

STATEMENT OF RESPONSIBILITIES AND CHARACTERISTICS OF MEMBERS OF THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD SEPTEMBER 2024

This document discusses some aspects of the responsibilities of, and characteristics sought in members of the Federal Accounting Standards Advisory Board (FASAB or "the Board"). In doing so it also highlights qualities that are relevant to evaluating candidates for Board membership. The basic requirements for membership on the Board are described in the Memorandum of Understanding (MOU) that created FASAB. In addition, individual members should possess certain attributes, and have a responsibility to act in certain ways. Those responsibilities and attributes include the following:

1. Awareness of the federal financial reporting environment—A member should have a broad understanding of the environment in which the Federal Government operates, including an ability to understand and analyze the similarities and differences between the Federal Government's financial reporting environment and user needs and those of the private and other Government sectors. A member should understand the forces that affect accounting and financial reporting in that environment and the impact that accounting and financial reporting can have in that environment. A member should maintain an up-to-date understanding of such matters. This does not imply that every member should have worked for the Federal Government or that every member must have extensive, specialized knowledge of the Federal Government before being appointed to the Board. The Federal Government affects all citizens in a wide variety of ways, and a wide variety of citizens are interested in various aspects of the Government, including its accounting and financial reporting. Accordingly, people with a variety of backgrounds may bring relevant expertise to the Board's deliberations.
2. Knowledge of accounting and financial reporting—A member should have a reasonable level of knowledge and technical competence in financial accounting and reporting so as to contribute positively to the Board's efficiency, effectiveness, and credibility. A member should maintain an up-to-date understanding of such matters. This does not imply that every member should have worked as an accountant or auditor or otherwise have extensive, specialized knowledge of accounting and financial reporting before being appointed to the Board. The objectives of federal financial reporting encompass concern with reporting on systems, controls, and performance as well as more traditional accounting concerns. Accordingly, people with a wide variety of backgrounds including—for example—economics, public administration, and public policy analysis may bring relevant expertise to the Board's deliberations.
3. High intellect applied with integrity and discipline—A member should critically assess issues and should reach conclusions regarding sound accounting and financial reporting policy based on objective, logical analysis. The basic foundation for analysis is an understanding of the Board's conceptual framework as presented

in its Statements of Federal Financial Accounting Concepts. Members believing they are exposed to undue influence have a responsibility to bring their concerns to the attention of the chair or executive director. (See addendum 3—Responsibility to Report Undue Influence.)

4. Judicial temperament—A member should consider the evidence on all sides of an issue, call for additional evidence if necessary, and reach a decision within a reasonable period of time.
5. Ability to work in a collegial atmosphere—A member should work in a collegial way to contribute to a process characterized by group decision making. Members should be tactful, respectful of others' viewpoints, and mindful of the need to agree on timely, workable solutions to problems. Members should be willing and able to articulate clearly their views on issues; at the same time, they should be willing to make reasonable compromises that will lead to improvements.
6. Communication skills—Board members should communicate effectively orally and in writing. Oral communication includes discussion in Board meetings and public hearings, dialogue with other members and staff of the Board and federal agencies, and contacts with individuals who are not federal employees. Written communication includes internal memoranda, speeches, articles, and correspondence with individuals concerned with federal accounting and financial reporting. All communication should be characterized by thought, tact, and clarity.
7. Commitment to the FASAB's mission—A member should be committed to the Board's mission and to the hard work necessary to fulfill it. The member should understand the role of due process and the need for consensus-building in developing standards.
8. Advance preparation—A member should study materials prepared by staff and sent to each member in advance of each meeting. To participate effectively and contribute to the Board's decision-making process, members often may also need to review other relevant literature, which may include publications of Government agencies, other accounting standards-setting bodies, professional groups, and academic research.
9. Responsibility to attend—Attendance is critical for the timely resolution of complex issues. A member should participate in Board meetings and public hearings, preferably in person. Undoubtedly circumstances will arise that prevent attendance for part or all of a particular meeting. Such circumstances include family emergencies, illness, hazardous weather conditions,¹ previously unscheduled meetings relating to the primary job responsibilities of members, and other emergencies. In these cases, federal members should send a non-voting alternate to the extent practicable. The alternate should be thoroughly familiar with Board issues, able to participate in Board discussions, and represent the views of the

¹Since the Board has many out-of-town members, practice has been to cancel or delay meetings in the event of very hazardous weather conditions. These decisions are generally made shortly before a meeting and members notified directly.

federal member in his or her absence. In selecting an alternate, federal members should consider the responsibilities and attributes indicated in this document.

