NEWS RELEASE

The chairman of the Federal Accounting Standards Advisory Board (FASAB), Scott Showalter, announced today that FASAB has issued Statement of Federal Financial Accounting Standards (SFFAS) 48, Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials.

“The Board is committed to providing the Department of Defense (DoD) with a cost-effective means to adopt generally accepted accounting principles (GAAP),” according to Chairman Scott Showalter. “SFFAS 48 is intended to provide an alternative valuation method for the adoption of GAAP when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, Accounting for Inventory and Related Property, which has thus far been a challenge faced by DoD.”

SFFAS 48 allows a reporting entity to apply an alternative valuation method in establishing opening balances for inventory, operating materials and supplies (OM&S), and stockpile materials. The alternative valuation method is available only when presenting information following GAAP either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. The application of SFFAS 48 based on the second condition is available once per reporting entity.

SFFAS 48 is effective for periods beginning after September 30, 2016, and early implementation is encouraged.

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 GAAP, 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: http://fasab.gov/.