



FASAB news

*Federal Accounting Standards
Advisory Board*

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Recent Documents Issued

The following FASAB documents were recently issued:

- ▶ Exposure draft of a new Statement of Federal Financial Accounting Standards entitled *Heritage Assets and Stewardship Land: Reclassification from Required Supplementary Stewardship Information*. **Responses are requested by November 10, 2003.** (NOTE-Issued in August 2003, but comment period is still open.)
- ▶ Exposure draft of a new Statement of Federal Financial Accounting Standards entitled *Identifying and Reporting Earmarked Funds*. **Responses are requested by December 17, 2003.**

Current Board Projects

Natural Resources

Objective:

To develop an accounting standard for the oil & gas natural resources owned by or under the stewardship of the Federal Government. Specifically, to determine under what conditions a value and a quantity should be measured and reported

for oil & gas, how revenue and the related costs should be recognized and measured, and what disclosures or supplemental information are essential to meeting the reporting objectives. The accounting standards for oil & gas shall be developed to meet the federal financial reporting objectives (SFFAC 1), subject to the pervasive constraint that benefits exceed cost.

Disclaimer

The staff of the Federal Accounting Standards Advisory Board publishes FASAB News following Board meetings to provide highlights of recent Board actions and issues. When an article refers to a Board decision, it should be understood that Board decisions are tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).

Please direct newsletter editorial questions to Melissa Loughan, 202-512-5976, loughanm@fasab.gov.

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, valentinem@fasab.gov.

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, jacksoncw1@fasab.gov.

Project History:

The project began with the formation of a task force to conduct research. The task force produced a research report in June 2000 entitled *Accounting for the Natural Resources of the Federal Government*. (See <http://www.fasab.gov/reports.htm> to access the report.) The Board is resuming active consideration of the issues raised by the task force after a deferral to address other issues. At the October and December 2002 meetings, the Board was provided background information on the project and considered the project plan. The Board decided to proceed with developing standards for oil and gas due to the extensive literature available in other domains. In February 2003, the Board received information on selected practices as well as an update on staff research. During the April 2003 Board meeting, staff presented a draft skeletal exposure draft (ED) on the proposed oil and gas standards for discussion by the Board. At the June 2003 Board meeting, staff responded to several questions and issues posed by the Board during the April meeting. Subsequent to the meeting, staff continued their research on current reporting practices for oil and gas information.

Recent Actions and Plans:

During the October 2003 meeting, staff noted, based on previous discussions, there had been general agreement that information about natural resources would be

disclosed. Staff presented the summary of findings for the general stages of the oil and gas production cycle, followed by staff proposed disclosure requirements. Discussions, which followed, focused on balance sheet recognition and disclosures. Based on discussions at the meeting, staff will: 1) revise the proposed disclosures; 2) prepare information papers addressing: a) the cost of performing a national assessment for oil and gas resources, b) the “expected present value” concept in FASB Concepts Statement 7, and c) the SEC’s “full cost” method of accounting which is used in the extractive industries; and, 3) meet with representatives from MMS to discuss the possibility of imputing a value for anticipated revenue.

Points of Contact:

Monica Valentine, 202-512-7362, valentinem@fasab.gov or Richard Wascak, 202 512-7363, wascakr@fasab.gov

Heritage Assets and Stewardship Land

Objective:

SFFAS 8 requires reporting of stewardship PP&E, which includes heritage assets and stewardship land (HA & SL.). As described in SFFAS 8, required supplementary stewardship information (RSSI) is a category created by FASAB and its audit status was not designated. RSSI was intended to provide information that the Board believed was necessary for the 'fair presentation' of financial statements. In practice, preparers and users have not understood that RSSI is integral to fair presentation and people often assume that the information reported in RSSI is supplementary or of a secondary nature. This is contrary to the Board's intention. Consequently, the Board is reviewing and re-categorizing the stewardship elements in the Federal financial model. (If this effort leads to reclassification of all items in the RSSI category, the Board will ultimately eliminate the category.) The Board solicited comments on its efforts to eliminate the RSSI category through a Preliminary Views document in December 2000 (the preliminary views document can be found at <http://www.fasab.gov/pdf/rssi.pdf>) This particular project addresses appropriate categorization of two of the stewardship elements: heritage assets and stewardship land.

