

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

Grace Wu
(202) 512-7377
wug@fasab.gov

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NEWS RELEASE

FASAB Issues an Exposure Draft of a Statement on Budget and Accrual Reconciliation

The chairman of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), D. Scott Showalter, announced today that FASAB is seeking input on an exposure draft (ED) of a proposed Statement of Federal Financial Accounting Standards (SFFAS) entitled *Budget and Accrual Reconciliation*. This Statement would amend requirements for a reconciliation between budgetary and financial accounting information established by SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*. It would replace the current reconciliation with a new budget and accrual reconciliation (NBAR) and explain the relationship between the entity’s net outlays on a budgetary basis and the net cost of operations during the reporting period.

By focusing the reconciliation on the net outlays instead of the obligations incurred, the NBAR (1) enhances the understandability of the relationship between budgetary resources and the costs of program operations, (2) simplifies the agency’s budgetary and financial accounting reconciliation, and (3) improves the financial reporting. “This new reconciliation would provide more valuable information to users while enhancing the support to the government-wide accounting reporting that reconciles net operating cost to the budget deficit,” according to Chairman Showalter.

The Board requests comments on the ED by **March 14, 2017**. Respondents are encouraged to provide the reasons for their positions. The ED and the specific questions raised are available on the FASAB website in PDF and Word format, respectively (<http://www.fasab.gov/documents-for-comment/>).

ABOUT FASAB

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.

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.

FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.