



May 12, 2011

Memorandum

To: Members of the AAPC

From: Monica R. Valentine, Assistant Director

Through: Wendy M. Payne, FASAB Executive Director and AAPC Chair

Subj: ***Implementation Guidance on the Accounting for the Disposal of G-PP&E: Comment Letters Received through April 7, 2011***<sup>1</sup>

**MEETING OBJECTIVE**

Members are asked to review comment letters received as well as the staff analysis and recommendations. The objective for this session is to identify any major issues requiring further research and to agree on necessary changes to the guidance.

**BRIEFING MATERIAL**

Attached to this transmittal memorandum, you will find staff's summary of the comments received.

**Attachment 1** – Staff Summary of Responses includes:

- Tally of Responses by Question
- Quick Table of Responses by Question

Included in separate files:

- Full text of Answers and Comments by Question and by Respondent (Attachment 2)
- Full text of Comment Letters
- Draft Technical Release for Review

---

<sup>1</sup>The staff prepares AAPC meeting materials to facilitate discussion of issues at the AAPC meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the AAPC, FASAB, or its staff. Official positions of the AAPC are determined only after extensive due process and deliberations.

## BACKGROUND

The exposure draft (ED) addresses important implementation questions and will lead to consistent accounting treatment for the disposal, retirement, or removal from service of general property, plant, and equipment as well as related cleanup costs. The purpose of this proposed technical release is to provide implementation guidance that further clarifies existing SFFAS 6 requirements. The implementation guidance should help differentiate between permanent and temporary removal from service of G-PP&E assets. The implementation guidance also recognizes the many complexities involved in the disposal of G-PP&E, as well as delineates events that trigger discontinuation of depreciation and removal of G-PP&E from accounting records.

## SUMMARY OF OUTREACH EFFORTS

The exposure draft, ***Implementation Guidance on the Accounting for the Disposal of G-PP&E***, was issued December 10, 2010 with comments requested by February 11, 2011. Upon release of the exposure draft, notices and press releases were provided to:

- a) The Federal Register;
- b) *FASAB News*;
- c) *The Journal of Accountancy, AGA Today, the CPA Journal, Government Executive, and the CPA Letter*;
- d) The CFO Council, the Council of Inspectors General on Integrity and Efficiency, and the Financial Statement Audit Network; and
- e) Committees of professional associations generally commenting on exposure drafts in the past.

In addition, we contacted professional associations and affected agencies directly if a response had not been received by the date requested.

## RESULT

As of April 7, 2011, we have received 18 responses from the following sources:

	FEDERAL (Internal)	NON-FEDERAL (External)
Users, academics, others		3
Auditors	3	2
Preparers and financial managers	10	

**Attachment 1** provides the staff summary. The summary presents:

- a) Tally of Responses by Question and
- b) Quick Table of Responses by Question.

**Attachment 2** includes a full text of Answers and Comments by Question and by Respondent. This document also includes the issues identified by staff as well as staff recommendations and staff responses.

Other documents included:

- A full text of Comment Letters
- Draft Technical Release for Review

## ATTACHMENT 1 – STAFF SUMMARY OF RESPONSES

### Tally of Responses by Question

QUESTION	YES/AGREE/ PARTIALLY AGREE	NO/DISAGREE	NO COMMENT	OTHER NARRATIVE
Q1. Do you agree or disagree with the criteria outlined for differentiating between temporary and permanent removal from service (paragraph 6 and 7)? Please provide the rationale for your answer.	11	3	3	
Q2. Do you agree or disagree with the General Property, Plant, & Equipment (G-PP&E) permanent removal financial transactions outlined in paragraph 11? Please provide the rationale for your answer.	12	1	3	1
Q3. Do you agree or disagree with the G-PP&E temporary removal financial transactions outlined in paragraph 13? Please provide the rationale for your answer.	12	2	3	
Q4. Do you agree or disagree with the G-PP&E disposal financial transactions when group or	9	5	3	

## ATTACHMENT 1: STAFF SUMMARY OF RESPONSES

QUESTION	YES/AGREE/ PARTIALLY AGREE	NO/DISAGREE	NO COMMENT	OTHER NARRATIVE
composite depreciation is used as outlined in paragraph15? Please provide the rationale for your answer.				
Q5. Do you agree or disagree with the G-PP&E disposal, as it relates to cleanup costs, financial transactions illustrated in paragraph14? Please provide the rationale for your answer.	12	1	3	
Q6. Do you believe that additional technical guidance to record disposal transactions related to G-PP&E is needed in this proposal? Please provide the rationale for your answer.	8	6	2	2

