

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

FASAB Approves Plan to Address Federal Lease Accounting Standards

Federal Accounting Standards Advisory Board (FASAB) staff continues to be asked the following question:

“Once the new FASB/IASB lease standards are issued as final, should federal entities that present general purpose financial reports in conformance with SFFAS 34 follow those new FASB/IASB lease accounting standards?”

The answer is **no**. At its August meeting, the FASAB approved a plan to review existing lease accounting standards and to consider whether changes are needed to address the needs of the federal community. The Financial Accounting Standards Board (FASB)/ International Accounting Standards Board (IASB) lease standards may be released as final during 2012. Issuance of those standards will not automatically change federal financial accounting standards.

Current FASAB standards addressing leasing transactions include Statement of Federal Financial Accounting Standard (SFFAS) 5 *Accounting for Liabilities of the Federal Government* [pars. 43 – 46] and SFFAS 6 *Accounting for Property, Plant, and Equipment* [pars. 20 & 29]. These lease standards were originally developed from FASB lease standards effective at that time. Currently, the FASB and IASB have undertaken a joint project on lease accounting that focuses on the conveyance of rights to future economic benefits (such as the right of use). FASAB has also decided to undertake a project on lease accounting to address the needs of the federal community and will include more comprehensive standards on federal leasing activities than the existing standards.

The project plan was approved by the Board and is available at <http://www.fasab.gov/projects/active-projects/leases/>. A task force will be formed to assist in consideration of issues and options.

ABOUT FASAB

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 assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The 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.