

# Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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## NEWS RELEASE

### **FASAB Issues Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements**

The Chairman of the Federal Accounting Standards Advisory Board, Tom Allen, announced the issuance of Statement of Federal Financial Accounting Concepts 5, *Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements*. This is the fifth in a series of concepts statements – the conceptual framework – intended to set forth objectives and fundamentals on which financial accounting and reporting standards will be based. Concepts statements do not establish new financial accounting standards. The primary audience for concepts statements is the Board itself.

“These definitions of assets, liabilities, net position, revenues and expenses provide a common foundation for distinguishing between items that are candidates to be recognized in accrual-basis financial statements and those that are not. This foundation will ensure that the accounting standards lead to financial statements that provide information that is comparable across agencies and programs. Such a foundation is critical to meeting the objectives of stewardship and operating performance.” according to Chairman Allen.

SFFAC 5 is available on the internet 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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