

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Staff Issues Staff Implementation Guidance 6.1, Clarification of Paragraphs 40-41 of SFFAS 6, *Accounting for Property, Plant, and Equipment*, as amended

The executive director of the Federal Accounting Standards Advisory Board (FASAB), Wendy Payne, announced today that FASAB staff has issued Staff Implementation Guidance (SIG) 6.1, Clarification of Paragraphs 40-41 of SFFAS 6, *Accounting for Property, Plant, and Equipment*, as amended.

After the issuance of Statement of Federal Financial Accounting Standards (SFFAS) 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35*, a question regarding use of both the alternative methods for establishing opening balances and the alternative for estimated net remaining cost per the second sentence in paragraph 41 of SFFAS 6, as amended, was raised.

SIG 6.1 answers the question and provides additional explanation. "SIG 6.1 provides a practical response for application that should resolve unnecessary ambiguity in current standards," according to Ms. Payne.

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 generally accepted accounting principles, 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.

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