

**ACCOUNTING AND AUDITING POLICY COMMITTEE MEETING  
FINAL MINUTES  
January 9, 2002**

The meeting was convened at 1:35 PM in room 6N30, of the GAO Building, 441 G St., NW, Washington, D.C.

**ADMINISTRATIVE MATTERS**

• **Attendance**

Present: Ms. Comes, Mr. Eisenhart, Ms. Geier (for OMB), Ms. Jordan, Ms. Krell, Messrs. Maharay (for Mr. Friedman) Pugh, Ritchie, Stout, and Taylor.

Absent: Mr. Friedman

• **Minutes**

The minutes of July 12, 2001 were previously approved as final, having been circulated by E-mail to members.

• **Introduction of New AAPC Member – Joseph F. Moraglio**

Ms. Comes, AAPC Chair and FASAB Executive Director, introduced the Committee's new At-Large Member, Joseph F. Moraglio. Ms. Comes noted that Mr. Moraglio has been appointed to a three-year term on the Committee and brings a wealth of accounting and auditing experience to the Committee. Mr. Moraglio is currently a full time instructor of accounting at George Mason University in Fairfax, Virginia. For nearly twenty years, Mr. Moraglio served as Vice President of the Federal Government Division of the American Institute of Certified Public Accountants (AICPA). While at the AICPA, Mr. Moraglio participated in the development of AICPA professional accounting and auditing guidance used by thousands of CPAs working in government and other sectors.

• **New FASAB Memorandum of Understanding (MOU)**

Ms. Comes informed the Committee that the three FASAB Principals had just approved the restructuring of the Board through its revised MOU. The new composition of the Board will include six public members and three Federal members, in turn the Defense/International, Congressional Budget Office (CBO), and Civilian agency seats will be replaced by the additional three public seats. She noted that a restructuring was recommended by the American Institute for Certified Public Accountants (AICPA) during its review of the Board for its Generally Accepted Accounting Principles (GAAP) status and the Board Principals agreed. One of the reasons for

the change in the structure of the Board is to gain better independence. One member of the Committee seemed disappointed in the decision to tilt the member structure towards the public sector. He had concerns that independence could be lost if the new public members were from independent accounting firms who often compete for work in the Federal arena. He also felt that the agencies were losing their representation on the Board. Ms. Comes noted that potential independence issues for public member candidates would be considered on a case by case basis. In addition, the Board's due process procedures, combined with additional outreach, are intended to solicit input from all sectors.

- **Project Agenda Status:**

*Issue #14 Stewardship Guidance Work Group*

Ms. Comes started the discussion with an update on the status of the FASAB project on Required Supplementary Stewardship Information (RSSI). She noted that the Board is continuing its efforts to reclassify stewardship responsibilities, stewardship investments, and stewardship land and heritage assets. She noted that the Board is working on the reclassification in phases and did not expect for all the projects to be completed for another 2-1/2 to 3 years.

Ms. Valentine, FASAB staffer, briefly summarized the comments received on the draft Stewardship Guide prepared by work group.<sup>1</sup> The draft guide was put on the AAPC website in October 2001 and comments were requested by December 21, 2001. Ms. Valentine noted that only four comment letters were received to date. She stated that comments varied, however one comment seemed to prevail, and that was the recommendation to not move forward with the Guide until the FASAB had completed its work on RSSI. Other comments included:

- taking a more prescriptive approach to the Guide so that it will better align with government-wide mandates and laws and
- more conceptual work was needed in the area of materiality and accountability.

Ms. Comes asked the members if they would like to specifically discuss the comments received. There was a brief discussion on the specific comments received. The question was then asked, should the AAPC move forward with its Guide before the FASAB has completed its projects on RSSI? The members agreed that they would revise the document as the FASAB work progressed, but would not finalize the Guide until the FASAB work was completed. Ms. Comes agreed that she and Ms. Valentine would get together with the Stewardship work group to make any necessary changes to the document based on the comments received to date.

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<sup>1</sup> In 1998, the AAPC commissioned a multi-agency work group to draft guidance that would assist Federal entities in implementing the new standards for reporting and examining information on stewardship land and heritage assets.

*Issue # 20 Former Draft Proposed Technical Release 6, Assigning Costs and Liabilities to Agencies that Result from Legal Claims against the Federal Government*

Ms. Valentine informed the Committee that former draft proposed *Technical Release 6, Assigning Costs and Liabilities to Agencies that Result from Legal Claims against the Federal Government*, is currently being considered as a Technical Bulletin (TB) by the FASAB staff. She noted that the FASAB has made substantial changes to original technical release approved by the AAPC. The FASAB TB did not provide the third option proposed by the AAPC to allow some costs/liabilities to be recorded on consolidated statements without flowing through component entity statements.

*Issue #11 Inter-entity Costs*

Ms. Comes informed the Committee that James Taylor, AAPC member, had accepted the position of chairperson for the Inter-entity task force, since Dave Zavada's departure from the Committee. Mr. Taylor noted that he is planning a task force meeting for sometime in mid-February and that if there were any AAPC members that wanted to participate in the task force to please contact him or Ms. Valentine. He also stated that he would like to have an options paper to the Committee for its July meeting.

**• Agenda Committee Report**

Mr. Pugh, chair of the AAPC Agenda Committee, reported that there were no new issues to be brought to the AAPC.

**• New Business**

Ms. Comes mentioned the possibility of a future AAPC project on Property, Plant & Equipment (PP&E). She noted that with the many changes occurring with National Defense PP&E there might be areas where there is a need for clearer guidance, such as composite/group depreciation. Ms. Comes stated that staff would be preparing a question & answer document for review by the AAPC Agenda Committee and consideration for a future project of the AAPC.

**• Next Meeting**

The next meeting will be on Wednesday, March 13, 2002.

**• Adjournment**

The meeting was adjourned at 2:35 PM.