

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues Statement of Federal Financial Accounting Standards 55, *Amending Inter-entity Cost Provisions*

The chairman of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), D. Scott Showalter, announced today that FASAB has issued Statement of Federal Financial Accounting Standards (SFFAS) 55, *Amending Inter-entity Cost Provisions*.

SFFAS 55 revises SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, to provide for the continued recognition of significant inter-entity costs by business-type activities and rescinds 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*

With the rescission of SFFAS 30, paragraphs 110 and 111 of SFFAS 4, as amended, are restored to their original language prior to the issuance of SFFAS 30. Recognition of inter-entity costs by activities that are not business-type activities will not be required with the exception of inter-entity costs for personnel benefits and the Treasury Judgment Fund settlements unless otherwise directed by the Office of Management and Budget. Notwithstanding the absence of a requirement, non-business-type activities may elect to recognize imputed cost and corresponding imputed financing for other types of inter-entity costs.

“The amended inter-entity cost provisions strike the needed balance to provide relevant and decision useful information after carefully considering cost-benefit factors. The Statement affords less costly financial reporting by aligning financial reporting with established structures used by complex matrixed organizations while ensuring continued recognition of significant inter-entity costs where warranted,” according to Chairman Showalter.

The Statement is effective for periods beginning after September 30, 2018, with earlier implementation permitted.

SFFAS 55 is available at <http://www.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.

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