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Board Reviews National Defense PP&E Exposure Draft

As reported in the last edition of the *FASAB News*, at the Board's February meeting, it had voiced broad support for the proposals of the KPMG study undertaken for the Department of Defense entitled, "Report on the Evaluation of National Defense PP&E [property, plant, & equipment] Reporting Approaches." In the report, KPMG had recommended:

- reporting the units and condition of Major End Items (e.g., aircraft, ships, and combat vehicles) in FY 2002 (Phase 1);
- capitalizing Major End Items without depreciating them; and capitalizing and depreciating Other National Defense PP&E (e.g., intelligence and communication systems, and specific support equipment) beginning in FY 2006 (Phase 2); and
- disclosing investment data for the ten largest acquisition programs.

At the April Board meeting, staff presented a draft exposure draft incorporating the above proposals. The draft also included the following proposals (for periods beginning in FY 2006) that the Board had requested:

- recognizing the total estimated cleanup cost as part of the acquisition cost when Major End Items are placed in service; and
- recognizing a portion of the estimated total cleanup cost as an expense during each period that Other National Defense PP&E is in operation.

See PP&E, Page 3

Standard on Eliminating Paragraph 65.2 of SFFAS 7 Nearing Completion

In the last edition of *FASAB News*, we reported that at its February meeting, after considering responses to a November 2000 exposure draft, the Board had approved eliminating paragraph 65.2 of SFFAS 7. Paragraph 65.2 requires the disclosure of material revenue-related transactions affecting the beginning and end-of-period balances of accounts receivables, accounts payable for refunds, and the allowance for uncollectible amounts.

At its April meeting, staff presented the Board with a draft standard eliminating paragraph 65.2. The Board asked staff to modify the basis for conclusions and prepare a final standard for balloting. The Board expects to vote on the standard in the next several weeks.

Point of contact: Richard Fontenrose, 202-512-7358, fontenros@fasab.gov



FASAB Receives Written Comments, Holds Public Hearing on *Preliminary Views on Eliminating the Category “Required Supplementary Stewardship Information”*

FASAB received 29 comment letters on *Preliminary Views* from the following sources: 16 preparers (all Federal), 8 auditors (3 nonfederal) and 5 “others”.

Most respondents would retain the Required Supplementary Stewardship Information (RSSI) category, at least for now. Six support the proposal to delete it. Three of those six, including the President’s Council on Integrity and Efficiency, specified that the RSSI items should be reclassified only as Required Supplemental Information (RSI). Two of the six expressed the caveat that “basic” status for some RSSI items would create problems. The American Institute of Certified Public Accountants did not express a preference about whether the RSSI category should be retained or eliminated, but suggested that extensive work and consultation over time, perhaps including changes to existing standards, would be necessary if some RSSI items were to be treated as “basic information” rather than as RSI.

On April 27, 2001, FASAB held a public hearing on its proposal to eliminate the RSSI category. The speakers’ views were similar to those expressed in the written comment letters. The Board members’ discussion with the speakers was highly informative. Some members repeatedly challenged the view that stewardship information could not be effectively presented and audited in the context of a reporting model without the special RSSI category. A transcript of the hearing will be available for review at FASAB’s office, as are the comment letters. If you wish to purchase a copy of the transcript, please contact Charles Jackson at 202 512-7352 for information.

Point of Contact: Robert Bramlett, 202-512-7355, bramletr@fasab.gov.



FASAB Staff Email Addresses Change — Again!

...and just when you thought you had your e-address book up to date!

