

Federal Accounting Standards Advisory Board

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NEWS RELEASE

AAPC ISSUES STATEMENT OF FEDERAL FINANCIAL ACCOUNTING TECHNICAL RELEASE 15 *Implementation Guidance on General Property, Plant, and Equipment Cost Accumulation, Assignment, and Allocation*

The Chairperson of the Accounting and Auditing Policy Committee (AAPC), Wendy Payne, announced today the issuance of Statement of Federal Financial Accounting Technical Release 15 (TR 15), ***Implementation Guidance on General Property, Plant, and Equipment Cost Accumulation, Assignment, and Allocation***.

The guide was developed by the Cost Accounting Issues Subgroup lead by Sandra Van Booven -- Comptroller and Director, Finance, National Geospatial Intelligence Agency. The subgroup is part of the AAPC General Property, Plant & Equipment Task Force chaired by AAPC member, Donjette L. Gilmore, Director - Accounting & Finance Policy, Office of the Under Secretary of Defense (Comptroller)/DCFO -- Department of Defense. Ms. Payne stated that "the task force recognized the need for practical guidance on identifying the costs in acquiring general property, plant, and equipment and worked collaboratively to propose workable guidance."

The implementation guidance in TR 15 promotes 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 guide is to enable federal reporting entities to use a consistent framework to interpret existing guidance. The guide 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 technical release is available at <http://www.fasab.gov/about/aapc/technical-releases/>.

ABOUT the AAPC

The Accounting and Auditing Policy Committee (AAPC) was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget (OMB), the Government Accountability Office (GAO), the Chief Financial Officers' Council (CFOC), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [formally the President's Council on Integrity and Efficiency (PCIE)], as a body to research accounting and auditing issues requiring guidance.

The AAPC serves as a permanent committee established by the Federal Accounting Standards Advisory Board (FASAB). The mission of the FASAB is to develop accounting standards after considering the financial and budgetary information needs of congressional oversight groups, executive agencies, and the needs of other users of Federal financial information. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues as they relate to the specific application of existing authoritative literature.

The AAPC is intended to address issues that arise in implementation, which are not specifically or fully discussed in Federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

For more information on AAPC and FASAB, please visit our website: www.fasab.gov.