Project History:

At the February 2003 meeting, staff solicited Board input on the project objective, project scope, and initial project issues. The Board reviewed the history of the project and discussed some of the issues identified in the past. At the June 2003 meeting, staff presented an overview of the Exposure Draft *Heritage Assets and Stewardship Land: Reclassification from Required Supplementary Stewardship Information* to the Board. The ED proposes that heritage assets and stewardship land information be reported as basic information, except for condition reporting, which would be reported as Required Supplementary Information.

The ED provides for a line item to be shown on the balance sheet for significant heritage assets and stewardship land, but no financial amount should be shown. Instead, the line item would reference a note disclosure that would provide minimum reporting requirements. The ED introduces minor changes to the current disclosure requirements for heritage assets and stewardship land by requiring additional reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land are pertinent to the entity's mission. The ED includes disclosure requirements for the U.S. Government-wide Financial Statement that would provide for a general discussion and direct users to the applicable entities' financial statements for more detailed information on heritage assets and stewardship land.

The ED also incorporates the revised multi-use heritage asset standards of SFFAS 16 and the deferred maintenance reporting requirements related to heritage assets and stewardship land from SFFAS 14. Accordingly, the ED proposes rescissions to those standards. As a result, the ED will provide all current standards for heritage assets and stewardship land. The ED proposes an effective date for periods beginning after September 30, 2004. At the August 2003 meeting, the Board reviewed a ballot draft of the ED and requested that staff incorporate some minor changes and voted to issue the ED.

Recent Actions and Plans:

The ED *Heritage Assets and Stewardship Land: Reclassification from Required Supplementary Stewardship Information* was issued on August 20, 2003 with comments requested by November 10, 2003. See FASAB Web site www.fasab.gov/exposure.htm for a copy of the ED. The Board will be discussing the comments received at the December 10-11, 2003 FASAB meeting.

Point of Contact: Melissa Loughan, 202-512-5976, loughanm@fasab.gov

Earmarked Funds (or Dedicated Collections)

Objective:

The objective is to ensure that financial reporting clearly distinguishes between the various types of funds used or managed by the federal government. With respect to dedicated collections or earmarked funds, to ensure that the objectives of federal financial reporting are addressed at both the entity and the consolidated level reports for "trust funds" that are committed to fund future Federal program activity.

Project History:

The project research began in August 2001. In December 2001 and February 2002, the Board reviewed information on (1) reporting under current accounting standards (SFFAS 7, par. 83-87), (2) the universe of special and trust funds in

the federal government and existing definitions, (3) the nature of the surpluses generated in some funds (e.g., the Social Security Trust Fund) and public confusion regarding the investments acquired with the surpluses, (4) fiduciary activities addressed in SFFAS 7, par. 83-87, (5) whether the fund balances are also liabilities to the potential beneficiaries of the funds, and (6) characteristics of these funds. The Board decided to address “fiduciary activity” through another project.

In April, June, August, and December 2002, the Board reviewed issues papers, illustrations and draft definitions. The Board tentatively concluded that the surpluses or cumulative results of operations for these types of funds are distinguishable from cumulative results of operations from operations financed through the general fund. The Board requested that staff develop an exposure draft.

During the April 2003 Board meeting the Board discussed the Exposure Draft presented by staff and suggested several changes. They also requested that staff develop several alternatives for presenting the flows of earmarked funds, including showing the flows on the face of the financial statements. The Board continues to work toward an exposure draft that would (1) define the types of activities that result in a dedicated or earmarked fund, (2) segregate the net positions – cumulative results of operations – resulting from these activities from general fund activities, and (3) require disclosure of changes net assets supporting future activities.

At the August 2003 Board meeting, members made further revisions to the Exposure Draft. They decided not to prescribe exact wording for a footnote to accompany earmarked funds’ investment in Treasury securities, but rather to require that certain concepts be included in a note and to provide an example. They also asked staff to add a paragraph specifically addressing accounting and reporting treatment at the government-wide level. Board members will review on-going revisions with the intent of voting on a ballot draft at the October Board meeting.

