

Federal Accounting Standards Advisory Board

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NEWS RELEASE

AAPC issues Statement of Federal Financial Accounting Technical Release 12, *Accrual Estimates for Grant Programs*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the Accounting and Auditing Policy Committee (AAPC) has issued Statement of Federal Financial Accounting Technical Release (TR) 12, *Accrual Estimates for Grant Programs*.

The purpose of TR 12 is to provide a cost-effective framework for developing reasonable estimates of accrued grant liabilities. TR 12 addresses materiality considerations, risk assessment, and procedures for estimating accruals¹ for grant programs, including acceptable procedures until sufficient relevant and reliable historical data is available for new grant programs or changes to existing programs. TR 12 also provides guidance on acceptable sources of documentation for grant accrual estimates; internal controls, including monitoring of internal controls and validation of grant accrual estimates; training of grantees; and monitoring of grantee reporting.

The TR is effective for periods beginning after September 30, 2010, with earlier implementation encouraged.

¹ Agencies recognize and report balances due to or advanced to grantees at the end of the reporting period. Adjustments are needed to provide for eligible expenses that grantees have incurred as of the reporting date but have not yet reported to the agencies. Since these adjustments are based upon estimates, they are referred to as "accrual estimates." In particular:

- **Advances:** Amounts issued as advances must be adjusted, even if grantees have not yet reported expenses incurred.
- **Accounts Payable:** Where there is no advance or no remaining advance, agencies must estimate amounts payable to grantees.

ABOUT AAPC

The Accounting and Auditing Policy Committee (AAPC) was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget (OMB), the Government Accountability Office (GAO) [formerly the General Accounting Office], the Chief Financial Officers' Council (CFOC), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [formally the President's Council on Integrity and Efficiency (PCIE)], as a body to research accounting and auditing issues requiring guidance.

The AAPC serves as a permanent committee established by the Federal Accounting Standards Advisory Board (FASAB). The mission of the FASAB is to develop accounting standards after considering the financial and budgetary information needs of congressional oversight groups, executive agencies, and the needs of other users of Federal financial information. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues as they relate to the specific application of existing authoritative literature.

The AAPC is intended to address issues that arise in implementation, which are not specifically or fully discussed in Federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

For more information on AAPC and FASAB, please visit our website:
www.fasab.gov.