

Accounting and Auditing Policy Committee (AAPC) Meeting Minutes

August 12, 2021, 1:00 PM ET

Conference Call

Attendance

Members

Present: Ms. Monica Valentine (FASAB, AAPC Chair)
Mr. Brian Casto (Treasury)
Mr. Gil Harden (CIGIE)
Ms. Kim Laurance (CFOC)
Mr. Troy Meyer (CIGIE)
Mr. Joseph O'Neill (GAO)
Dr. Dorothy Potter (At-large)
Mr. Robert Smalskas (CFOC)

Staff

Ms. Melissa Batchelor, Assistant Director
Mr. Ricky Perry, Senior Analyst

Apologies: Ms. Carol Johnson (OMB)
Mr. Prasad Kotiswaran (CFOC)
Mr. Kurt Hyde (CIGIE)

Ms. Katherine Hudson (General Counsel)
Ms. Lisa Motley (General Counsel)

Welcome (Agenda Item #1)

The meeting began at 1:01 PM. Ms. Valentine called roll and began the meeting. Ms. Valentine welcomed Dr. Dorothy Potter to the Committee. Dr. Potter joins the AAPC (or "the Committee") as an at-large member. She replaces Dr. Brett Baker. Dr. Baker's six-year term on the Committee ended on June 30.

Discuss proposed conforming amendments (Agenda Item #2)

Ms. Batchelor directed Committee members to Attachment A. Ms. Batchelor explained that the Committee approved a project to examine existing technical releases (TRs) for conforming amendments resulting from two recent pronouncements at the May 2021 meeting. She explained the purpose of the session was to present a brief overview of the project plan, approach and milestone dates. Ms. Batchelor explained that staff is not currently requesting the Committee to approve any items, but welcomes feedback on project plan.

Ms. Batchelor noted that the project was approved to examine existing TRs for conforming amendments resulting from Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities* and Technical Bulletin (TB) 2017-2, *Assigning Assets to Component Reporting Entities*. As part of the research and analysis, staff began an assessment of the TRs and determined that the TRs should also be updated for amendments required by SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32* and SFFAS 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.

Ms. Batchelor explained she believes the amendments can be accomplished through the issuance of one or possibly two TR exposure drafts. Staff does not believe the project will require the assistance of a task force or other outside parties. Staff's plan is prepare an initial first draft TR(s) for the Committee's review. Staff directed the Committee to the plan that included milestone dates and welcomed any questions or feedback. No Committee members had questions on the project plan.

Update/status on Leases projects (Agenda Item #3)

Mr. Perry provided an update on the leases post-issuance project. He noted the following:

- The Board unanimously approved the leases omnibus Statement of Federal Financial Accounting Standards (SFFAS) soon after the June meeting. It is now under 90-day sponsor review. A 45-day congressional review will occur concurrently.
- The Board unanimously approved the leases Technical Release (TR) soon after the June meeting as well. Nine of 10 Committee members approved the subject TR prior to its submission to the Board for clearance. Mr. Perry noted that one committee member did not submit a ballot; if that member wishes to submit a late ballot for the record, they may do so. However, once two-thirds of the Committee approves the subject TR, the remaining ballots are inconsequential under the Rules of Procedure. Hence, Mr. Perry explained, staff did not follow up with this member to obtain their ballot.
- The next phase of the leases post-issuance project is to address guidance candidates that have the attributes of requiring a Board Interpretation of Federal Financial Accounting Standards (Interpretation) or Staff Implementation Guidance (SIG). Staff will also continue to gather candidates for subsequent omnibus amendments and updates to the TR.
 - Current Interpretation candidates include leasehold improvements, reimbursable work authorizations, and estimations of incremental borrowing rates.
 - Current SIG candidates include initial and subsequent measurement questions-and-answers, coupled with non-authoritative illustrations in an appendix. This has been requested by multiple task force members; however, Mr. Perry expressed reservations that these illustrations, while helpful, may not be necessary. The Board also identified an SIG candidate: to provide guidance on the scope and applicability of various topic areas in SFFAS 54 to different categories of leases.
- The AAPC does not oversee Interpretations and SIG. Staff will, however, keep the Committee apprised of any guidance candidates identified for adding to the forthcoming TR. Mr. Perry noted that it, ideally, it will not be necessary to update the TR; however, staff will confer with the Executive Director and the Committee if a significant number of additional TR candidates are identified as implementation monitoring and staff research and outreach continues.
- Mr. Perry expressed his preference to issue any forthcoming Interpretation and SIG in tandem; similar to the joint exposure draft on leases previously released for public comment in the last phase of the project. This will reduce respondent burden.

Members were asked if they had any questions, concerns, or feedback for staff on the planned next steps for the leases post-issuance project.

Ms. Valentine inquired as to whether reimbursable work authorizations are likely to be a Board-developed pronouncement (e.g., an SFFAS or Interpretation) or some other type of pronouncement. Mr. Perry noted that it will likely be a strong Interpretation candidate; however, it is also possible that more detailed SFFAS-level guidance could be needed if there is an absence of SFFAS-level guidance to clarify through an Interpretation.

The Committee had no further questions, concerns, or feedback for staff. Ms. Valentine encouraged Committee members to submit additional feedback, questions, suggested Committee topics, or other concerns to staff when they come to mind.

Next Steps (Agenda Item #4)

Ms. Bachelor plans to provide the Committee with a first-draft conforming amendments TR at the next AAPC meeting on November 18.

Adjournment

Ms. Valentine thanked the Committee for a productive meeting and its insightful feedback.

The meeting adjourned at 1:39 PM.