

# Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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## NEWS RELEASE

### **AAPC PUBLISHES EXPOSURE DRAFT OF A NEW FEDERAL FINANCIAL ACCOUNTING TECHNICAL RELEASE ENTITLED *Implementation Guidance on Cleanup Costs Associated with Equipment***

The Chairperson of the Accounting and Auditing Policy Committee (AAPC), Wendy Payne, announced today that the AAPC has issued an exposure draft of a new Federal Financial Accounting Technical Release entitled ***Implementation Guidance on Cleanup Costs Associated with Equipment***. The guidance was developed by a task force chaired by AAPC members, Donjette L. Gilmore, Director - Assistant Director Accounting & Finance Policy, Office of the Under Secretary of Defense (Comptroller)/DCFO -- Department of Defense and Daniel Fletcher, Deputy Chief Financial Officer -- US Department of the Interior. Ms. Payne stated that the proposed technical release "addresses important implementation questions regarding the consistent application of SFFAS 6 as it relates to cleanup costs associated with equipment."

The implementation guidance is to address cleanup costs associated with equipment as it applies to SFFAS 1, 5, 6 and TR 2. The guide focuses on clean-up of hazardous waste associated with equipment and when the cleanup should be recognized as an environmental liability and when it should be expensed as a routine operation. In addition the guide includes two examples – one example is associated with equipment cleanup when a liability should be recognized and one is associated with equipment cleanup when the costs should be expensed as routine operations.

This proposed technical release provides steps that can be followed to help federal entities consistently apply existing standards to help ensure consistent, accurate and meaningful application of the standard and should allow for consistent application of the provisions listed in the current standards. The proposed guidance will also assist federal entities to provide reasonable estimates of cleanup costs associated with the disposal of equipment assets, when required.

Specific questions for respondents are included in the exposure draft and other comments are welcome. Responses are requested by December 4, 2009. The exposure draft in PDF format and the specific questions for respondents in Word format are available on the FASAB website at <http://www.fasab.gov/exposure.html>.

## **ABOUT AAPC**

The Accounting and Auditing Policy Committee (AAPC) was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget (OMB), the Government Accountability Office (GAO) [formerly the General Accounting Office], the Chief Financial Officers' Council (CFOC), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [formally the President's Council on Integrity and Efficiency (PCIE)], as a body to research accounting and auditing issues requiring guidance.

The AAPC serves as a permanent committee established by the Federal Accounting Standards Advisory Board (FASAB). The mission of the FASAB is to develop accounting standards after considering the financial and budgetary information needs of congressional oversight groups, executive agencies, and the needs of other users of Federal financial information. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues as they relate to the specific application of existing authoritative literature.

The AAPC is intended to address issues that arise in implementation, which are not specifically or fully discussed in Federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

For more information on AAPC and FASAB, please visit our website: [www.fasab.gov](http://www.fasab.gov).