

ACCOUNTING AND AUDIT POLICY COMMITTEE MEETING
FINAL MINUTES
January 25, 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. Chadwick, Ms. George, Ms. Healy, Messrs. Bragg, Campbell, Dingbaum, Fletcher, McFadden, Sturgill, and Synowiec.

Absent: none

• **Minutes**

The minutes of October 31, 2006 were previously approved as final, having been circulated by E-mail to members.

• **Administrative**

Ms. Wendy Comes, AAPC Chairperson, introduced the two newest AAPC members. Mr. Daniel Fletcher, Deputy Chief Financial Officer – Department of the Interior, is the newest CFOC representative replacing Greg James; Ms. Kristine Chadwick, CFO – Security and Exchange Commission, is the new at-large member. Ms. Comes and the other members welcomed Dan and Kristine to the Committee.

• **Project Agenda Status**

Inter-Entity Cost

Ms. Dorrice Roth, co-chairperson of the AAPC Inter-Entity Cost task force, gave an update on the current status of the work of the task force. She noted that the task force had completed its review of the surveys and had begun to pull together information from the surveys to formulate a draft technical release exposure draft. The group met on January 8 and will begin meeting monthly in order to complete its task. Ms. Roth stated that it was the goal of the task force is to provide a draft document to the Committee at the March 2007 meeting.

Ms. Comes asked about the level of participation from the task force. Ms. Roth noted that the participation was good and that those regularly attending the meetings are very involved in the progress. She also mentioned that a couple of new members recently joined the group and were able to jump right into the work of the task force.

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. Mr. Synowiec noted that the task force was still working on the draft guide even though the group had not met in the last month. The two chairpersons and Monica Valentine, FASAB staffer, have plans to meet to review the latest draft of the guide within the next two weeks.

Mr. Synowiec made a few observations about the draft guide. He stated that it should be made clear in the document that the guidance is for the preparer while still acknowledging the auditor's role in the reporting. He also noted that the guide needs a specific framework for assessing condition, especially land. The guide also needs to include a section on documentation and government-wide reporting. He hopes that a draft can be provided to the Committee for the March meeting.

Ms. Comes asked about the makeup of the task force. Ms. George noted that the group was very diverse and was made up of preparers, auditors, and program managers. Ms. Comes asked if there will be a venue in the guide to express the differing views of the task force members on condition. She also stated that those differing points of view could be helpful to the Committee. Ms. George stated that she was hopeful for a consensus on the condition issues. She also noted that the full task force was providing very useful information to the guide.

NASA Theme Assets Issue

Ms. Healy, task force chair, provided an update on the NASA issue that deals with the treatment of NASA's exploration vehicles and whether to treat those vehicles as assets or as research & development costs. She reminded the Committee that at the last meeting the Committee discussed the draft letter proposing a recommendation on resolving NASA's issue was shared with the two NASA offices in order to determine if the letter guidance would be sufficient to allow for agreement between the OCFO and OIG. NASA's OCFO agreed with the letter's content and believed it would be sufficient enough for them to apply the necessary changes to their policies. However, the OIG, in the form of a letter to Ms. Comes, expressed its concerns with the authoritativeness of the letter and also noted that the content of letter was not specific enough in some respects. The outcome of that meeting was that Ms. Healy recommended that the AAPC work on developing a technical release that will address NASA's issue and the full Committee agreed with the recommendation without objection.

Since the October meeting the task force had developed a draft technical release exposure draft (ED) and sent it to the full Committee for comments. The final draft was provided to the Committee for discuss at the meeting. The ED was formatted to address the issues in the same manner as the draft letter, that is providing guidance based on the three questions posed by NASA. She noted that the ED will have a 30-day comment period. She also mentioned NASA's eagerness to resolve this issue as soon as possible. Ms. Valentine noted that the version of the document provided to the Committee included some editorial comments to ensure consistency of terminology throughout the document.

Mr. Synowiec asked that NASA's current accounting policy be added to the last paragraph of the Basis for Conclusions. He stated that it would be helpful to the reader to know what would change for NASA if the guidance is issued in its current form. Ms. Comes noted that the point of the guidance is not to judge NASA's accounting policy for space exploration equipment but to provide guidance to them as they review their own policies. The Committee agreed to add one sentence to briefly explain NASA's current policy.

Ms. Chadwick asked why the draft had changed the terms "mission-related property" and "mission-related projects" to "space exploration equipment"? Ms. Valentine explained that it was agreed to use consistent language throughout the document that paralleled the terms used in the Standards.

Mr. Synowiec asked what the next steps were for the document. Ms. Comes explained that the edits for the today's meeting would be incorporated into the document and then a redline and clean version of the document along with a ballot would be provided to the members to vote on the issuance of the exposure draft. Then the ED would be distributed electronically for comments. Mr. Synowiec asked when FASAB would see the document. Ms. Comes noted that the FASAB would review the document once the Committee has approved a final technical release and it would become final only after the FASAB clearance process was completed.

- **New Business**

None.

- **Agenda Committee Report**

Mr. Jim Campbell, AAPC Agenda Committee Chair, noted that there were no new issues from the Agenda Committee but that there were a couple of issues being worked on for the next meeting.

- **Next Meeting**

March 29, 2007

Adjournment: The meeting was adjourned at 1:25 PM.