

Accounting and Auditing Policy Committee (AAPC) Meeting Minutes

November 20, 2024, 1:00 PM ET

Virtual via Zoom for Government

Attendance

Members

Present: Ms. Monica Valentine (AAPC Chair)
Ms. Pauletta Battle (CIGIE)
Mr. Brian Casto (Treasury)
Ms. Regina Kearney (OMB)
Mr. Prasad Kotiswaran (CFOC)*
Mr. Joseph O'Neill (GAO)
Dr. Dorothy Potter (At-large)
Mr. Robert Smalskas (CFOC)

Staff

Ms. Robin Gilliam, Assistant Director
Ms. Sherry Lee, Senior Analyst
Mr. Ricky Perry, Assistant Director
Mr. Brian Robinson, Analyst
Mr. Domenic Savini, Assistant Director
Mr. Josh Williams, Senior Analyst

Mr. Jason Kirwan, FASAB Counsel

Absent: Mr. James Hodge (CIGIE)

*Member was present for the duration of the meeting, except for a few brief absences.

Welcome, Administrative Matters

The meeting began at 1:02 PM. Ms. Valentine began the meeting by welcoming members and observers. Mr. Perry called roll.

Topic A: Public-Private Partnerships (P3s)

Mr. Domenic Savini presented a revised draft Technical Release (TR) to the Committee that incorporated previous Committee suggestions as well as input from meetings with GAO prior to the August 2024 meeting. Ms. Valentine and Mr. Savini provided a brief recap of the history of the project and explained that staff worked primarily with GAO offline to address their concerns and that their edits, where deemed appropriate, were incorporated into the draft TR.

Mr. Savini went on to state that two Committee members provided written feedback prior to the meeting and were generally supportive of the draft document apart from any editorial suggestions made.

Mr. O'Neill noted he had some procedural concerns. He wanted to better understand the issues relating to SFFAS 49, *Public-Private Partnerships*, implementation: what exactly the root causes are, what the alternatives are that the AAPC should be considering, and the reasons that staff suggests certain actions over others. He asked to hear the views of the other members.

Ms. Valentine reminded Mr. O'Neill that staff has presented on the results of the P3 task force discussions, the Board's review, as well as staff's analysis during the November 2023, May 2024, and August 2024 meetings. During those meetings the AAPC members engaged in discussions with staff as well as P3 task force members.

Ms. Valentine polled the other members on Mr. O'Neill's procedural concerns. Comments from the members included:

- More time is needed to review the draft P3 proposal.
- No issues with the P3 procedural processes.
- Member questions on the draft should be addressed during the meetings.
- Clarification of the relationship between FASAB, AAPC members, and FASAB staff is needed.

Ms. Valentine thanked the members for their feedback and noted that staff will provide adequate time for members to review and deliberate the draft proposal. All operational issues will be addressed at the next Committee administrative session along with the new AAPC governance documents.

Mr. Savini resumed going through the document and the questions.

Question 1 – Does the Committee have any additional suggested improvements to the broad principle for dealing with the overlap of P3 disclosure requirements with reporting and disclosure requirements of other standards? If so, what specific changes or edits would the Committee like to propose? Refer to pages 13-14.

Members were generally supportive of the broad principle for dealing with the overlap of the P3 disclosure requirements. One member stated that the use of the term “document” has a different connotation (for example, from an audit point of view) and the Committee should consider selecting another word such as “consider.” Another member noted that the inclusion of the second appendix item titled “Appendix B: Summary of Disclosure Requirements” is very useful in describing the overlap among the related disclosures.

Question 2 – Does the Committee have any additional suggested improvements to the proposed guidance related to the integration of disclosures due to other requirements? If so, what specific changes or edits would the Committee like to propose? Refer to paragraphs 29-33.

One member asked staff to reconsider the necessity of two new paragraphs (par. 32 and 33) concerning what seems to be a fairly common practice about note disclosure preparation. The member noted that the level of prescriptive guidance contained within the TR should be commensurate with practitioner needs.

Question 3 – Does the Committee agree with proposing that under consolidation accounting, the reporting entity is treated as a single economic entity and thus, SFFAS 49 disclosures would not apply?

Members were generally supportive of the proposed change suggested by GAO to exclude consolidated entities from the SFFAS 49 disclosures. However, one member

noted that given the complexity and risks of P3 arrangements, clarity and adequate disclosure is needed. As such, although there is benefit in requiring consolidated entities to also provide SFFAS 49 disclosures, the member agreed with the task force's reporting entity team's position to await respondent comments before finalizing thoughts on this matter.

Question 4 – Does the Committee agree to adding an appendix that includes the side-by-side disclosure requirements for SFFAS 49, SFFAS 47, *Reporting Entity*, and SFFAS 54, *Leases*?

Members were generally supportive of the appendix item suggested by GAO titled "Appendix B: Summary of Disclosure Requirements." As noted above in question #1, one member noted that the appendix is very useful in describing the overlap among the related disclosures.

Question 5 – Are there any other issues or concerns that the Committee would like for staff to consider? Please note in your response what changes you would recommend be made.

Members provided several suggestions to help improve the document and, where applicable, agreed to work with one another and staff offline to help craft mutually agreeable language (for example, par. 10 concerning guidance on applying SFFAS 49 risk-based characteristics). The majority of substantive edits concerned clarifying guidance related to leases (for example, par. 19-28 concerning guidance on applying SFFAS 49 to SFFAS 54). Staff agreed to work with the task force's leases team to best address matters raised by the members pertaining to these paragraphs.

Next Steps - Mr. Savini plans to provide the Committee with a revised draft electronically prior to the next meeting. If approved by the Committee, the proposal would then be submitted to FASAB for review in the new calendar year.

Adjournment

The meeting was adjourned at 3:45pm.