

# FASAB Facts 2010

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*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 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 World Wide Web at [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 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.

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus Federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to (1) assess the government's accountability and its efficiency and effectiveness, and (2) contribute to the understanding of the economic, political, and social consequences of the allocation and various uses of Federal resources.

Accounting standards should:

- Result in the Federal Government and its agencies providing users of financial reports with understandable, relevant, and reliable information about the financial position, activities, and results of operations of the United States Government and its component units; and
- Foster the improvement of accounting systems and effective internal controls that will help provide reasonable assurance that governmental activities can be conducted economically, efficiently, and effectively, and in compliance with applicable laws and regulations.

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### *How the Mission of the Board is Accomplished*

To accomplish its mission, the FASAB acts to:

- Determine the primary users of Federal financial information and their needs;
- Develop accounting standards and principles that improve the usefulness of financial reports based on the needs of users and on the primary characteristics of understandability, relevance, and reliability;
- Provide advice to central financial agencies on implementing the standards;
- Improve the common understanding of information contained in financial reports;
- Develop standards and principles that take into account expected benefits and perceived costs;
- Review the effects of current standards and develop amendments or new standards when appropriate;
- Use a thoughtful, open, neutral, and fair deliberative process and consider the accountability and decision-making needs of users;
- Develop rules of procedures designed to permit timely, thorough, and open study of financial accounting and reporting issues and to encourage broad public participation in all phases of the accounting standard-setting process; and
- Be objective and neutral and ensure, as much as possible, that the information resulting from its proposed standards is a faithful representation of the effects of Federal Government activities. Objective and neutral mean free from bias, precluding the FASAB from placing any particular interest above the interests of the many who rely on the information contained in financial reports.
- The Board recognizes that general acceptance of its standards is enhanced by demonstrating that the comments received in due process are considered carefully.

## **Composition and Selection of the Board**

The Board has nine members. Three members represent the FASAB's Sponsors. These members are selected by the head of each agency and do not have fixed terms.

The Board includes six public or non-federal members. The Sponsors appoint the six public members after having considered recommendations of a panel convened by FASAB's chairperson. The panel consists of not more than seven members, and includes representatives of the

Financial Accounting Foundation, the Accounting Research Foundation, and the AICPA, as well as the FASAB members who represent the sponsoring agencies. 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.

### **Due Process**

The board is subject to the Federal Advisory Committee Act and follows rules of procedure that at a minimum meet the requirements of the Act. The board follows an open process for considering accounting standards which includes the following steps:

1. Identification of accounting issues and agenda decisions,
2. Preliminary deliberations,
3. Preparation of initial documents (issues papers and/or discussion memorandums),
4. Release of documents (e.g., exposure drafts) to the public, public hearings when necessary, and consideration of comments,
5. Further deliberations and consideration of comments, and

6. Approval by at least a two-thirds majority affirmative vote.
7. Submission of proposed Statement to the Principals for ninety day review (forty five days for Interpretations)
8. Publication of final Statement or Interpretation

The Board's rules of procedure to implement these steps are available from FASAB and on the World Wide Web.

As an adjunct to the deliberative process, the Board appoints task forces, as necessary, to advise it on a variety of accounting matters. Task forces play an important role in the accounting standard-setting process as they provide expert views and recommend solutions to issues or problems.

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### **Board Members**

**Tom L. Allen** - Mr. Allen joined the Board in January 2006 and serves as its Chairman. He also is serving on the accounting department faculty at Weber State University. He retired June 30, 2004 as Chairman of the Governmental Accounting Standards Board (GASB) after serving in that capacity for nine years. Prior to becoming the GASB Chairman on July 1, 1995, he served one year as a part-time member of the Board. Mr. Allen was elected as Utah State Auditor in 1984 and served as the State Auditor of Utah until he resigned to chair the GASB. He is a certified public accountant and a member of the American Institute of Certified Public Accountants where he served from 1987 to 1990 as Chairman of the AICPA Members in Government Committee. He also served on the American Institute of Certified Public Accountant's Ethics Executive Committee, Government Accounting and Auditing Committee, and Auditing Standards Board.

