

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

Eileen Parlow
(202) 512-7356
parlowe@fasab.gov

October 24, 2006

NEWS RELEASE

FASAB PUBLISHES STATEMENT OF FEDERAL FINANCIAL ACCOUNTING STANDARDS 31, *ACCOUNTING FOR FIDUCIARY ACTIVITIES*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), David Mosso, announced today that the FASAB has issued Statement of Federal Financial Accounting Standards (SFFAS) 31, *Accounting for Fiduciary Activities*. SFFAS 31 will be effective for periods beginning after September 30, 2008. A primary objective of this project is to clarify and standardize the reporting of fiduciary activities.

“Previous standards did not provide a definition of fiduciary activities, or clearly differentiate them from Federal program activities. Previous standards also did not provide consistent reporting requirements. This standard defines fiduciary activities and establishes consistent Federal financial reporting standards for fiduciary activities,” according to Chairman Mosso.

In a fiduciary activity, as defined in the standard, a Federal entity collects or receives and subsequently manages, protects, accounts for, invests, and/or disposes of cash or other assets in which non-Federal individual or entities (or “non-Federal parties”) have an ownership interest in cash or other assets held by the Federal entity under provision of law, regulation, or other fiduciary arrangement. The ownership interest must be enforceable against the Federal government, and judicial remedies must be available for the breach of the fiduciary obligation.

Reporting on fiduciary activities is required in two notes to the financial statements. The note that discloses significant accounting policies will include a statement that fiduciary assets are not assets of the Federal reporting entity, and are not recognized on the balance sheet. A separate note to the financial statements will include a narrative description of the fiduciary relationship; a Schedule of Fiduciary Activity; a Schedule of Fiduciary Net Assets; and if applicable, a Schedule of Changes in Non-Valued Fiduciary Assets, which would include beginning quantities, additions, dispositions, and ending quantities of non-valued fiduciary assets such as land held in trust.

SFFAS 31 was approved by the Board in April 2006, and was reviewed by the FASAB sponsors for two 90-day periods under a Revised Memorandum of Understanding (MOU) approved in July 2006. The Revised MOU provides an option of a second 90-day review period when needed to address unanticipated circumstances. The revision to the MOU was initiated when new appointments to the position of the Secretary of the Treasury and Director of the Office of Management and Budget (OMB), as well as the OMB Board member, occurred subsequent to the development of SFFAS 31. The additional 90-day review period allowed time for concerns to be addressed and resolved. The FASAB expects that implementation guidance related to these concerns will be forthcoming.

ABOUT FASAB

The mission of the FASAB is to promulgate federal accounting standards after considering the financial and budgetary information needs of citizens, 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 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.

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