Recent Actions and Plans:

An Exposure Draft, *Identifying and Reporting Earmarked Funds*, was approved by all Board members and issued on October 16, 2003. It is available on the FASAB website www.fasab.gov under Exposure Drafts.

Point of Contact:

Wendy Comes, 202-512-7350, comesw@fasab.gov

Fiduciary Activity

Objective:

The objective of the fiduciary activity project is to (1) define and characterize fiduciary activity in the Federal Government and (2) develop accounting and reporting standards for such activity. Federal fiduciary activity is the same as what is commonly understood to be trust fund activity in the private sector. The project will distinguish Federal fiduciary activity from other Federal activity referred to as "dedicated collection" or "earmarked funds" activity that is often referred to as "trust fund" activity but that is in fact Federal program activity.

Project History:

The Board voted in April to publish the exposure draft of a proposed standard entitled *Accounting for Fiduciary Activities*. The proposed standard shows how to distinguish Federal fiduciary activity from Federal program activity that in many cases is called "trust fund" activity but in fact represents taxes or other Federal resources dedicated to specific Federal programs. The proposed standard provides guidance about how to account for and report fiduciary activity. The standard requires that the term "fiduciary" be used in general purpose Federal financial reports for fiduciary activity as defined in the proposed standard. Activity involving assets held in a form that is designated in law as a "trust fund" but dedicated to Federal programs will no longer be characterized as "fiduciary" or "trust" activity in general purpose financial reports of Federal entities. The FASAB is working on a second exposure draft regarding how to account for and report "trust funds" that arise from dedicated or "earmarked" fund activity conducted as a federal program. Comments on the exposure draft are due by July 31. See FASAB Web site www.fasab.gov/exposure.htm.

At the August meeting, the Board reviewed the responses to the exposure draft (ED) *Accounting for Fiduciary Activities* received as of August 11. The comment period for the ED ended July 31. The staff plans to develop staff responses to each of the comments after researching the issues and receiving input from the Board. The Board decided that a public hearing should be held on this exposure draft in conjunction with its October meeting.

The proposed standard defines fiduciary activities and provides accounting procedures for instances (1) where the Federal entity is managing the non-Federal assets and the assets are "held in the name of" the Federal entity and (2) where the Federal entity is merely providing a supervisory or administrative service and the assets are "held in the name of" the non-Federal entity. The respondents generally agreed with the definition of fiduciary activities. However, several respondents questioned the proposed accounting treatment. One respondent said that the distinction for accounting purposes between assets held "in the name of" the Federal entity and assets held "in the name of" the non-Federal owner was not clear. Another respondent objected to reporting non-

Federal assets on a Federal entity's balance sheet. Several objected to the proposal that the entity minimize the use of the term "trust fund" in its general purpose external financial statements where the Federal "trust fund's" activity does not meet the proposed definition of fiduciary activity.

Several responses involved the Board's working definition of asset, which the Board plans to develop further in the near future. The Board discussed the possibility of emphasizing the concept of control over the asset to help differentiate the instances where the Federal entity would recognize assets and offsetting liabilities on its balance sheet.

Recent Actions and Plans:

The Board conducted a public hearing on fiduciary activities on October 8. The Interior Department, the Library of Congress, the Defense Department, and the Treasury Department testified. The testimony reiterated the issues raised in the respondents' comment letters and/or sought guidance on specific issues of concern to the agencies.

Point of Contact:

Richard Fontenrose, 202-512-7360, fontenroser@fasab.gov

Concepts Project

Objective:

To ensure that federal financial accounting standards are based on a sound framework of objectives and concepts regarding the nature of accounting, financial statements, and other communications methods. The framework should:

- provide structure by describing the nature and limits of federal financial reporting,
- identify objectives that give direction to standard setters,
- define the elements critical to meeting financial reporting objectives and describe the statements used to present elements,
- identify means of communicating information necessary to meeting objectives and describe when a particular means should be used, and
- enable those affected by or interested in standards to understand better the purposes, content, and characteristics of information provided in federal financial reports.

