



# United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

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FINANCIAL MANAGEMENT MEMORANDUM 2013 – 027 (Vol. II.E)

To: Bureau Chief Financial Officers  
Bureau Senior Asset Management Officers

From: *for* Douglas A. Glenn *Douglas A. Glenn*  
Deputy Chief Financial Officer and Director  
Office of Financial Management

Debra E. Sonderman *Debra E. Sonderman*  
Director  
Office of Acquisition and Property Management

Subject: Statistical Sample Asbestos Liability

Federal Accounting Standards Advisory Board (FASAB) Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, requires that Federal agencies estimate the cost to remove asbestos containing materials and record a liability for those costs in financial statements. The *DOI Asbestos Liability Reporting Methodology and Guidance*, dated July 2012, and Financial Management Memorandum 2013-023 (Vol. II.B), dated July 2013, *Accounting Guidance for the Recognition of Liability and Related Expenses for Asbestos Related Cleanup Costs Associated with Real Property*, outline the Department of Interior's (DOI) approach and methodology for estimating accrued and disclosed asbestos-related cleanup costs.

Given the size of the initial liability estimate and the fact that this requirement is new, it is certain that auditors will review this and the supporting data fields closely. Therefore, the Office of Financial Management (PFM) has contracted with PricewaterhouseCoopers (PwC) to perform a statistical sample of DOI's real property records used to generate the estimate of the financial liabilities associated with asbestos-related cleanup costs.

DOI's methodology to estimate its asbestos liability leverages data elements, e.g., legal interest, user status, construction completion date, DOI asset code, gross square footage, etc, which reside in the real property module of DOI's Financial and Business Management System (FBMS). A report in the FBMS business warehouse is programmed to perform the estimation methodology. The Bureau of Reclamation, which is not yet deployed in FBMS, will utilize the DOI methodology but estimates will be calculated and sampled outside of FBMS. Some of the data elements were uploaded to FBMS from bureau asset management systems prior to the issuance of the FASAB reporting requirement. By performing a statistical sample of the data we will be able to identify potential gaps around the accurate recording of real property attributes in FBMS, from which the DOI-wide liability estimate is being created.

Attached is a randomly generated sample of real property assets assigned to each bureau. The sample population includes exempt and non-exempt real property. For each item in the sample, reviewers should electronically submit adequate documentation validating the critical data elements to their bureau audit points-of-contact (POC) listed below. Bureaus will submit samples via PFM's SharePoint site in accordance with the attached instructions. Bureaus may begin uploading documents immediately and must submit the completed samples by no later than **July 31, 2013**. Each sampled item must be submitted with a cover sheet (see attached template) and should identify the person who prepared the sample and his/her e-mail and phone number. The POCs should be able to answer questions about the assets and information submitted. The table below lists bureau audit POCs who may be able to assist with bureau-level questions.

| <b>Bureau</b>             | <b>Point of Contact</b> | <b>E-mail</b>             |
|---------------------------|-------------------------|---------------------------|
| Bureau of Land Management | Amanda Hardesty         | AHardesty@blm.gov         |
| Fish and Wildlife Service | Moe Kabiri              | Moe_Kabiri@fws.gov        |
| National Park Service     | Robert Mies             | Robert_Mies@nps.gov       |
| National Park Service     | Elizabeth Withers       | Elizabeth_Withers@nps.gov |
| U.S. Geological Survey    | Debbie Sykes            | DaSykes@usgs.gov          |
| Indian Affairs            | Jaime Rullan            | Jaime.Rullan@bia.gov      |

Also attached is a document that provides guidance on the documentation that is considered acceptable to support the data elements in FBMS. The guidance is based on responses and comments received from the bureaus in support of the recent targeted internal control review of the same data elements. PFM also consulted with the Office of Acquisition and Property Management to obtain DOI policy on the nature and content of real property records.

The information provided will be used to project the results of the sample to the remaining population using standard statistical estimation technique. PwC will evaluate the results of estimation methods and produce the final estimates. The result of this will be the projected liability for DOI. PwC will compare the achieved precision for the DOI-level estimate to the precision goal and work with PFM to identify causes of discrepancies (e.g., estimated liability percentage based on sample results is greater than anticipated). In the event the achieved precision does not meet expectations, PwC will work with PFM to determine whether the sample should be expanded or other next steps are appropriate.

If you have any questions concerning the contents of this memorandum, please contact Paul McEnrue, Financial Reporting Division Chief in PFM, at (202) 208-3425 or via e-mail at Paul\_Mcenrue@ios.doi.gov.

#### Attachments

Bureau Asbestos Liability Samples

Instructions for Uploading Documents to SharePoint

Asbestos Sample Cover Sheet

Guidance on Supporting Documentation for Asbestos Liability Estimate Certification