10. The Board meets in Washington, DC, and may meet virtually for its meetings in addition to holding meetings in connection with conferences or other events outside DC. Generally, meetings are scheduled every other month for two days, but other schedules are permitted. Meetings generally begin at 9 am and conclude at or before 5 pm. Members should arrive in advance to ensure that deliberations begin promptly.
11. Regular meetings are scheduled at least five months before the end of each calendar year for the following calendar year. Additional special meetings and public hearings are occasionally scheduled as needed in consultation with members to fit as many of their schedules as possible.
12. Voting—The rules of procedure provide for written ballots on exposure drafts and final pronouncements. The final vote is reported in the basis for conclusions of each pronouncement.
13. “Alternative views” may be incorporated in exposure drafts to request comments from respondents on the specific view or proposal of a member. Members should draft their own alternative view and may seek assistance from the staff either in preparing, reviewing or researching the document. Members are encouraged to seek input from individual members of the Board on draft alternative views. Generally, the alternative view should explain the alternative treatment, why the member believes this to be a more appropriate treatment than the treatment proposed by the majority of the Board and pose specific questions to respondents. The alternative view should clearly state the difference(s) between the Board’s proposal and the alternative proposal and should not reiterate positions that the majority of the Board has taken.
14. Board members may **dissent** to a FASAB Statement (Concepts or Standards) if they vote against the majority position in the Statement. Member’s dissents will be published with the Statement and the dissenting member identified.
15. **Abstention** should be considered carefully as there is a strong preference that all members vote.² Members may consult the Chair for advice on the appropriateness of abstaining in specific circumstances. In deciding whether to consult with the Chair, the member should consider whether he or she is able to vote in a manner consistent with his or her responsibility to maintain a judicial temperament (see item 4 of the responsibilities statement). In any event, the member should not refrain from participating in the deliberations leading up to a vote but must make other members aware as soon as possible that he or she intends to abstain.

²While abstentions are not encouraged, they may be used in special cases such as the event that a new member is not sufficiently familiar with an issue to confidently vote on an urgent matter before the Board.

Addendum 1 – Ethics Policy adopted by the Steering Committee

ETHICS POLICY REGARDING OUTSIDE EMPLOYMENT FOR NON-FEDERAL MEMBERS OF THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

Section 1. Non-federal members of the Federal Accounting Standards Advisory Board are special government employees.³ Non-federal members shall be mindful of the laws and regulations governing their conduct as special government employees. Non-federal members are particularly alerted to the following statutory prohibitions applicable to them as special government employees:

- a. Pursuant to 18 U.S.C. § 203 and 205, special government employees may not, otherwise than as provided by law for the proper discharge of official duties, receive or agree to receive or solicit any compensation for any representational services and may not, except in the proper discharge of duties, represent or assist anyone, with or without compensation, before a department, agency, court, court-martial, officer, or any civil, military, or naval commission, in connection with a particular matter in which the United States is a party or has a direct or substantial interest; provided, however, that these restrictions apply to a special government employee only in relation to a particular matter involving a specific party or parties:
 - (1) in which the employee has at any time participated personally and substantially through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise; or
 - (2) which is pending in the department or agency of the government in which the employee is serving, except that this subparagraph shall not apply when the employee has served in such department or agency no more than 60 days during the immediately preceding period of 365 consecutive days. The special government employee is bound by this subparagraph despite the fact that the matter is not one in which he or she has ever participated personally and substantially.
- b. Pursuant to 18 U.S.C. § 208, special government employees are prohibited from taking any action in an official capacity that will have a direct and predictable effect on their personal financial interests or those of:
 - (1) a spouse;
 - (2) a dependent child;
 - (3) a general partner;
 - (4) an organization in which he or she serves as officer, director, trustee, or employee; or
 - (5) a person or organization with which the employee is negotiating or has an arrangement concerning future employment

³ FASAB special government employees are referred to as “non-federal” members to distinguish them from the “federal members” of the Board who represent the Sponsor agencies. Federal members must comply with the ethics rules and policies of their respective employing agencies.

Under regulations issued by the Office of Government Ethics, an exemption from the 18 U.S.C. § 208 prohibitions exist for special government employees serving on advisory committees subject to the Federal Advisory Committee Act when the matter being addressed by the advisory committee is one of general applicability; the matter does not have a special and distinct effect on the employee or the employee's outside employer other than as part of a class; and the employee's financial interest is not an ownership interest.

Section 2. Special government employees shall not use government employment for a purpose that is, or gives the appearance of being, motivated by the desire for private gain for themselves or another person, particularly one with family, business, or financial ties. Non-federal members of the Federal Accounting Standards Advisory Board may have outside employment, including employment with organizations doing business or having other relationships with the federal government. This paragraph does not prohibit, and is not intended to prohibit, the opportunities or benefits that accrue naturally and necessarily from the experience, enhanced reputation, or favorable publicity associated with service on the Board. However, neither members nor their employers shall promote or appear to promote Board membership or activities to obtain federal government grants or contracts.

