

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
October 31, 2006**

The meeting was convened at 1:05 PM in room 6N30 of the GAO Building, 441 G St., NW, Washington, DC.

ADMINISTRATIVE MATTERS

• **Attendance**

Present: Ms. Comes, Ms. George, Ms. Healy, Messrs. Bragg, Campbell, Dingbaum, James, McFadden, Sturgill, and Synowiec.

Absent: none

• **Minutes**

The minutes of July 18, 2006 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

None.

• **Project Agenda Status**

Inter-Entity Cost

Mr. McFadden and Ms. Dorrice Roth, chairpersons of the AAPC Inter-Entity Cost task force, gave an update on the current status of the work of the task force. The task force developed a survey to ask Federal agencies questions about their views on SFFAS's definition of "broad and general" and how it should be applied to various scenarios. The questionnaire also asks agencies to identify some of their inter-entity cost transactions. Mr. McFadden noted that, to date, the task force had received 16 of the 25 surveys sent out to Federal CFOs, DCFO, IGs, and AIGs. Ms. Monica Valentine, FASAB Project Director, noted to the Committee that each of them has been provided with copies of the survey, a summary of the responses, and copies of all the responses received. Mr. McFadden noted that the task force met on September 14 and was planning another meeting in December. He also briefly discussed a tentative project timeline. The task force hopes to have its first technical release out by early spring 2007.

Heritage Assets and Stewardship Land

Ms. George and Mr. Synowiec, chairpersons of the AAPC HA/SL task force, gave an update on the current status of the work of the task force. Ms. George stated that substantial progress was being made with the implementation guidance. The guide has several examples on how agencies

may report their heritage assets and stewardship land. Ms. George noted that the task force had a “near-finished” guide and hoped to get a draft to the full Committee soon. She stated that there were some difficulties in the materiality segment of the document because of the qualitative nature of the reporting. She also mentioned that the group was working on a brief government-wide section and a section on supporting documentation. Mr. Synowiec mentioned that there were also some difficulties in developing the condition criteria.

NASA Theme Assets Issue

Ms. Healy, task force chair, provided an update on the NASA issue that deals with the treatment of NASA’s exploration vehicles and whether to treat those vehicles as assets or as research & development costs. She reminded the Committee that at the July meeting it was agreed to form a task force to address the issue and to return to the AAPC with a recommendation on resolving NASA’s issue. The task force met in late August with representatives from NASA OCFO and OIG. The task force developed a letter that addressed the three questions that the NASA OCFO posed to the AAPC. Upon the recommendation of Ms. Comes, the draft letter was shared with the two NASA offices in order to determine if the letter guidance would be sufficient to allow for agreement between the OCFO and OIG. NASA’s OCFO agreed with the letter’s content and believed it would be sufficient enough for them to apply the necessary changes to their policies. However, the OIG, in the form of a letter to Ms. Comes, expressed its concerns with the authoritativeness of the letter and also noted that the content of letter was not specific enough in some respects.

Ms. Healy felt that at this point the Committee had three options to resolving the matter: (1.) send the letter as is; (2) develop a technical release that would essentially contain the same guidance outlined in the letter; or (3) do nothing further on the issue. Ms. Healy recommended that the AAPC work on developing a technical release that will address NASA’s issue. The full Committee agreed with Ms. Healy’s recommendation without any objections.

Ms. George asked how long it would take to get a final technical release for NASA. Ms. Comes briefly went over the process to have the technical release finalized. Once there is agreement amongst the Committee an exposure draft would be sent out for public comment for 30 – 60 days and the Committee would review the comments and continue its deliberations on the draft guidance. If a majority of the Committee agreed with guidance, it will be sent to the FASAB for a 45-day review period. If no FASAB Sponsor member objected to the guidance and a majority of the Board does not object to the guidance, then at the end of the review period the guidance will be issued as final.

Ms. Healy asked Ms. Comes if it would be possible to get AAPC approval before the January 25, 2007 AAPC meeting in order to expedite getting a response to NASA. Ms. Comes responded by saying yes, the Committee could get approvals via email.

- **New Business**

Ms. Comes announced the departure of Greg James from the Committee due to a relocation out of the Washington, DC area. Mr. James noted that he was leaving the Department of Labor and the Washington, DC metropolitan area to relocate to Mississippi to work with FEMA on the hurricane recovery efforts. Ms. Comes and the Committee wished Mr. James great successes at FEMA.

- **Agenda Committee Report**

Ms. Comes noted that with the departure of Mr. James there is now a vacancy on the Agenda Committee along with the chair position. Ms. Comes asked for a volunteer and Mr. Jim Campbell accepted the position as AAPC Agenda Committee Chair.

- **Next Meeting**

January 25, 2007

Adjournment: The meeting was adjourned at 1:35 PM.