In October 1990, three officials responsible for federal financial reporting established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) as a federal advisory committee. The officials were the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the United States. They created FASAB to develop accounting standards and principles for the United States Government.

They are referred to as the Board’s sponsors because they possess legal authority under various laws to establish accounting and financial reporting standards for the federal government. The three agencies they head fund the FASAB. In October 1999, the American Institute of Certified Public Accountants (AICPA) recognized FASAB as the board that promulgates generally accepted accounting principles (GAAP) for federal entities.

To meet its unique mission, FASAB considers the information needs of the public, Congress, managers, and other users of federal financial information. The Board considers comments from the public on its proposed Statements, which are widely distributed as “exposure drafts.” The Board publishes Statements of Federal Financial Accounting Concepts (SFFAC) and Statements of Federal Financial Accounting Standards (SFFAS). FASAB also publishes Interpretations, Technical Bulletins, and staff guidance.

After the Board concludes its deliberations on a proposed Statement and submits it to the sponsors, they have 90 days to review the Statement. If neither the Director of the Office of Management and Budget nor the Comptroller General object, the Statement is published by FASAB and becomes generally accepted accounting principles for federal financial reporting entities.

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**Background**

Article I, Section 9 of the Constitution of the United States provides that “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.” Various laws have subsequently provided additional accounting and reporting requirements suitable for the needs of each era, and have vested various public officials with responsibilities for financial management.

The Chief Financial Officers Act of 1990—as amended by the Government Management Reform Act of 1994—for the first time required annual, audited financial statements for the United States Government and its component entities, referred to as federal reporting entities. The Act also established the position of Chief Financial Officer in each department to ensure the development of integrated agency accounting and financial management systems, including financial reporting and internal controls, which comply with applicable accounting principles, standards, and requirements, and internal control standards.

In conjunction with passage of the CFO Act of 1990, the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General established FASAB to develop the “applicable accounting principles” for the newly required financial statements. The Board’s Steering Committee, comprised of the Chairperson and the Board members from Treasury, OMB, and GAO, is responsible for administrative matters. Both Board and Steering Committee meetings are open to the public, with notice of meeting times and locations being published in the Federal Register and on the FASAB’s Web site at [http://www.fasab.gov](http://www.fasab.gov).

During 1999, a task force of the AICPA reviewed the Board’s policies and procedures to assess their conformance with AICPA’s criteria for designating bodies that promulgate GAAP. The Sponsors made certain changes in procedures necessary to conform to the Institute’s criteria. In October 1999, AICPA’s Council designated FASAB as the body that promulgates GAAP for federal entities in the United States.
The Mission of the Federal Accounting Standards Advisory Board

The FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

The Mission Supports Public Accountability

Financial reports, which include financial statements prepared in conformity with generally accepted accounting principles, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government’s responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government’s accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

How the Mission of the Board is Accomplished

The FASAB supports its sponsors’ efforts to improve federal financial reporting and the larger federal financial management community’s efforts to meet its accountability responsibilities. Its mission is accomplished through a comprehensive and independent process that encourages broad participation and objectively considers stakeholder views. The FASAB strives to ensure:

- a timely, open, and thorough study of issues including consideration of the work of other standards-setters and the views of stakeholders.
- participation by a variety of stakeholders throughout the standards-setting process.
- due consideration of the costs and the benefits to the preparers and users of financial information prepared in conformity with generally accepted accounting principles.
- the common understanding of information provided through financial reporting by participating in educational efforts.
- the availability of implementation guidance through both formal and informal communication with preparers and auditors.
- its own accountability through governance practices that are transparent and consistent with the Memorandum of Understanding among its sponsors.

Composition and Selection of the Board

The Board has nine members – three federal and six public or non-federal members. The head of each of FASAB’s three sponsoring agencies selects a federal member to serve on the Board and represent the agency without a fixed term.

