

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
March 18, 2010**

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. Payne (chairperson), Mr. Bragg, Ms. Carey, Mr. Geiger (for Mr. Fletcher), Ms. Gilmore, Ms. Kearney, Mr. Marchowsky, Mr. Rebich, and Mr. Synowiec. FASAB/AAPC project director, Ms. Valentine and general counsel, Mr. Dymond, were present at the meeting.

Absent: Mr. Brewer and Mr. Fletcher.

• **Minutes**

The minutes of January 21, 2010 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

Ms. Payne introduced Mr. David Rebich as the new Treasury representative to the AAPC. Mr. Rebich is the new FMS Assistant Commissioner for Government-wide Accounting.

PROJECT MATTERS

Project Agenda Status

MD&A

Ms. Kearney, MD&A task force chair, gave a brief update on the progress of the task force. Ms. Kearney stated that she was working with FASAB staff Ms. Valentine and Mr. Fontenrose on developing a project plan. She also noted that they were tentatively looking at mid-May as a first task force meeting. They expect to start reaching out to the agencies for task force participants. The goal is to develop “best practices” guidance in the area of MD&A; however, “best practices” guidance may not address all of the issues currently surrounding the reporting of MD&A so they are also looking into possibly doing a case study as well. More activity is expected over the next two months.

Grant Accrual Project

Ms. Payne introduced FASAB staff member Eileen Parlow as the project director that has led the FASAB project on grant accruals along with a task force and a smaller working group. Ms. Payne reminded the members that the grant accrual project was discussed at

the January meeting. Ms. Parlow had given the members a memo outlining the edits to the latest draft exposure draft (ED) since the January meeting. She noted that the objective for today's meeting was to obtain approval on the draft ED for release within the next week. Ms. Payne noted that the members had reviewed the initial draft ED at the January meeting and the member edits from that meeting were incorporated and then a pre-ballot draft was sent to the members on 3/3 for review and comment. The edits from the pre-ballot review were also incorporated in the ballot draft being considered by the Committee. Members recommended a couple of minor edits to the latest draft that were accepted. Mr. Geiger asked Ms. Parlow if cooperative agreements were considered when drafting the grant accrual guidance. Ms. Parlow said that the roundtables and task force had not indicated a need for guidance to address cooperative agreements. However, Ms. Parlow noted that a question on cooperative agreements had been added to the exposure draft. Ms. Payne noted that if there is significant response to the cooperative agreements question in the ED then the scope of the proposed technical release could be expanded to include cooperative agreements. Ms. Payne asked the members if they were in agreement with the edits that were just proposed and if so please sign the ballot approving the ED for release. At the end of the meeting, staff received eight "approve" ballots from the members.

Conclusion: Once the final edits were made to the ballot draft, the exposure draft would be released for comment to the public. Ms. Parlow expects that the ED could be released by the early part of the next week.

General PP&E

Ms. Gilmore gave an update on the current work of the general PP&E (G-PP&E) task force. She noted that the task force was very active in its work and was progressing towards providing implementation guidance on several G-PP&E issues. The acquisition subgroup was working on three implementation issues: estimating historical cost, capitalization thresholds, and capital leases. The "estimating historical cost" guidance was very close to being reviewed by the full task force, now that a couple of issues were addressed and the NASA example was finalized. The disposal subgroup's two draft technical releases will be discussed today and a third project on triggering events for the disposal of equipment has begun. The use subgroup is still working the contractor financing payments issue and is beginning discussions on both the deployed assets and group/composite depreciation issues. The record retention subgroup will be presenting to the Committee on its final recommendations later in the meeting.

▪ **"Record Retention Timeframes for General PP&E Assets"**

Ms. Valentine reminded the Committee that the draft record retention guide was last discussed at the January meeting and the edits from that discussion were incorporated into the draft, however additional comments were also received after the revised draft was sent to the members. Ms. Valentine reviewed those changes with the members. Ms. Kearney asked about the meaning of the phrase "other materiality thresholds". The members agreed to change that phrase to "other qualitative considerations".

Mr. Geiger asked what the next steps were for the guide. Ms. Valentine noted that once the last edits are made staff would contact NARA to discuss the recommended changes. In addition, the task force suggested that the background information from the guide be included in the appendix to the historical cost implementation guidance. Mr. Marchowsky

recommended that all references specific to real property documentation be deleted from the documentation list related to personal property. The members agreed to Mr. Marchowsky's suggested edits.

Conclusion: The member recommendations will be incorporated into the document and staff would contact NARA to discuss the recommendations. The background information would be incorporated into the historical cost implementation guidance. The guide would not be brought back to the members to discuss additional edits.

▪ **Draft Technical Releases: "Implementation Guidance on Cleanup Costs Associated with Equipment" and "Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment"**

Ms. Valentine reminded the Committee that the Equipment and the Asbestos Cleanup exposure drafts were converted to draft technical releases based on the member comments from the January AAPC meeting. Ms. Valentine introduced Ms. Alaleh Jenkins, (DoD) G-PP&E Disposal subgroup leader. Ms. Valentine asked the members if they had any comments on either of the two draft technical releases before the ballot votes are asked for. Concerning the draft Asbestos Cleanup technical release, Mr. Geiger asked if "historical cost or" could be inserted before "cost estimates" in paragraph 12.b. to allow for both types of estimates when developing estimates of asbestos cleanup costs. After discussion by the members on this suggested revision, the members agreed to the change. Mr. Marchowsky also suggested a change in the language in paragraph 11.c. of the Asbestos document. He suggested that the sentence, "If the information above is neither available nor sufficient to support assumptions in lieu of actual data" be changed to "If the information above is **not** available **or not** sufficient to support assumptions in lieu of actual data..." The members agreed to the suggested revision in the language.

Mr. Geiger asked Ms. Jenkins if she was aware of the general status of other federal entities as they try to move towards fully implementing TB 2006-1 by 2012. Ms. Jenkins stated that she was aware of one entity that had developed a pilot study and has done some test sampling of facilities. She also mentioned another entity that was using past data to develop its asbestos cleanup cost estimates.

Ms. Payne asked the members if they were in agreement with the edits that were just proposed and if so please sign the ballots approving the two technical releases for submission to the FASAB. At the end of the meeting, staff received eight "approve" ballots from the members.

Conclusion: Ms. Valentine informed the members that once seven approval votes were received from the Committee, the technical releases would be sent to the FASAB for a 45-day review period. If at the end of that 45-day review period, there are no objections by the FASAB to either of the technical releases they would be released as final.

• **Agenda Committee Report**

None.

- **New Business**

None.

The meeting adjourned at 1:55 pm.