**Debra J. Bond** – Ms. Bond joined the Board in January 2010 and is currently the Deputy Controller of the Office of Federal Financial Management within the Office of Management and Budget (OMB). As Deputy Controller, she is responsible for helping coordinate OMB's efforts to initiate government-wide improvements in all areas of financial management, including financial reporting, improper payments, open government, and real property management. Prior to her current position, Ms. Bond served as the Chief Financial Officer of US Immigration and Customs Enforcement (ICE) agency within the Department of Homeland Security. Earlier, Ms. Bond served in multiple capacities within OMB, including Policy Analyst in the Office of Information & Regulatory Affairs working on labor issues as well as various Resource Management Offices. Ms. Bond holds a Masters Degree in Public Administration from North Carolina State University and a Bachelors Degree in Political Science from the University of North Carolina at Chapel Hill.

**Robert Dacey**-- Mr. Dacey is currently Chief Accountant for the Government Accountability Office (GAO). Mr. Dacey has provided leadership for significant GAO efforts in financial accounting and auditing, as well as in information security, homeland security, and other information technology areas. He served as Director of the consolidated financial statement audit for the initial three audits of the U.S. governments financial statements. Mr. Dacey served as a member of the AICPAs Auditing Standards Board (ASB) and the federal government's Accounting and Auditing Policy Committee. In addition, Mr. Dacey's long-term leadership in GAO's information security audit efforts has resulted in numerous result-oriented reports and testimonies, including (1) addressing information security challenges in federal agencies and corporations, (2) assessing emerging information security issues, and (3) evaluating the federal government's efforts to protect our nation's private and public critical infrastructure from cyberthreats. Prior to joining GAO, Mr. Dacey was a senior manager with Deloitte & Touche and served as divisional business manager and controller for an international corporation. Mr. Dacey is a Certified Public Accountant, Certified Government Financial Manager, and Certified Information Systems Auditor. He received a B.B.A., magna cum laude, from the University of Cincinnati and a J.D. from the George Mason University School of Law.

**Michael H. Granof** – Dr. Granof is the Ernst & Young Distinguished Centennial Professor of Accounting and a University Distinguished Teaching Professor at The University of Texas at Austin. He has over forty years experience in the accounting profession. He is the author of several textbooks including *Government and Not-for-Profit Accounting: Concepts and Practices*. He has served on a number of professional committees and standard-setting boards including the National Council on Governmental Accounting, the U.S. Comptroller General's Advisory Council on Government Auditing, the Governmental Accounting Standards Advisory Council and the Association of Government Accountants' Financial Management Standards Board. Dr. Granof holds a doctor of philosophy degree from the University of Michigan Graduate School of Business Administration as well as an MBA from Columbia University Graduate School of Business and a bachelor of arts degree in economics from Hamilton College. He joined the Board in July 2009.

**Norwood J. Jackson, Jr.** - Mr. Jackson has over thirty five years of experience in providing public and government accounting, auditing, and advisory services. He is currently managing vice president at AOC Solutions, Inc., a small management consulting firm in Northern Virginia. His previous experience includes serving as Deputy Controller of the Office of Federal Financial Management at the Office of Management and Budget as well as being a partner with KPMG LLP. Prior to his federal service, he was the Deputy Auditor of Public Accounts for the Commonwealth of Virginia. He also has been active in standard setting. He served an eight-year term on the United States Comptroller General's Advisory Council on Government Auditing Standards, a four-year term on the Auditing Standards Board of the American Institute of Certified Public Accountants, and a five year term on the FASAB as the representative from the Office of Management and Budget. He joined the Board in January 2007.

