

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
MINUTES
August 18, 2016**

The meeting was convened at 1:05 PM in room 7C13 of the GAO Building, 441 G St., NW, Washington, DC.

ADMINISTRATIVE MATTERS

• **Attendance**

Present: Ms. Wu (acting chairperson), Ms. Anderson, Mr. Donzell, Mr. Easton, Mr. Alston, Mr. Hyde, Mr. Lewis, Mr. Miller and Mr. Zane.

FASAB assistant director: Ms. Batchelor

Absent: Mr. Baker, Ms. Kearney and Ms. Payne.

• **Minutes**

All previous meeting minutes have been approved.

• **Administrative**

Ms. Wu confirmed that the next AAPC meeting will be held on November 16, 2016

PROJECT MATTERS

➤ **Requests for Approval of Plans and Projects Related to Statement of Federal Financial Accounting Standards (SFFAS) 50 *Establishing Opening Balances for General Property, Plant, and Equipment***

Ms. Batchelor briefed the Committee on the newly issued SFFAS 50 *Establishing Opening Balances for General Property, Plant, and Equipment*. This Statement provides implementation guidance to allow a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for general property, plant, and equipment. It amends SFFAS 6, *Accounting for Property, Plant, and Equipment*, SFFAS 10, *Accounting for Internal Use Software*, and SFFAS 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, and rescinds SFFAS 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23*. The alternative methods include (1) using deemed cost to establish opening balances of general property, plant, and equipment, (2) selecting between deemed cost and prospective capitalization of internal use software, and (3) allowing an exclusion of land and land rights from opening balances with disclosure of acreage information and expensing of future acquisitions.

The alternative methods are permitted when presenting financial statements, or one or more line items addressed by this Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board either (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative methods. The application of this Statement based on the second condition is available to each reporting entity only once per line item addressed in this Statement.

SFFAS 50 was issued August 4, 2016 and will be effective FY2017, but earlier implementation is encouraged. Ms. Batchelor requested an approval from the Committee to amend Technical Release (TR) 13 and TR 15. Because SFFAS 50 rescinds SFFAS 35, amendments in TR 13 and TR 15 are needed to acknowledge the rescission of SFFAS 35 and remove the reference. Those amendments would update that all standards-level implementation guidance for general PP& E (with the exception of certain provisions applicable to internal use software) resides in SFFAS 6 (versus SFFAS 23 and SFFAS 35).

In addition, Ms. Batchelor also requested approval for a project to develop implementation guidance related to SFFAS 50. The goal of the project is to assist with implementation issues surrounding SFFAS 50 by providing timely guidance. She suggested forming a working group to address the issues and develop illustration. The group would establish a date certain for DoD and other reporting entities to request areas for inclusion in the TR. Potential issues for the implementation guide are:

- Clarification of intent with examples for the capital improvements in-service dates,
- Clarification of disclosures by incorporating a reference related to land rights,
- Recording fully depreciated assets (NBV \$0) that are still in use. Clarification with examples, and
- Prospective capitalization of Internal Use Software (IUS), more specifically the issue is with prospective capitalization of IUS under development.

The Committee approved both requests by supporting votes from all the attended members. Mr. Easton thanked the Committee and the FASAB Board for the significant and quick turnaround in support of the Department of Defense (DoD) financial audit related issues. He stated that DoD will solicit the important inputs from their staffs and send personnel to join the implementation guide work group.

The meeting adjourned at 1:30 pm.