

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues a Standard on: Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment.

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB issued Statement of Federal Financial Accounting Standards (SFFAS) 40, *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment*.

SFFAS 40 represents a first step toward improved reporting on deferred maintenance and repairs. The Board is working, and will continue to work, closely with stakeholders interested in improved reporting on deferred maintenance and repairs. By addressing definitional issues as a first step, the Board will facilitate continued cooperation. Two areas in need of improvement relate to (1) the lack of comparability when assessing asset condition both within and among agencies and (2) measurement and reporting practices that vary greatly among agencies. These issues arise—in part—due to agencies having differing interpretations regarding the definition of “deferred maintenance” in SFFAS 6.

“Redefining the term ‘maintenance’ to include repair activities and better reflect asset management practices is an initial step in resolving the problems noted,” according to Chairman Allen. “However, the Board also plans to address measurement and reporting issues through continued consultation with stakeholders which could lead to the issuance of additional guidance and/or standards.”

The Statement is available at <http://www.fasab.gov/codifica.html>.

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.

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