The six public or non-federal members are appointed by the Sponsors after considering recommendations of a panel convened by FASAB’s chairperson. The panel consists of not more than seven members, and includes the three FASAB members who represent the sponsoring agencies, as well as representatives from the AICPA, the Accounting Research Foundation, and the Financial Accounting Foundation. The Sponsors select the Board’s chairperson from among the non-federal members.

The non-federal members are eligible for two five-year terms. Terms are staggered to provide continuity on the Board. Pictures and bios of current members are posted on our Web site at http://www.fasab.gov/about/board-members/.
Due Process

The Federal Accounting Standards Advisory Board (FASAB) is subject to the Federal Advisory Committee Act and follows rules of procedure that are designed to meet or exceed the requirements of the Act. FASAB follows an open process for considering accounting standards that includes the following steps:

1. Identification of accounting issues and agenda decisions,
2. Preliminary deliberations,
3. Preparation of initial documents (discussion memorandums and/or issue papers),
4. Release of documents for comment (e.g., exposure drafts) to the public, public hearings when necessary, and consideration of comments,
5. Further deliberations and consideration of comments,
6. Approval by at least a two-thirds majority affirmative vote,
7. Submission of proposed Statements to the Principals for 90-day review (45 days for Interpretations), and
8. Publication of final Statements or Interpretations.

As an adjunct to the deliberative process, task forces and roundtables may be used, as necessary, to gather information and advise the Board on a variety of accounting matters. Task forces and roundtables play an important role in the accounting standards-setting process as they provide expert views and recommended solutions to issues or problems.

The Board welcomes questions and comments regarding all aspects of its operations at any time. Comments may be submitted to the Board by sending an email to fasab@fasab.gov, faxing comments to 202-512-7366, or writing to the Board at 441 G Street NW, Mailstop 6K17V, Washington, DC 20548.

The Accounting and Auditing Policy Committee

The Accounting and Auditing Policy Committee (AAPC) is a standing task force of the FASAB. The AAPC provides guidance, in the form of “Technical Releases,” regarding the application of existing principles. The AAPC includes representatives from FASAB’s three sponsoring agencies, three representatives from the Chief Financial Officer community (federal financial statement preparers), three representatives from the Inspector General community (federal auditors), a FASAB staff member, and one member at large.

Technical Releases must be approved by a majority of each of the three voting blocks and reviewed by the Board prior to issuance. Technical Releases are published by FASAB and announced in the Federal Register. AAPC meetings are open to the public. The AAPC maintains an open communication process, including a Web site at http://www.fasab.gov/about/aapc/.

A roster of AAPC members is available on the Web site at http://www.fasab.gov/about/aapc/about/roster/.

Additional Information

Availability of Board Publications. All FASAB publications, including exposure drafts, final statements, and annual reports, are downloadable at no charge from our Web site at http://www.fasab.gov.

Other Information. For additional information on the FASAB, including Board meeting schedules, meeting agenda topics, project histories, volunteer opportunities, and newsletters, please visit our Web site at http://www.fasab.gov. You may also call 202-512-7350, fax 202-512-7366, or write to 441 G Street, NW, Washington, DC 20548. Individuals who wish to receive FASAB’s newsletter and other announcements (meeting agendas and press releases) by e-mail may sign up for the listserv at http://www.fasab.gov/newsroom/listserv-signup/.

Public Access. Individuals are encouraged to observe FASAB Board meetings; specific information about attending and pre-registering for a FASAB meeting are posted on our Web site at http://www.fasab.gov/board-activities/meeting/information-for-observers/. The FASAB also maintains a public reading room and reference files that are open during office hours, Monday through Friday. The public reading room contains FASAB publications, minutes of meetings, comment letters on publications, and transcripts of public hearings. Most materials are also available either electronically from our Web site or by emailing a specific request to fasab@fasab.gov.

FASAB Staff. Bios and contact information for FASAB staff are posted at http://www.fasab.gov/about/our-staff/.