

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING  
FINAL MINUTES  
March 28, 2007**

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. Comes, Ms. Chadwick, Ms. George, Ms. Healy, Messrs. Bragg, Campbell, Dingbaum, Fletcher, McFadden, Sturgill, and Synowiec.

Absent: none

• **Minutes**

The minutes of January 27, 2007 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

None

• **Project Agenda Status**

*Inter-Entity Cost*

Mr. McFadden and Ms. Dorrice Roth, co-chairperson of the AAPC Inter-Entity Cost task force, gave an update on the current status of the work of the task force and the draft exposure draft technical release that was provided to the Committee for review. Mr. McFadden asked the members if they had any comments or questions on the current draft. Several members noted that they had no comments on the draft and thought the guidance was well prepared.

Mr. Fletcher noted that he had a concern with paragraph 16 of the draft, which preceded the broad and general examples. His concern was that the current wording does not convey to the reader that the examples represent only some of the broad and general examples and that the list is not all-inclusive.

Mr. Synowiec asked if more background information could be added to the guidance before the discussions on the three issues. He suggested adding some language from SFFAS 4, possibly beginning with paragraph 105, which begins the section on Inter-Entity Costs in SFFAS 4. Mr. Synowiec also had a question on the Treasury—BPD example. According to the example, BPD is reimbursed for administrative services provided to seven of the eighteen Treasury-managed trust funds. He wanted to know why the reimbursable examples were included in the broad and

general examples. Mr. McFadden noted that since some of the costs are not reimbursed and BPD believes that it is considered broad and general the example was included. Ms. Comes suggested that this example be specifically addressed in the questions to respondents because of its unusual nature.

Mr. Synowiec also asked a question about the “free rent” language noted in the GSA example. Ms. Comes suggested that the GSA example be separated between the building management policy and the building acquisition and support services and that a question be added to address GSA’s “free rent” policies in the context of broad and general. Mr. Jacobson asked for clarification of the phrase “congressional guidance” used in that same example. Mr. McFadden explained that the phrase came directly from the survey results submitted by GSA. Mr. Jacobson also asked if the last sentence in the Justice – Debt Collection Activities example was necessary. It was agreed to remove the sentence because it did not seem to have relevance to the example.

Ms. Comes asked Mr. McFadden if the task force had considered whether the list of broad and general examples should be viewed as inter-entity cost exemptions, as opposed to just examples. He noted that the task force agreed that the broad and general examples should just remain examples and not be exemptions because circumstances may change and affect the outcome of how the example situations should be recognized.

Mr. Campbell noted that the example described in paragraph 17, which explains to entities that if any of the examples are considered integral and material to their operations then they should not be viewed as broad and general, was also included in the list of broad and general examples. He suggests some verbiage to clarify the intent of the example in paragraph 17.

Mr. McFadden said he would take the edits and suggested revisions back to the task force at its next meeting on April 12 and would then get a revised draft back to the AAPC for pre-ballot review and then a ballot vote at the May 31 AAPC meeting.

### *Heritage Assets and Stewardship Land*

Ms. George and Mr. Synowiec, chairpersons of the AAPC HA/SL task force, gave an update on the current status of the work of the task force and the draft exposure draft technical release that was provided to the Committee. Ms. George began to go over highlights of the guide with the Committee. She mentioned that the task force agreed that providing several examples would be the best approach to providing guidance on SFFAS 29. Ms. George also explained the history of the materiality section of the guide. She noted that the task force really struggled on the materiality section because the FASAB has not provided a lot of guidance on materiality in the past in any of its guidance. However, since SFFAS 29 requires primarily non-monetary information, the task force agreed that more guidance on materiality was necessary to assist entities with implementing the quantitative reporting requirements of standard.

Ms. George continued to walk the Committee through the guidance. Mr. Fletcher asked what is meant in the guide when it refers to qualitative characteristics that “may have been subject to media attention”. He would like to see this phrase clarified as to how widespread the attention would have to be before it reaches the level of reporting significance. Mr. Synowiec agreed to

revise the paragraphs affected by that language to accommodate Mr. Fletcher's request. Mr. McFadden made a comment on the last sentence of the materiality section that referred to "a high level of professional judgment"; the group agreed to make the wording change. Mr. McFadden also suggested a few other edits in the Condition section and the Quantification section related to Heritage Assets examples that the group agreed to make.

Ms. George explained some of the concerns that the task force had during its discussions on the condition of stewardship land and how that condition should be assessed. The task force took the approach to assess whether the land was being maintained for its intended purpose. Ms. Comes commented that she believed that the task force captured the Board's intent on assessing the condition of stewardship land.

Mr. Synowiec asked Ms. Comes if requests for comment questions were necessary for the HA/SL guidance. Ms. Comes noted the questions should be geared towards some of the issues that were concerns of the task force. The questions should call attention to the more controversial points in the guide. She also noted that asking respondents to comment on those areas could provide support for those ideas. Ms. Comes noted her concern about the task force's approach to counting both heritage assets and stewardship land by physical units. She also noted that some of the FASAB members may have some of the same concerns. She suggested that a question be added to the exposure draft to get comments on and possibly gain support for the approach taken by the task force. Ms. George and Mr. Synowiec agreed to solicit relevant questions of concern from the task force.

#### *NASA Theme Assets Issue*

Ms. Healy, task force chair, provided an update on the NASA technical release exposure draft. She noted that the exposure draft has gone through the exposure period and that only one comment letter was received that it agreed with the guidance. She then noted that staff has provided a ballot for the Committee to vote its approval to submit the technical release to FASAB for a 45-day review and eventual release as authoritative guidance as a technical release.

Mr. Synowiec noted two minor editorial changes that the Committee agreed to make to the final guide before submission to the FASAB. Members were asked to submit their ballots at the end of the meeting or send them to Ms. Valentine by April 4, 2007.

- **New Business**

None.

- **Agenda Committee Report**

None.

- **Next Meeting**

May 31, 2007

**Adjournment:** The meeting was adjourned at 2:00 PM.