

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Staff Issues Technical Bulletin 2020-1, *Loss Allowance for Intragovernmental Receivables*

The executive director of the Federal Accounting Standards Advisory Board (FASAB), Ms. Monica R. Valentine, announced today that FASAB staff has issued Technical Bulletin (TB) 2020-1, *Loss Allowance for Intragovernmental Receivables*.

TB 2020-1 clarifies that the recognition of losses, provided in paragraphs 40-52 of SFFAS 1, *Accounting for Selected Assets and Liabilities*, applies to both intragovernmental receivables and receivables from nonfederal entities. The TB also clarifies SFFAS 1 by explaining the allowance approach is not a “write-off” of a receivable. Rather, it is a method for reporting an amount that the entity believes is realizable by requiring only accounts receivable, net of an allowance, to be reported on the financial statements. An allowance recognized in a reporting entity’s financial statements does not alter the underlying statutory authority to collect the receivable or the legal obligation of the other intragovernmental entity to pay.

Ms. Valentine stated, “TB 2020-1 will help clear any uncertainty that may have existed regarding the recognition of losses for intragovernmental receivables.”

TB 2020-1 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.

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