

AAPC Exposure Draft - Technical Release: *Rescission of Technical Release 8***Question for Respondents due October 5, 2018**

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: <input type="text" value="Department of Housing and Urban Development"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
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Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

- Q1. In light of the recently issued Statement of Federal Financial Accounting Standards (SFFAS) 55, *Amending Inter-entity Cost Provisions*, this TR rescinds TR 8, *Clarification of Standards Relating to Inter-Entity Costs*, because it is no longer consistent with SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended.

Do you agree or disagree with the rescission of TR 8? Please provide the rationale for your answer.

The Department of Housing and Urban Development, including the Federal Housing Administration and the Government Nation Mortgage Association, agrees with the rescission of TR 8. The rationale for HUD's answer is that, when the promulgation of a new standard creates discrepancies between that standard and an existing technical release, it is imperative that any potential inconsistencies be eliminated by rescinding the technical release.

As per Appendix A of this Exposure Draft, "SFFAS 55, *Amending Inter-entity Cost Provisions*, amended SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, and rescinded SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts...*" The original Technical Release 8 (TR8) centered on providing additional or clarifying guidance on several aspects of full costing specified in SFFAS 4 to the Federal community, but, with the issuance of

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SFFAS 55 and rescinding of SFFAS 30, has been made either inconsistent or duplicative to information provided in SFFAS 4 and, therefore, should be rescinded.

Examples:

1. TR 8, as currently written, does not make accurate distinction between business and non-business type activities, thus creating the risk of misapplication of technical guidance as recognition of inter-entity costs for non-business type activities (with a few exceptions including personnel and treasury judgement fund) is rescinded by SFFAS 55.
2. TR 8, as currently written, includes references to rescinded standards and guidance which creates the risk of misapplication of technical guidance.
3. Portions of TR 8 reiterated key points from SFFAS 4 and in some instances, quoted it directly. Currently, with the updates from the issuances of Standard 55, necessary guidance resides in SFFAS 4 as amended. Redundancy of TR 8 guidance includes:
 - a. Guidance on the directness of the relationship to the entity's operations as used in determining if a transaction should be considered material to the receiving entity; and
 - b. Guidance on identifiability as used in determining if a transaction should be considered material to the receiving entity.