# ATTACHMENT 1: STAFF SUMMARY OF RESPONSES

# ATTACHMENT 1: QUICK TABLE OF RESPONSES BY QUESTION

RESPONDENT	Q1. Differentiating between Temporary and Permanent Removal	Q2. Permanent Removal Financial Transactions	Q3. Temporary Removal Financial Transactions	Q4. Disposal with Group or Composite Depreciation	Q5. Disposal Cleanup Cost Financial Transactions	Q6. Additional Technical Guidance
<b>#1</b> <b>Mark Easton</b> <b>DoD - OCFO</b>	Agree	Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#2</b> <b>Mark Jenson</b> <b>NASA - OIG</b>	Disagree	Disagree	Agree	Agree	Agree	Additional Guidance needed
<b>#3</b> <b>Alexis Stowe</b> <b>GSA - OCFO</b>	2 of 3 Agree 1 of 3 Disagree	Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#4</b> <b>Gerald Tucker</b> <b>HUD - OCFO</b>	Agree	Generally Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#5</b> <b>Michael Steinberg</b> <b>NRC - OIG</b>	Agree	Agree	Agree	Disagree	Disagree	Additional Guidance needed
<b>#6</b> <b>Anita Jones</b> <b>EPA - OCFO</b>	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment

<b>RESPONDENT</b>	<b>Q1. Differentiating between Temporary and Permanent Removal</b>	<b>Q2. Permanent Removal Financial Transactions</b>	<b>Q3. Temporary Removal Financial Transactions</b>	<b>Q4. Disposal with Group or Composite Depreciation</b>	<b>Q5. Disposal Cleanup Cost Financial Transactions</b>	<b>Q6. Additional Technical Guidance</b>
<b>#7 John Wall DOE - OCFO</b>	Agree	Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#8 Susan Tonner Aerospace Industry Association</b>	Disagree	Partially Agree	Disagree	Disagree	Agree	Additional Guidance needed
<b>#9 Terri Straite CBP - OCFO</b>	Agree	Agree	Agree	Agree	Agree	Additional Guidance needed
<b>#10 Rafael Cotto NSF - OCFO</b>	Agree	Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#11 Eric Berman AGA - FMSB</b>	Disagree – Additional category suggested	Agree	Agree	Disagree	Agree	Additional Guidance needed

<b>RESPONDENT</b>	<b>Q1. Differentiating between Temporary and Permanent Removal</b>	<b>Q2. Permanent Removal Financial Transactions</b>	<b>Q3. Temporary Removal Financial Transactions</b>	<b>Q4. Disposal with Group or Composite Depreciation</b>	<b>Q5. Disposal Cleanup Cost Financial Transactions</b>	<b>Q6. Additional Technical Guidance</b>
<b>#12 Cynthia Simpson DOL - OCFO</b>	Agree	Agree	Agree	Disagree	Agree	Additional Guidance needed
<b>#13 Andrew Lewis GWSCPA - FISC</b>	Generally Agree	Refer to FASAB	Generally Agree	Generally Agree	Generally Agree	Additional Guidance needed
<b>#14 Kevin Buford NASA – OCFO</b>	Agree	Agree	Agree	Agree	Agree	No Additional Guidance needed
<b>#15 Carla Krabbe SSA – OCFO</b>	No Comment	No Comment	No Comment	No Comment	No Comment	No Comment
<b>#16 Elliott Lewis DOL - OIG</b>	Agree	Agree	Disagree	Disagree	Partially Agree	Additional Guidance needed



<b>RESPONDENT</b>	<b>Q1. Differentiating between Temporary and Permanent Removal</b>	<b>Q2. Permanent Removal Financial Transactions</b>	<b>Q3. Temporary Removal Financial Transactions</b>	<b>Q4. Disposal with Group or Composite Depreciation</b>	<b>Q5. Disposal Cleanup Cost Financial Transactions</b>	<b>Q6. Additional Technical Guidance</b>
<b>#17 Amanda Nelson - KPMG</b>	Other Narrative	Other Narrative	Other Narrative	Other Narrative	Other Narrative	Other Narrative
<b>#18 Kathy Winchester – USSGL FMS</b>	Other Narrative	Other Narrative	Other Narrative	Other Narrative	Other Narrative	Other Narrative