Project History:

The Board reviewed a draft project plan in February 2003. In April, Ms. Justine Rodriguez of the Office of Management and Budget provided background on the development of SFFAC 1 *Objectives of Federal Financial Reporting* and discussed the stewardship chapter of the *Analytical Perspectives* volume of the President's Budget. In June FASAB decided not to pursue a new users' needs

study. Members requested more information about finance-related laws and about reporting on internal control. Some members expressed a desire to consider implications of: (1) the dual “internal/external” focus asserted in SFFAC 1, (2) the “budgetary integrity” objective, and (3) the idea expressed in SFFAC 1 that multiple information sources and systems, including many outside FASAB’s purview, contribute to achieving the objectives described in SFFAC 1. In August, the Board received background information about finance-related laws and about the evolution of reporting on internal control. Members also received a copy of the recent SEC *Study Pursuant to Section 108(d) of the Sarbanes-Oxley Act of 2002 on the Adoption by the United States Financial Reporting System of a Principles-Based Accounting System*. Also, Ms. Penelope Wardlow discussed with FASAB the work that the Governmental Accounting Standards Board (GASB) has done on elements of financial reporting for states and local governments.

Recent Actions and Plans:

In October discussion focused on the “budgetary integrity” and “operating performance” objectives. The Board discussed its comparative advantage, and the implications for its agenda. The Board expressed general satisfaction with the operating performance objective, but wants to explore further the implications of the idea that multiple sources of guidance and information, in addition to accounting standards and GAAP financial statements, contribute to achieving and demonstrating budgetary integrity. At future meetings the Board will continue its discussion of the budgetary integrity objective, and will discuss the objectives dealing with stewardship and with systems and controls.

Point of Contact:

Robert Bramlett, 202 512-7355, bramletr@fasab.gov

Social Insurance Liabilities

Objective:

The object of this project is, first, to reconsider the FASAB liability definition and specifically its application to social insurance programs. At the same time the Board will consider developing an asset definition to replace the current working asset definition in the *Consolidated Glossary*. Subsequently the Board will consider recognition, measurement and display of social insurance obligations.

The project will:

- (1) Describe the current FASAB liability definition and its application in SFFAS 17;
- (2) Describe liability and asset definitions established by other standard-setters;

- (3) Develop possible alternative concepts, definitions, recognition points, etc., for liabilities and asset;
- (4) Develop alternative potential social insurance liability measures;
- (5) Develop alternative displays for the balance sheet, statement of net cost, and/or other statements, and
- (6) Explore and analyze issues.

Project History:

Board members and others continue to question the Board's decision in SFFAS 17, *Accounting for Social Insurance*, to limit liability recognition for social insurance programs to the "due and payable" amount at the end of each period. Moreover, in SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, the Board increased the prominence of the Statement of Social Insurance (SOSI) and raised questions about the SOSI's relationship to the other basic financial statements.

At the August meeting, the Board discussed the staff's preliminary plan for the project. The Board decided to begin with general concepts and definitions for liabilities and assets. The Board also decided to include all five social insurance programs within the scope of the project. The Board directed the staff to first develop liability and asset concepts and definitions and then consider how each social insurance program would be treated under these working concepts.

Recent Actions and Plans:

At the October meeting, the Board decided that the development of asset and liability definitions would proceed on parallel and equal tracks, and neither element would be declared more fundamental than the other. With respect to assets, the Board agreed that the FASAB "working definition" from the FASAB Consolidated Glossary would not be afforded status in the project that would have to be overcome. However, this decision would not preclude the use of a word or words from the working definition.

The Board decided to focus on the following definition and characteristics for further consideration:

Definition: Federal entity "assets" are resources (rights to probable inflows of goods, services, or cash) controlled by the entity as the result of a past event.

And, the three asset characteristics:

1. It embodies a probable future benefit,
2. A particular entity can obtain the benefit and control others' access to it, and
3. The transaction or other event giving rise to the entity's right to or control of the benefit has already occurred.

