

# Federal Accounting Standards Advisory Board

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## NEWS RELEASE

### **FASAB Issues Interpretation of Federal Financial Accounting Standards 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6***

The chair of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), George A. Scott, announced today that FASAB has issued Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6*.

With the issuance of Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*, SFFAS 55, *Amending Inter-entity Cost Provisions*, and Technical Bulletin 2017-2, *Assigning Assets to Component Reporting Entities*, there was a need for additional guidance to assist in the application of cleanup cost liability standards at the component reporting entity level.

Interpretation 9 provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset. Interpretation 9 facilitates reporting by component reporting entities by better aligning reporting with their operations.

“This Interpretation provides needed clarifications of the cleanup cost liability standards and will assist when multiple component reporting entities are involved,” according to Chairman Scott.

Interpretation 9 is available at <https://fasab.gov/accounting-standards/>.

## **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](http://www.fasab.gov).