

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
MINUTES
November 19, 2015**

The meeting was convened at 1:05 PM in room 5N30 of the GAO Building, 441 G St., NW, Washington, DC.

ADMINISTRATIVE MATTERS

• **Attendance**

Present: Ms. Payne (chairperson), Ms. Anderson, Mr. Baker, Mr. Easton's substitute: Mr. Sykes, Ms. Kearney, Mr. Lewis, Mr. Miller's substitute: Ms. Bumgarner, Mr. Rymer and Mr. Zane.

FASAB/AAPC project manager: Ms. Wu

Absent: Mr. Alston and Mr. Donzell.

• **Minutes**

All previous meeting minutes have been approved.

Internal Use Software (IUS) Implementation Guide Draft

Ms. Wu presented the summary of the responses to IUS Implementation Guide Exposure Draft (ED). She stated that the ED was issued September 16, 2015 with comments requested by October 28, 2015. Upon release of the exposure draft, notices and press releases were provided to several media including The Federal Register, FASAB News, The Journal of Accountancy, the CPA Journal, Government Executive, and the CPA Letter; The Financial Statement Audit Network; and Committees of professional associations generally commenting on exposure drafts in the past. To encourage responses, a reminder notice was provided on October 22, 2015 to FASAB Listserv.

As of November 12, AAPC have received 12 responses from the following sources: 10 from federal preparers and financial managers, 1 from users, and 1 from auditor. Of the 12 responses, nine supported the proposal. The remaining three offered comments.

Ms. Wu further discussed the changes made based on the ED responses received. She stated that all responses were equally considered. We did not rely on the number in favor of or opposed to a given position. Information about the respondents majority view is provided only as a means of summarizing the comments. The arguments in each response were considered and weighed the merits of the points raised. The AAPC member concurred the changes made based on the comments received. The major changes are listed as follow:

- **ED Paragraph 9:** Two paragraphs from TR 5 *Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software* were moved to the IUS implementation guide and added as new paragraph 16 & 27. TR5 was superseded.
- **ED Paragraph 10:** The scope statement was revised to directly state what kind of software used in research and development or with multiple usages can be treated as IUS.
- **ED Paragraph 23:** “Significant cost overruns” were deleted because “significant cost overruns” could exist yet not result in the cancellation or abandonment of a project. So, the overruns would not necessarily lead to “a software project will not be completed” condition as stated in the opening of paragraph 23.
- **ED Paragraph 23 & 24:** The word “developmental” was added in front of the software project to be consistent with the same terminology that is used in paragraph 31 of SFFAS 10 for software impairment discussion.

Allowable cost methodologies and discrete pieces of IUS or COTS for inventory purposes were raised by one of the responses for potential future project consideration. The Committee agreed to perform a survey on the topics and will present the survey result to the AAPC meeting next time.

By the end of the meeting, Ms. Payne asked the Committee’s final vote on the implementation guide and stated that deadline for the vote is November 25, 2015.

The meeting adjourned at 2:15 pm.