The staff will develop more analysis of the terms “control” and “own” and other terms discussed by the Board.

With respect to liabilities, the Board directed the staff to develop more background on some of the terms used in the existing FASAB liability definition in SFFAS 5 (par. 19), in FASB, and elsewhere. The Board wants to give further consideration to adding the phrase “present obligation” to the current FASAB definition. The staff will develop some alternative liability definitions for the Board’s consideration based on the discussion on October 8.

The Board is planning on simultaneously developing an asset definition and re-visiting the liability definition. The Board decided that the two definitions are essentially parallel. The scope of the social insurance project includes the liability definition, and if the definition needed re-working, then once it is amended or re-developed, it would be applied to the five social insurance programs. The social insurance project would move concurrently with the asset project.

The staff envisions one or more concept statements on elements because it is important to move forward faster on some of the concepts than others. There are standards that have asset and liability issues in them. It is possible to have a concepts statement on assets and liabilities and then build into a larger concepts statement on elements.

Point of Contact:

Richard Fontenrose, 202-512-7360, fontenroser@fasab.gov

Leases Project

Objective:

The Objective of this project are (a) to develop a summary paper covering lease accounting under FASAB, FASB, GASB and the international public sector accounting standards and identifying global issues related to lease accounting and (b) to aid in determining if new uses of leases by federal entities create different and/or more urgent needs for guidance.

Project History:

Research began in May 2003 in response to issues on accounting for leases and leasehold improvements raised by the Department of Justice, Office of Inspector General, at the October 2002 Board meeting. Also, in the past, FASAB staff had received a number of questions on lease accounting. In September, research was completed, and the results were compiled and provided to the Board at the October meeting.

Recent Actions and Plans:

A summary paper on the treatment of lease accounting by various standard-setting bodies and issues relating to lease accounting was presented at the October Board meeting. The Board decided to add two key issues to the technical agenda of items to be considered for future projects. One issue related to the applicability to the Federal sector, of a “new approach” for accounting for leases. This approach would eliminate the criteria for determining whether a lease is a capital lease or operating lease, and all non-cancelable leases of more than one year would be recognized at their present value. The second issue would be to evaluate whether a special-purpose entity that is essentially established and controlled by a Federal agency, as in some public/private partnerships, should be consolidated into an agency’s financial statements. The Board also decided to provide interim guidance on accounting and reporting on leases, to address Justice’s concerns and to accommodate the use of various leasing arrangements by Federal agencies. Existing FASB guidance will be used to the extent the guidance is applicable. Staff will provide Board members with copies of documents that discuss the new approach so that they will be familiar with implementation issues and will have a better idea of its applicability to the Federal sector.

Point of Contact:

Monica Valentine, 202-512-7362, valentinem@fasab.gov

Inter-entity Project

Objective:

Statement of Federal Financial Accounting Standard (SFFAS) 4, *Managerial Cost Accounting Standards and Concepts*, issued in July 1995 and effective in fiscal year 1998, provides the following requirement for inter-entity cost:

Each entity’s full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice.

Recognition of inter-entity costs that are not fully reimbursed is limited to material items that (1) are significant to the receiving entity, (2) form an integral or necessary part of the receiving entity’s output, and (3) can be identified or matched to the receiving entity with reasonable precision. Broad and general support services provided by an entity to all or most other entities should not be recognized unless such services form a vital and integral part of the operations or output of the receiving entity. (Text preceding paragraph 105 of SFFAS 4)

SFFAS 4 provided for gradual implementation of this requirement.

Project History:

A government-wide group has been working to provide guidance on implementing this requirement. The government-wide group recently recommended that guidance be deferred due to higher priority demands on resources. Staff initiated a proposal to establish a date certain for implementation. The proposed date is FY 2008.

At the June Board, staff proposed that the Board issue an exposure draft that (1) presented the government-wide group's findings and (2) requested comments on the FY 2008 date certain implementation. Since this is a staff initiated effort, staff hopes to accomplish it without delaying other Board work. Two members opposed the issuance of the proposal. Members supporting the proposal requested that more information be included in the exposure draft and that respondents be asked specific questions about the impact of the change. Staff plans to provide a revised exposure draft to the Board for the August meeting.

