

**ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
May 31, 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. George, Ms. Healy, Messrs. Campbell, Dingbaum, Fletcher, McFadden, Synowiec and Ward (for Sturgill).

Absent: Ms. Chadwick, Messrs. Bragg and Sturgill

• **Minutes**

The minutes of March 28, 2007 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

None

• **Project Agenda Status**

Inter-Entity Cost

Mr. McFadden, 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 noted that the draft ED had been edited based on comments from the members. He then opened the floor to any additional comments before the exposure draft is voted for release. Mr. Synowiec suggested several minor edits to the draft that were accepted by the committee. Ms. Comes noted that since SFFAS 4 does not govern or control pricing decisions, the TR should not appear to give any guidance on pricing. Several other members noted that they had no comments on the draft and thought the guidance was well prepared.

Mr. McFadden said he would make the edits and suggested revisions to the exposure draft and get the revised document back to Ms. Valentine for release. Ms. Comes asked the members if they were prepared to vote on the release of exposure draft for a 60-day comment period. All members in attendance provided ballots to affirmatively vote for the release of the IEC TR exposure draft.

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. Mr. Synowiec suggested that a question be added to the exposure draft that would ask respondents if there are other areas not addressed in the guide that would be helpful in the guidance. Ms. Comes asked that the term “appropriate” be added to all of the questions in addition to “sufficient” which is already noted in the questions. There were several areas in the guide that Mr. Synowiec suggested adding the terms “relevant and reliable to be consistent with guidance contained in SFFAS 29”. A few other edits were also suggested as revisions to the guide. The members agreed to revise the guide for these additional edits. Ms. Comes asked about getting clarity on the disclosure Example 1 in Appendix C. It was agreed to add language to the appendix to explain to the reader that the examples were illustrative, may include partial disclosures, and are considered non-authoritative.

Ms. Comes noted that the additional edits needed to be made to the latest draft of the ED before it was released for comment. Ms. Comes then asked the members if they were prepared to vote on the release of exposure draft for a 60-day comment period. All members in attendance provided ballots to affirmatively vote for the release of the HA/SL TR exposure draft upon completion of the edits discussed at the meeting.

NASA Theme Assets Issue

Ms. Healy, task force chair, noted to the Committee that the FASAB 45-day review period for TR 7, *Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment*, had expired with no objections by the FASAB. Ms. Comes noted that the final TR would be released on June 1.

• New Business

None

• Agenda Committee Report

Grant Accrual Methodologies

Mr. Campbell, Chair of the AAPC's Agenda Committee, brought an issue to the Committee concerning methodologies for calculating grant accruals from the Department of Transportation's Federal Transit Administration (FTA). Mr. Campbell noted that the Agenda Committee had read FTA's request for guidance, but had some concerns about whether the issue could properly be addressed by the AAPC. So he thought it best to invite the representatives from FTA to the meeting to elaborate on their concerns. The FTA representatives were Dr. Kristine Leiphart, FTA DCFO and Godwin Nwosu, FTA Director of Accounting.

Dr. Leiphart explained that FTA had been in discussions with their new auditors about FTA's methodology for calculating grant accruals. Their auditors were not satisfied with the reliability

of the accruals and suggested that FTA modify their calculations. Dr. Leiphart asked the AAPC for assistance with finding a cost-effective “look-back” methodology that would be acceptable to their auditors.

Ms. George mentioned that the Department of Justice (DOJ) had recently developed an “acceptable” methodology with their auditors. She then suggested asking representatives from DOJ to brief the Committee on their grant accrual experiences. Mr. Campbell agreed with Ms. George’s suggestion and noted the AAPC’s challenge with deliberating on issues that deal with internal agency policies as opposed to proving clarifications on the existing standards. Mr. McFadden suggested surveying members of the FSAN on their “acceptable” grant accrual methodologies and then provide the results to FTA.

The Committee did not vote to formally accept the issue as an agenda item; however the members did agree to discuss the issue again at the July AAPC meeting.

- **Next Meeting**

July 12, 2007

Adjournment: The meeting was adjourned at 2:25 PM.