Section 3. The Federal Accounting Standards Advisory Board is a standard-setting body recognized by the American Institute of Certified Public Accountants (AICPA) to establish generally accepted accounting principles for the federal government (GAAP). Accordingly, to ensure against even the appearance of a conflict of interest and to protect FASAB's standing as a GAAP standard setter in the public interest, non-federal members of the Board are prohibited from engaging in the following activities even if the activities would not constitute a violation of federal law:

- a. serving as an owner, partner, officer, or executive of any organization that performs for the federal government substantial accounting or auditing services in which a significant component of the services involve implementation, evaluation, or other consideration of GAAP standards, and the member receives a tangible benefit as a direct result of the organization performing the services;
- b. representing any organization seeking to obtain a contract with the federal government for accounting or auditing services in which a significant component of the services involve implementation, evaluation, or other consideration of GAAP standards;
- c. serving as an owner, partner, officer, or executive of any organization that performs, or representing any organization seeking to obtain, a contract with the federal government for services in which a significant component of the services involve implementation, evaluation, or other consideration of GAAP standards and the member receives a tangible benefit as a direct result of the organization performing the services; or
- d. representing or providing any services, directly or indirectly, to any party on any matter before the Board.

A non-federal member is prohibited from seeking employment with any federal entity, including the FASAB Sponsors, at any time while serving as a non-federal member. If a non-federal member is approached by a federal entity in regard to employment, the member should notify the chair or executive director immediately.

Engaging in any activity, regardless of whether the non-federal member is compensated for the activity, that may be a conflict of interest or otherwise appears (to a reasonably informed and knowledgeable third party) to compromise the member's or the Board's integrity, reputation, or ability to issue federal financial accounting standards and guidance, threatens FASAB's independence. Activities may include, but are not limited to, serving as an officer, director, trustee, or spokesperson for an association or organization.

Section 4. When evaluating applicants for membership on the Board, the Appointments Panel shall not recommend an applicant if a majority of the Panel believes that the applicant's current employment involves the activities identified in section 3 and that the applicant is not expected to terminate the activities before the beginning of the applicant's service on the Board.

Section 5. In assessing whether a member's or applicant's activities conflict with the requirements in this addendum, and therefore represent conflicts of interest (real or in appearance), consideration shall be given , among other things, to the significance of the services to the federal entity and the member's or applicant's organization, the significance of the member's or applicant's role in obtaining and performing the contract or grant for the services, and whether the member or applicant receives a tangible and substantial benefit for themselves or another person, particularly one with family, business, or financial ties, as a direct result of the organization performing the services. Also, consideration should be given as to whether the general public, with knowledge of the totality of the facts and circumstances, would perceive the appearance of a conflict.

Section 6. Potential conflicts of interest (which in this section includes appearances of a conflict of interest) may be identified by various means. Non-federal members annually prepare financial disclosure forms. The executive director reviews the forms for potential conflicts of interest and communicates any concerns about potential conflicts of interest to the chair. The executive director or chair may also become aware of potential conflicts of interest through other means.

A non-federal member is responsible for discussing potential involvement in new activities with the chair or executive director before any action is taken to pursue or engage in the activity. A non-federal member is also responsible for discussing with the chair or executive director any changes in existing activities that could represent a conflict of interest or otherwise appears to compromise the member's or the Board's integrity, reputation, or ability to issue federal financial accounting standards and guidance, when they become aware of such changes. If the member brings a matter to the executive director's attention, the executive director will consult with the chair. The chair will consult with counsel as appropriate.

For any identified potential conflict of interest, the chair will apply the considerations

described in Section 5 and will discuss the matter with the non-federal member to understand the relevant facts and circumstances. The chair may consult with counsel and subsequently, AICPA personnel, as appropriate. If it is determined by the chair that there currently is or prospectively would be a conflict of interest or an appearance of a conflict of interest, the member in consultation with the chair shall take appropriate actions consistent with this *Statement of Responsibilities and Characteristics of Members of the Federal Accounting Standards Advisory Board*.

A determination that a non-federal member has a conflict of interest may, in some instances, require the member's separation from the Board, either through resignation or removal. Before finalizing their determination that separation is required, the chair will consult with counsel, AICPA personnel, the Appointments Panel, and the Steering Committee. If the non-federal member does not resign, the chair will report the matter to the Sponsors for appropriate action. The chair will communicate the resolution of such conflicts of interest involving separation to the AICPA.