Recent Actions and Plans:

At the October Board meeting, the Board reviewed a revised exposure draft. The revised draft included a stronger rationale for the action in the document and more extensive questions for respondents. After further Board discussion, it was agreed that staff would work with the task force (following the November reporting deadlines) on several issues and present an updated version to the Board in early December.

Point of Contact:

Wendy Comes, 202-512-7350, comesw@fasab.gov

Other FASAB Information

Employment Opportunity with FASAB Staff

The Federal Accounting Standards Advisory Board (FASAB) has job openings for Assistant Directors (Band III, which is equivalent to GS-15). FASAB is seeking individuals knowledgeable of federal sector accounting and capable of standard setting. These positions involve planning and coordinating accounting research and drafting Board products. Typically the work focuses on researching accounting concepts, standards and related requirements for the federal government in the areas of financial accounting to identify issues and develop positions on issues dealing with federal financial accounting. For administrative purposes, all FASAB employees are employees of the General Accounting Office (GAO) and all personnel related matters, are supported by GAO. To apply for these positions, please visit www.gao.gov and click on "careers at GAO."

FASAB Fellow Programs

The Federal Accounting Standards Advisory Board is pleased to announce two programs – the FASAB Practice Fellow Program for public accountants and the FASAB Government Fellow Program. For more information, please contact Wendy Comes at 202 512-7350 or comesw@fasab.gov.

THE FASAB PRACTICE FELLOW PROGRAM

The FASAB Practice Fellow program is an opportunity for public accountants to actively participate in the federal financial accounting standard-setting process. Practice Fellow candidates who are nominated by their firms should have a minimum of two years experience in federal financial accounting and auditing. The Practice Fellows commit to a two-year program at the FASAB with the understanding that they will return to their firms at the end of that period. Nominations may be made at any time. Selection is non-competitive and will be made from a roster of nominees. Ideally, selection will be based on a match of the nominee's prior experience with active FASAB projects.

The Practice Fellow's primary responsibility is to research issues being considered by the Board. The research will focus on relevant literature from federal guidance, studies by other agencies, or other domains such as the international, state/local or non-governmental accounting standards. The Practice Fellow also may make recommendations to the Board on technical issues; develop and draft Statements, Interpretations, Technical Bulletins and implementation guidance; prepare issue papers and minutes; and lead discussion at meetings of the Board.

BENEFITS OF THE PROGRAM

Practice Fellows broaden their knowledge of accounting and financial reporting. In addition, fellows enhance their communications and problem-solving skills. They are called upon to formulate solutions and present them in a concise and convincing manner. The recommendations they develop will be challenged by Board members who have diverse views and by a constituency with strong opinions. Through direct involvement with the Board members and peers in the federal community, fellows enhance their self-confidence and build inter-personal skills. In addition, fellows will be encouraged to make presentations, write articles for professional publications, and attend training courses.

THE FASAB GOVERNMENT FELLOW PROGRAM

With this program, the FASAB seeks to bring the experience and knowledge of federal financial managers and auditors to the development of financial accounting standards. The objectives of the program are to incorporate directly into the process of setting financial accounting standards:

- a. The federal viewpoint and perspective from recent experience in the application of financial accounting standards.
- b. A sharpened focus on the perceptions of those involved in the preparation, audit and use of financial reports.

A federal executive may nominate an outstanding, mid-career employee who has maximum potential for advancement. Candidates selected as Government Fellows spend six months to one year at the FASAB's offices after which they return to the sponsoring entity. Government Fellowships are on a non-reimbursable basis. The objective of the Program is to provide an experience that is highly beneficial to the sponsoring entity, the fellow, and the FASAB.

The Government Fellows have primary responsibility for managing and leading issues addressed by the Accounting and Auditing Policy Committee (AAPC), conducting advance research on priority potential projects, and making recommendations on short-term technical agenda projects of the FASAB. Fellows also serve as consultants to bring a different perspective to projects managed by other staff members, including major technical agenda projects like reporting on social insurance programs and natural resources.

