that too much specific guidance could be harmful to users because it could be misconstrued as not allowing the user flexibility of different methodologies.
- Land that does not have an identifiable cost: The guide provides a flowchart that is meant to assist the reader in determining when land should be classified as stewardship. One respondent stated that the flowchart was contradictory to the written guidance.

HA/SL Task force conclusions:

- The taskforce will try to provide some additional guidance on supporting documentation without getting too detailed which could give the appearance of “checklist guidance” that does allow for other options.
- The task force will review the condition section to determine what areas could be strengthened.
- The task force will follow up with the respondent that made the comment on the flowchart to determine what revisions need to be made to the guide to alleviate what the respondent believes is contradictory language. Mr. Jacobson suggested possibly flipping the first two boxes in the chart.
- The necessary revisions will be made to guide and will be circulated back to the Committee before the November meeting.

Ms. Payne noted that if significant changes are made to the previously exposed guide, there is a possibility that the guide will have to be re-exposed in order to give the community an opportunity to express their views on the new guidance.

- **New Business**

None

- **Agenda Committee Report**

None

- **Next Meeting**

November 29, 2007

Adjournment: The meeting was adjourned at 2:04 PM.