**Mark Reger** - Mr. Reger is the Deputy Assistant Secretary Accounting Policy, Office of the Fiscal Assistant Secretary, Department of the Treasury. He has oversight responsibility for the consolidation and publishing of the Financial Report of the US Government and the new Office of Financial Innovation and Transformation. He also serves as the Treasury representative on the FASAB. Prior to joining the Office of the Fiscal Assistant Secretary, Mr. Reger served as the Chief Financial Officer (CFO) of the United States Office of Personnel Management (OPM) from 2007 through May 2010. Prior to joining OPM, Mr. Reger held leadership positions in Federal, State and Local government. He served as the CFO of the Federal Communications Commission (FCC) and the Chairman of the Small Agency Council Finance Committee. Before coming to Washington, D.C. he spent 20 years in Maryland government, serving in a series of senior management positions including CFO of the Maryland Department of Agriculture and culminating in his position as the Chief Deputy Treasurer of Maryland. Mr. Reger is a Certified Public Accountant licensed in Maryland, and Certified Government Financial Manager. Mr. Reger was granted a Henry Toll Fellowship by the Council of State Governments in 1994 and is a graduate of the executive leadership program of Said Business School in Oxford, England in 2005.

**Alan H. Schumacher** – Mr. Schumacher was most recently Executive Vice President and Chief Financial Officer of the American National Can Group, a \$2.5 billion NYSE listed manufacturing company where he spent most of his career. He began as a Senior Internal Auditor and held positions of increasing responsibility throughout his career. He developed and executed global financial strategies and directed all financial activities including Treasury, Cash Management, Tax, Accounting, Finance and Control, Internal Audit, Investor Relations and Risk Management functions. In his early career, he worked for three years as a senior auditor with Price Waterhouse LLP. Mr. Schumacher holds a BS in accounting from the University of Illinois at Chicago, and an MBA from Roosevelt University. He is a member of the Illinois Society of Certified Public Accountants, and American Institute of Certified Public Accountants.

**D. Scott Showalter** – Mr. Showalter is a teaching professor at North Carolina State University and a retired partner from KPMG LLP. He served as a technical advisor and lead partner to many of KPMG's largest and most complex public sector clients, including the states of Nebraska, New York, Michigan, Pennsylvania, and South Carolina; the cities of Houston, Indianapolis, Miami, Milwaukee, and Washington, DC; the City/County of San Francisco; and the Department of the Treasury, U.S. Customs, Department of Agriculture, and Defense Information Systems Agency. He has also served on a number of professional committees and task forces created by the Governmental Accounting Standards Board, the Government Finance Officers Association, and the American Institute of CPAs. He graduated summa cum laude with a Bachelor of Science in Business Administration (accounting) from the University of Richmond, Robins School of Business. He is a Certified Public Accountant and a Certified Government Financial Manager. He joined the Board in July 2009.

**Harold I. Steinberg** -- Mr. Steinberg has over thirty years experience serving government clients as a partner with KPMG. From 1973 to 1981, he was in charge of the firm's practice with state and local governments. During that time, he was one of the organizers of the effort that led to publication of the Preferred Accounting Practices for state governments. From 1983 to 1991, Mr. Steinberg led KPMG's federal practice. He retired from the firm in 1991 to become the first Deputy Controller of the Office of Federal Financial Management at the Office of Management and Budget. In that capacity, he served for two years as a member of FASAB and was instrumental in developing its first two concepts statements - Objectives of Federal Financial Reporting and Entity and Display. Since leaving OMB, he has made substantial contributions to financial reporting through his support for the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program for the federal government and Service Efforts and Accomplishments reporting program for state and local governments. He is a Certified Public Accountant and a Certified Government Financial Manager. He joined the Board July 1, 2007.

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### ***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 Officers community (federal financial statement preparers), three representatives from the Inspector General community (federal auditors), a FASAB 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 World Wide Web site at <http://www.fasab.gov>.

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### **Additional Information**

Availability of Board Publications. FASAB maintains a website to which exposure drafts, reports, project histories and newsletters are posted. 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 FASAB's World Wide Web site, at the URL shown below.

All FASAB publications, including final statements, are downloadable from the World Wide Web at <http://www.fasab.gov>

Public Access. The FASAB 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.

Other Information. For further information about the FASAB, including Board meeting schedules, meeting agenda topics, publications, public hearings, comments on Board products, or to subscribe to the FASAB mailing list, call or write the Federal Accounting Standards Advisory Board, 441 G Street, NW, Washington, DC 20548, 202-512-7350, FAX 202-512-7366.

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