Leading a project or researching an issue involves articulating the issues, identifying alternatives and formulating recommendations, gathering and organizing relevant background information, presenting issues and recommendations to the AAPC or the FASAB at public meetings, as well as drafting due process documents and the ultimate standard.

BENEFITS OF THE PROGRAM

Government Fellows broaden their knowledge of accounting and financial reporting. In addition, fellows enhance their communications and problem-solving skills. They are called upon to formulate solutions and present them in a concise and convincing manner. The recommendations they develop will be challenged by Board members who have diverse views and by a constituency with strong opinions. Through direct involvement with the Board members and peers in the federal community, fellows enhance their self-confidence and build inter-personal skills. In addition, fellows will be encouraged to make presentations, write articles for professional publications, and attend training courses.

Accounting and Auditing Policy Committee

Recent Actions and Plans:

The AAPC issued two exposure drafts of Federal Financial Accounting and Auditing Technical Releases (TR) entitled *Auditing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act (Amendments to Technical Release 3: Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act)* and *Preparing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act (Amendments to Technical Release 3: Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act)*.

The purpose of proposed Technical Release 3 is to amend the guidance for auditors to audit credit subsidy estimates provided in the original technical release (July 1999). The most significant changes made in this amended TR 3 are (1) the removal of the preparation guidance from this amended TR to only include the audit guidance and (2) procedural changes updating the document to reflect new guidance and changes in terminology in the area of credit reform (e.g., SFFAS 18 & 19; and OMB Circular A-11).

The purpose of proposed Technical Release 6 is to amend the implementation guidance for agencies to prepare and report credit subsidy estimates provided in the original technical release (July 1999). The most significant changes made between the original TR3 and this amended TR are (1) the removal of the audit guidance from this amended TR to only include the preparation guidance; (2) clarification of OMB's role in the credit subsidy estimation and re-estimation process; and 3) credit subsidy re-estimates may now include 6 months of actual data and 6 months of projected estimates. Responses were requested by October 5, 2003.

At its October 27, 2003 meeting the Committee reviewed the comments letters received on the two ED's. After a discussion of the changes to the two proposed Technical Releases the Committee voted to recommend the guidance to the FASAB for final approval and release.

The Committee also agreed with the recommendation of its Agenda Committee to accept an issue proposed by OMB on behalf of the Departments of Energy and Interior. The issue deals with the timing of a liability. Energy receives appropriations from the Interior Reclamation Fund and the funds are to be paid back by Energy to the Reclamation Fund as Energy collects fees from its customers. The Committee has agreed to research the history of related legislation and talk with representatives from Energy and Interior before its next meeting in January 2004.

Plans for Future Meetings:

The next AAPC meeting will be scheduled for January 2004. All meetings are open to observers (see "security notice" below) and an agenda will be provided via the FASAB electronic mailing list and posted to the website shortly before the meeting. To access the agenda, visit <http://www.fasab.gov/aapc/meeting.htm>.

Point of Contact:

Monica Valentine, 202-512-7362, valentinem@fasab.gov

FASAB Meeting Schedule

Remaining 2003 Meetings:

December 10th & 11th

Schedule for 2004 Meetings:

Wednesday, March 3rd and Thursday, March 4th
Wednesday, April 28th and Thursday, April 29th
Friday, June 25th (1 PM to 4 PM), Wednesday, June 30th (1 PM to 4 PM meeting session held at the Association of Government Accountants Professional Development Conference, Marriot Wardman Park Hotel, Washington D.C.), and Thursday, July 1st (conclusion of meeting from the AGA PDC)
Wednesday, August 25th and Thursday, August 26th
Wednesday, October 20th and Thursday, October 21st
Wednesday, December 15th and Thursday, December 16th

Unless otherwise noted, meetings begin at 9 AM and conclude at 4 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas are available at <http://www.fasab.gov/briefingmats.htm> approximately one week before the meetings.

Security Notice

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to Marian Nicholson, at 202-512-7350 or nicholsonm@fasab.gov **at least two days before the meeting**. The General Accounting Office, which provides space for our meetings, has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.