

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
May 15, 2014**

The meeting was convened at 1:05 PM in room 7C13 of the GAO Building, 441 G St., NW, Washington, DC.

ADMINISTRATIVE MATTERS

• **Attendance**

Present: Mr. Alston, Ms. Anderson, Ms. Engelking, and Mr. Zane.

FASAB/AAPC project director Ms. Valentine (acting AAPC chairperson) and FASAB project director Mr. Savini were present at the meeting.

Absent: Ms. Payne (chairperson), Ms. Chadwick, Mr. Donzell, Ms. Kearney, Mr. Marchowsky and Mr. Rymer

• **Minutes**

All previous meeting minutes have been approved.

• **Administrative**

PROJECT MATTERS

• **Agenda Committee Report**

- Implementation Guidance for *SFFAS 44: Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.

Ms. Valentine began the discussion by briefing the Committee on the background of the issue. She informed the Committee that FASAB staff member Dominic Savini who led the SFFAS 44 project sent out a survey to his task force, the USSGL and to OMB and Treasury representatives for distribution asking for the identification of any potential implementation issues that might arise as a result of SFFAS 44 which becomes effective in fiscal year 2015. Ms. Valentine noted that Mr. Savini received eight responses back from the survey, including two field visits. Four of the eight respondents noting that they had no known implementation issues with SFFAS 44. Four respondents (EPA, Mint, GSA & Interior) forwarded their implementation questions on SFFAS 44.

Staff provided an overview of the respondents' questions as well as staff's responses to those questions. The first topic of questions related to the impairment of assets under construction (CIP). Mr. Alston noted that it would be virtually impossible to develop implementation guidance that would answer every possible question an entity could have.

Federal entities will need to collaborate within their different offices to assess the questions of impairment – is the asset still providing utility comparable to its current book value or does the asset value need to be adjusted. Ms. Anderson questioned the need for due process guidance at this time given the minimal number of respondent questions; she stated that the level of staff and Committee work necessary to develop implementation guidance did not appear to be warranted at this time. Ms. Engelking noted that DoD as a whole did not currently have any implementation questions on SFFAS 44. Mr. Zane pointed out that there did not seem to be significant commonality in the questions asked by the respondents and that the individual questions could be addressed one-on-one between staff and the entity as opposed to due process guidance such as a technical release (TR).

The second question related to circumstances when TR 14 (*Implementation Guidance on the Accounting for the Disposal of G-PP&E*) and SFFAS 44 each apply. Mr. Savini pointed out that he and Ms. Valentine consulted frequently about the delineations between TR 14 and SFFAS 44 and tried to make that delineation clear in both documents. After reviewing the relationship between TR 14 and SFFAS 44, Committee members did not see a compelling reason for any further guidance noting that SFFAS 44 references to TR 14 were clear providing users with a quick reference to the proper accounting for total impairments which are outside the scope of SFFAS 44 (partial impairments) and covered by TR 14.

Mr. Alston added that at Commerce the OCFO meets regularly with its largest bureau OCFO and program offices to evaluate CIP assets for possible impairments. He also noted that many of their larger assets may have many functions and even though one capability may not be functioning at its anticipated level other functions may be at or even above its anticipated capabilities.

Conclusion: Based on the discussion and the responses received the Committee decided that implementation guidance was not currently needed on SFFAS 44. The Committee did direct staff to reevaluate the need for implementation guidance once federal entities had an opportunity to fully implement the standard.

- **New Business**

None.

The meeting adjourned at 1:40 pm.