In our last issue, we reported that the General Accounting Office upgraded some of its network capabilities, including its email system. As a result, since FASAB occupies space on the General Accounting Office’s network, the “FASAB” portion of our email addresses had been temporarily changed from

<last name plus first initial.fasab@gao.gov> to:
<last name plus first initial@gao.gov>

Thanks to excellent support from the General Accounting Office’s computer team, the FASAB staff’s email addresses have been changed to reflect FASAB’s rights to the “FASAB.gov” domain. Our new email addresses now take the format:

See EMAIL, Page 3

FASAB’s Upcoming Meetings

2001

June 18 & 19
August 23 & 24
October 25 & 26
December 13 & 14

Location

General Accounting Office,
441 G Street, NW, Room 6N30,
Washington, DC 20548.
Agendas and meeting times will be posted to the FASAB web page one week prior to meetings.

Accounting and Auditing Policy Committee (AAPC) Upcoming Meetings

2001

July 12
Sept 13
Nov 8

Location

General Accounting Office,
441 G Street, NW, in Room 4N30,
beginning at 1:30 PM.
Agendas and meeting times will be posted to the FASAB web page one week prior to meetings.
Point of contact:
Monica R. Valentine,
202-512-7362,
valentinem@gao.gov

The Board asked staff to make additional revisions and will review the revised draft exposure draft at the June Board meeting.

Point of contact: Rick Wascak,
202-512-7363, wascakr@fasab.gov



<last name plus first initial@fasab.gov>

Currently, we have been able to receive email in all three formats — but this is only temporary. So, please update your e-address books to reflect the FASAB staff's new email addresses. We regret this inconvenience.

Point of contact: Charles W. Jackson,
202-512-7352, jacksoncw1@fasab.gov



Reminder: FASAB Meeting Minutes Available on the Web

One of the changes resulting from FASAB receiving 203 status from the American Institute of Certified Public Accountants is that FASAB now posts the finalized minutes of its meetings to the web at www.financenet.gov/fasab.htm. Consequently, we are striving to make our newsletter more streamlined. That way staff has more time to devote to the many expanding Board activities.

As with all meeting minutes, there will be a lag time from formulating the draft minutes to finalizing the minutes. During this time, if you have questions on a project, please feel free to call or email the staff member point of contact.

Announcements

- FASAB Codification: *Statements of Federal Financial Accounting Concepts and Standards, updated as of December 31, 2000* is available on the web at www.financenet.gov/financenet/fed/fasab/pdf/cod4.pdf, or in print by calling GAO, 202-512-6000, and requesting publication SP-01-17.
- FASAB Exposure Draft: *Reporting Corrections of Errors and Changes in Accounting Principles (amends SFFAS 7)*, is available on the web at www.financenet.gov/financenet/fed/fasab/pdf/ppa_1.pdf. Comments are due by June 11, 2001.
- FASAB Exposure Draft: *Change in Certain Requirement for Reconciling Obligations and Net Cost of Operations (amends SFFAS 7)*, is available on the web at www.financenet.gov/financenet/fed/fasab/pdf/fed_para80.pdf. Comments are due by August 10, 2001.
- Soon to Be Available on the AAPC web page, www.financenet.gov/aapc.htm:
 - 1) FASAB Technical Release 6: *Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software*; and
 - 2) AAPC Draft Guidance: *Reporting and Assurance Guide for Stewardship Land and Heritage Assets, October 3, 2000 version (for comment)*. AAPC point of contact: Monica R. Valentine, 202-512-7362, valentinem@fasab.gov.

Meeting Attendance Security Reminder

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to Marian Nicholson, 202-512-7350, or email, nicholsonm@gao.gov at least one day prior to the meeting. The General Accounting Office has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.

NOTE: *FASAB News is published by the staff of the Federal Accounting Standards Advisory Board. This newsletter, highlighting recent Board actions, is issued after Board meetings to provide the public with an understanding of issues that the Board is considering. When an article refers to a Board decision, it should be understood that Board decisions are tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).*

Please direct newsletter editorial questions to Lucy Lomax, 202-512-7359, lomaxm@gao.gov

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, jacksoncw1@gao.gov

Change of Address or Cancellation?

Forward this form to FASAB at:
**441 G Street, NW, Room 6K17V
Washington, DC 20548**

or

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