



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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COMPTROLLER

DEC 04 2009

Ms. Wendy M. Payne, Executive Director  
Federal Accounting Standards Advisory Board  
Mail stop 6K17V  
441 G Street, NW, Suite 6814  
Washington, DC 20548

Dear Ms. ~~Wendy~~ Payne,

The Department of Defense's (DoD) comments on the Exposure Drafts, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment* and *Implementation Guidance on Cleanup Costs Associated with Equipment* are attached. Overall, we agree with the exposure drafts. Our comments are centered primarily on clarity of meaning.

My point of contact is Mr. Stewart Petchenick. He can be reached at (703) 602-0369.

Sincerely,

Mark E. Easton  
Deputy Chief Financial Officer

Enclosures:  
As stated



Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment

Comment Number	Paragraph #	Recommend Changes	Rationale
1.	Paragraph 12, Page 7	Need to add the word disclose to the last sentence. ... entities need to estimate <u>or disclose</u> all asbestos-related cleanup costs ...	As stated in the Introduction on page 6, paragraph 1, bullet 2: Federal entities will <u>disclose</u> ...
2.	Paragraph 12, Page 7	Last sentence – add the words “and removal” to the end of the sentence.	Asbestos cleanup is actually removal of the asbestos material from the facility or equipment
3.	Paragraph 15, Page 8, Second sentence	Please provide examples of past transactions or events for clarity.	The document will be referenced by non-accountants that may require a better understanding of what constitutes past transactions or “events”.
4.	Paragraph 15, Page 8, Third sentence	Explain or clarify sentence	Says that approach will be executed at discretion of agency. This contradicts Paragraph 13 which states that “an implementation strategy is needed to ensure consistent reporting ...”
5.	6	Q1: yes with modification for clarity 16.a. Add additional wording to say owned or leased real property 16.b. Identify and eliminate each real property or groupings of real property ( <i>footnote</i> not expected to contain asbestos. ..	Guidance needs to address capitalized leases as well as leasehold improvements if only to say that clean up or containment responsibility is dependent on agreement between the parties.  Clarifies intent behind meaning of “group of real property”

Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment

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		<p>Footnote should read: Real property may be sorted into groups by category, type, and/or locations. Categories might include buildings, and other structures. Types might include railroad tracks, power lines, sidewalks. Locations may be facilities or sites recently built and known to be asbestos free. A combination of categories, types, and/or locations may also be used.</p> <p>16.b.i. insert “or grouping” after “indicating the real property...”</p> <p>16.b.iii Reword to read “The grouping of real property would not or is not likely to have asbestos and therefore would not be required to be surveyed for asbestos.”</p>	<p>and allows flexibility to group via differing and multiple methods as might be logical for differing agencies and systems of records.</p>
6.	7	<p>Q2: yes with modification for clarity</p> <p>17 Strike “Once steps have been taken to identify real properties containing asbestos” and add “For the real</p>	<p>16.b already specifies to eliminate assets from the list that are not likely to contain asbestos. Additionally, the same sentence continues “each real property or group of real property expected to contain asbestos...”</p>

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		<p>property assets remaining on the list...”</p> <p>2nd sentence - Strike “assumptions can be made in some cases to make up for a lack of actual data.” Insert “reasonable assumptions are acceptable when specific information, including items specified below, is not available for the real property or grouping.</p> <p>17a. reword to say “Determine the most likely method to be used for renovations, disposal, or demolition (e.g. use of heavy equipment, implosions/explosion, or hand methods) in accordance with Federal, state, and local regulatory requirements governing asbestos management. Regulatory requirements must be considered to identify additional cost considerations that may differ by location such as extent of asbestos surveys, sampling, removal, and non-routine materials management”</p>	<p>Clarifies sentence and communicates need to justify assumptions.</p> <p>Clarification. Would also suggest that the current 17a. and b. be switched in order. Location is required prior to assessment of state and local regulatory requirements.</p>

Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment

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7.	8	Q3: Agree with listed methodologies but should include one additional methodology.	Allow for an average cost estimate to be applied to each specific asset within a grouping based on reasonable assumptions. (ex. statistical extrapolation)
8.	9	Q4: Concur with comment	Para I. of Appendix B would not be applicable/required if modeling or use of historical costs of asbestos removal/disposal were used to estimate the liability of assets at disposal, as they would already be accounted for through the use of the model or historical costs for similar sites.
9.	10	Q5: Concur	
10.	11	Q6: Yes	See above comments 5 and 7 above.
11.	Paragraph 19, Page 10	Define use of word containment. Is containment meant to mean leave asbestos in place in lieu of removal? If so, modify guidance to replace clean up with "clean up or containment". Also add "cost determination methodologies" after word 'reasonable' in paragraph 18 and in logic box of diagram.	Containment is not mentioned elsewhere in the document as "cleanup" method for asbestos. Is containment a possible remedy? If so, guidance and costs would need to reflect that as a possibility. Containment costs should only exist during renovation projects. Need to specify as costing determination versus other forms.

Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment

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Mark Easton

Federal - Preparer

Comment Number	Paragraph #	Recommend Changes	Rationale
12.	Diagram 1, Page 11, Title	Delete word general	Including general leaves option to interpretation, inconsistencies