

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues an Exposure Draft to Revise Inter-entity Cost Provisions

The chairman of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), D. Scott Showalter, announced today that FASAB is seeking input on an exposure draft (ED) of a proposed Statement of Federal Financial Accounting Standards (SFFAS) entitled *Amending Inter-entity Cost Provisions*. This Statement would revise SFFAS 4 to provide for recognition of inter-entity costs by business-type activities and rescind the following:

- a. SFFAS 30, *Inter-entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*
- b. Interpretation 6, *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4*

“The Board considered several factors, including cost-benefit of existing requirements, before concluding to limit the reporting of inter-entity costs to business-type activities. The proposal would result in less costly financial reporting by aligning reporting with established structures at complex matrixed organizations,” according to Chairman Showalter.

The Board requests comments on the ED by **November 30, 2017**. Respondents are encouraged to provide the reasons for their positions. The ED and the specific questions raised are available on the FASAB website in PDF and Microsoft Word format, respectively (<http://www.fasab.gov/documents-for-comment/>).

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.

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