If the chair has a potential conflict of interest, the chair shall report the issue to the executive director. The executive director shall consult with counsel about the issue. The executive director may also consult with the AICPA, Appointments Panel, and Steering Committee, as appropriate. Based on consultation with appropriate parties, the executive director consequently shall communicate the issue to the other members of the Steering Committee.

The chair may bring any other conflict of interest matters to the members of the Steering Committee as the chair considers appropriate.

Addendum 2 – Guidelines on FASAB Board Member E-mails Provided by General Counsel based on Provisions of the Federal Advisory Committee Act

Electronic mail (e-mail) exchanges between FASAB Board members that constitute member deliberations on substantive matters must satisfy FASAB's due process requirements for meetings, including advance public notice and open public access. While exchanges that reflect administrative matters or preparations for future deliberations do not constitute meetings subject to these requirements, FASAB's policy is for members to avoid direct collaboration on preparatory work.

As an organization established under the Federal Advisory Committee Act (FACA), FASAB must conduct its meetings in accordance with FACA and the implementing regulations. According to FASAB's *Rules of Procedure*, and consistent with FACA, a "meeting" refers to "the deliberations (with or without others present) of the members of the FASAB, or of the members of a committee of the FASAB established by the Board, to conduct or dispose of official business of the Board."

FACA implementing regulations define "committee meeting" as "any gathering of ... members (whether in person or electronically, such as using telecommunications or through a virtual platform), held with the approval of an agency, and with a Designated Federal Officer in attendance, for the purpose of deliberating on the matters upon which the advisory committee provides advice or recommendations. 41 C.F.R. § 102-3.25. Accordingly, e-mail exchanges between Board members reflecting the consideration of the merits of potential, proposed, or existing FASAB standards or the design of the standard-setting process might constitute a meeting.

All such meetings between Board members are subject to two FACA procedural requirements governing meetings of the Board. First, all FASAB meetings must be open to the public, unless the Board follows established procedures to conduct a closed meeting. Second, as part of this open meetings requirement, all meetings must be noticed in the *Federal Register* at least 15 days before the meeting date. FASAB implements these requirements under the *Rules of Procedure*.

As set out in the FACA implementing regulations, two types of activities between Board members do not constitute meetings subject to these procedural requirements. Communications that reflect "administrative work," such as staffing and logistical matters, are not meetings. Also, "preparatory work" is not a meeting. "Preparatory work" includes communications "solely to gather information, conduct research, or analyze relevant issues and facts in preparation for deliberation." 41 C.F.R. § 102-3.160(a). However, FASAB's policy is for members to avoid direct collaboration on preparatory work, even where the regulations might permit it, except in very limited circumstances.⁴ Staff are available to assist members on substantive preparatory work.

Finally, it is important to note that e-mails reflecting official FASAB business may be considered FASAB records for the purpose of federal recordkeeping regulations. See 41 C.F.R. § 102-3.175(e); 36 C.F.R. § 1234.24. Even e-mail exchanges that do not

⁴ One identified exception is that members who have already decided to dissent on a Statement may collaborate on an explanation of their dissent.

rise to the level of “meetings” may be subject to retention under federal records laws and public disclosure under the Freedom of Information Act, unless an exemption from disclosure under the Act applies. E- mail records will be maintained by FASAB staff under applicable regulations and guidance.

Addendum 3 – Responsibility to Report Undue Influence

Independence is essential to objective standard setting. “Undue influence” is defined as external influences or pressures that impact a member's ability to objectively reach and/or communicate independent conclusions.

1. Members should report to the chair concerns regarding undue influence regarding matters before the Board. Undue influence may arise from but is not limited to:
 - a. direct or implied threats of adverse actions against the Board, its members or staff
 - b. direct or implied promises of inappropriate favorable action that would benefit a member, the Board, or its staff
 - c. statements regarding the use of administrative authorities to remedy undesirable Board decisions
 - d. Implied or direct offers among members to trade votes on issues.
2. A FASAB member's notification to the chair of concerns regarding undue influence may result in an AICPA reportable event, pending investigation of the issue and circumstances. If reporting the event is deemed appropriate, the chair will report such events within 60 days of the determination of a reportable event. The chair will direct his or her report to the American Institute of CPA's chair with copies to the AICPA's president/CEO and director of governmental auditing and accounting. If the chair identifies their own concerns regarding undue influence, the chair shall consult with counsel and the executive director.
3. Members should report any concern regarding undue influence involving the chair to the executive director. The executive director will consult with counsel about the member's concerns and may also consult with AICPA personnel, the Appointments Panel, and the Steering Committee, as appropriate. If the concern is deemed an AICPA reportable event, the executive director will report such events to the AICPA within 60 days of the determination, as described above.
4. The executive director will request from all members of the Board confirmation of freedom from undue influence annually. Each member will be asked to affirm that he or she has been free from undue influence.