Federal Accounting Standards Advisory Board

February 4, 2013

Memorandum

To: Members of the Board

Monica R. Valentine

From: Monica R. Valentine, Assistant Director

Wendy M. Payne

Through: Wendy M. Payne, Executive Director

Subject: **AAPC Technical Release Exposure Draft [1] – Tab G**

The purpose of the attached AAPC technical release exposure draft (ED) is to update the Board on the work of the AAPC.

The ED, ***Implementation Guidance on General Property, Plant, and Equipment Cost Accumulation, Assignment, and Allocation,*** provides implementation guidance that is needed to promote an understanding of the flexibility in the application of the standards as it relates to:

a) Recognition requirements related to programmatic, managerial, administrative, and other elements of program costs incurred during the G-PP&E lifecycle, the required levels of precision, and acceptable methods for recognizing those costs (i.e., capital costs captured on the Balance Sheet or period expense costs captured on the Statement of Net Costs [SNC]),
b) The concept of a cost accumulation and allocation decision framework (i.e., acceptable methods of accumulating, assigning, and reporting cost data), and
c) Management's role in applying the cost accumulation, assignment, and allocation decision framework.

One of the objectives of this proposal is to enable federal reporting entities to use a consistent framework to interpret existing guidance. The proposal also supports the objectives of ensuring that (1) transactions involving G-PP&E are recorded in accordance with federal accounting standards, and (2) the cost of producing federal financial information, as it relates to establishing the cost of G-PP&E, does not outweigh the benefits derived by the users of the financial information. Lastly, it provides a decision framework flowchart to assist entity management in applying the principles described throughout the technical release.

The ED is expected to be released on March 1, 2013 for a 60-day comment period. Comments for the exposure draft are due May 1, 2013. If you have any questions or comments, please contact me by telephone at 202-512-7362 or by e-mail at **valentinem@fasab.gov.**

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