

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
May 19, 2011**

The meeting was convened at 1:00 PM in room 7C13 of the GAO Building, 441 G St., NW, Washington, DC.

ADMINISTRATIVE MATTERS

• **Attendance**

Present: Ms. Payne (chairperson), Mr. Bragg, Mr. Brewer, Ms. Gilmore, Ms. Kearney, Mr. Synowiec, and Mr. Gary Ward (substituting for Mr. Rebich).

FASAB/AAPC project director, Ms. Valentine was present at the meeting and general counsel, Mr. Dymond participated via telephone.

Absent: Ms. Carey, Mr. Marchowsky, and Mr. Rebich

• **Minutes**

The minutes of March 17, 2011 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

Mr. Dymond announced that he would be moving from GAO's General Counsel's office to GAO's Financial Management & Assurance team effective next week. Therefore he will no longer serve as legal counsel to FASAB and AAPC.

PROJECT MATTERS

Project Agenda

MD&A

Ms. Valentine noted that the *MD&A Best Practices Report* was just released as final and was available on the FASAB website.

General PP&E

Ms. Valentine noted that the *Records Retention Timeframes for Property, Plant, & Equipment Research Report* was just about ready to also be released as final. She also mentioned that both the G-PP&E cost accounting issue and the CWIP/CFP issue were still in progress. Ms. Gilmore confirmed that the CWIP/CFP issue was making its way through DoD's management and a final decision regarding the DoD position was expected in the near future.

▪ **Review of Comments on ED – “Implementation Guide on the Accounting for the Disposal of G-PP&E”**

Ms. Valentine reminded the Committee that the ED was released for comment on December 10, 2010 and the comment period ended on February 11, 2011.

Ms. Valentine informed the Committee that as of April 7, 2011 staff had received eighteen (18) comment letters on the Disposal ED. Ms. Valentine provided to the Committee a transmittal letter that included a summary of the respondent sources (i.e., federal/nonfederal and users/auditor/preparers) of responses, along with a tally of responses by question, and a quick table of responses (agree/disagree/no comment). Staff also provided the members with all of the actual comment letters received for review and a compilation of respondent answers by question with staff's recommendations on each comment. She noted that the comments received on the Disposal ED required a detailed analysis and further deliberations with the subgroup. Ms. Cindi Miller, contractor to DoD, joined Ms. Valentine at the table for the discussions.

Ms. Valentine opened the discussion by going over a few of the comments received. She mentioned that there were a few respondents that suggested including a “time limit” on how long an asset could be considered “temporarily removed from service.” Ms. Valentine stated that staff's belief was that time limits would not be an appropriate restriction due to the vast nature of G-PP&E and related activities throughout the federal community. Additionally, a few respondents requested that a more descriptive account title be designated to G-PP&E when the asset has been permanently removed from service, but awaiting final disposition. The ED illustration noted using the “Other Asset” account. Staff recommended changing the account title to “G-PP&E Permanently Removed but not yet Disposed.” Several respondents suggested revisions to the Group/Composite depreciation paragraph for clarity. Staff suggested a few revisions and the Committee collectively recommended additional changes as well for clarity.

Also in a comment letter received from the Treasury USSGL Board, they suggested that gains/losses on G-PP&E disposal be distinguished between “realized” and “unrealized.” Ms. Payne noted that she had some concerns with specifying “realized” and “unrealized” in the TR because SFFAS 6 did not require the distinction. Ms. Kearney asked if the distinction between realized and unrealized was a necessity or was it something that could be viewed as optional in the illustration.

Lastly, a comment letter was received that questioned the ED's introduction of the terms “temporary” and “permanent.” The respondent questioned whether the introduction of these terms would cause the technical release's Level C guidance to override the Level A guidance outlined in SFFAS 6. Ms. Payne asked the Committee about their thoughts on the comment letter. She also mentioned that staff plans to bring the issue to the attention of the FASAB. Ms. Valentine noted that staff had added some language to the introduction as well as to the basis for conclusions explaining that the implementation guidance clarifies those instances prior to permanent removal. Mr. Synowiec asked if the terms “temporary” or “permanent” were used in paragraph 39 of SFFAS 6. Ms. Valentine responded that they were not, however in the context of SFFAS 6 the terms

“retire”, “dispose”, and “remove from service” were intended to be of a permanent nature.

Ms. Payne commended the work of the task force and the subgroup for all of its efforts

Conclusions: Staff will review comments letters from SFFAS 6 to review the previous views on realized/unrealized gains and losses and will talk with the SGL further about why they think the distinction is necessary. Staff will discuss with the Board at its June meeting the issue of “temporary” and “permanent” and whether the introduction of these terms would cause the technical release’s Level C guidance to override the Level A guidance outlined in SFFAS 6. Staff would bring back a revised draft TR to the Committee for review at the July meeting.

- **Agenda Committee Report**

None

- **New Business**

None

The meeting adjourned at 1:43 pm.