

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Proposes Amending Managerial Cost Accounting Standards to Require Inter-Entity Cost Implementation for FY 2008

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), David Mosso, announced today that the FASAB issued an exposure draft entitled *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*. Statement of Federal Financial Accounting Standards (SFFAS) 4 requires that reporting entities report the full costs of outputs in general purpose financial reports. The full cost of an output should include the costs covered by other reporting entities. These costs are referred to as "inter-entity costs." SFFAS 4 recognized the difficulties in attaining this goal and provided for gradual implementation of inter-entity costing.

Mr. Mosso said: "If adopted, the proposal in this exposure draft would require full implementation of the full cost standards in FY 2008. This is ten years after the implementation of managerial cost accounting standards by the federal government." He added, "Cost information is an important element of performance measurement. This proposal would ensure all material costs are included in full cost measures."

Specific questions for respondents are included in the exposure draft and other comments are welcome. Responses are requested by **July 31, 2004**. An electronic version of the exposure draft is available on the World Wide Web at www.fasab.gov/exposure.htm. Printed copies can be obtained from FASAB by calling 202-512-7350.

ABOUT FASAB

The mission of the FASAB is to promulgate federal accounting standards after considering the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

Federal accounting standards and financial reporting play a role in fulfilling the Government's duty to be publicly accountable. Federal financial reports can help report users assess the government's accountability, efficiency, and effectiveness, including the consequences of the allocation and use of resources.

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