

Meeting Minutes Notes

G-PP&E Cost Accounting Project – AAPC G-PP&E Task Force

Subgroup Issue Leader: Sandy Van Booven

September 9, 2011

Summary

The group discussed the preliminary results of the Phase 1 benchmarking effort where each member was asked to identify and provide a description of the phases within their organization asset development lifecycle, identify the triggers for their management's capital and expense decisions, how these decisions are justified by their individual business model, and whether these decisions are deemed by both management and the independent auditor to be compliant with applicable laws and regulations. The sub-group received detailed benchmarking results from the Air Force (AF), Federal Aviation Administration (FAA), General Services Administration (GSA) and the National Reconnaissance Office (NRO).

ACTION 1— Follow-up with the National Aeronautics and Space Administration (NASA) to request/collect Phase 1 benchmarking information.

ACTION 2— Prepare and send out Phase 2 benchmarking information request. The focus on this benchmarking request will be to collect information regarding the specific cost activities that occur within each of the 5 phases of the acquisition lifecycle, understand the accounting treatment applied to those cost activities and for cost activities that are capitalized, determine how those costs are assigned to specific assets (i.e. directly traced, allocated through estimates etc.).

ACTION 3— Perform a more detailed assessment of the phase 1 benchmarking information and prepare a comprehensive document to support sub-group position that will be captured in the technical bulletin.

ACTION 4— Begin drafting initial version of the proposed technical bulletin modeled after AAPC Technical Release 2, entitled, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. **Accepting volunteers to participate in the development of the technical release.**

NEXT MEETING—will be held in early November to discuss the Action 2 results.

DISCUSSION

- National Reconnaissance Office (NRO) representative/Subgroup leader briefed the preliminary results of the Phase 1 benchmarking effort. Some initial conclusions that were drawn from the results and confirmed during the meeting were:
 - There was a high level of consistency between the 4 benchmarked organizations' acquisition lifecycle phases and the accounting treatment assigned to the cost elements within each phase;
 - There was also much similarity between the types/criteria of triggers between the 5 phases;
 - There was a very similar criterion used to trigger the capitalization of asset costs by the 4 organizations --- the main criterion was the stability/probability/technological maturity of the asset.