

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

FASAB Issues Statement of Federal Financial Accounting Standards 56, *Classified Activities*

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) 56 entitled *Classified Activities*.

SFFAS 56 balances the need for financial reports to be publicly available with the need to prevent the disclosure of classified national security information or activities in publicly issued General Purpose Federal Financial Reports (GPFFRs).

This Statement permits

- an entity to modify information required by other standards if the effect of the modification does not change the net results of operations or net position;
- a component reporting entity to be excluded from one reporting entity and consolidated into another reporting entity, and the effect of the modification may change the net results of operations and/or net position; and
- an entity may apply Interpretations of this Statement, that allow other modifications to information required by other standards, and the effect of the modifications may change the net results of operations and/or net position.

“This Statement is evidence of the Board’s rigorous deliberations, including multiple discussions with affected stakeholders,” noted Chairman Showalter. “The Board concluded that this Statement and future related Interpretations provide a practical solution to accommodating user needs for federal financial reports in a manner that does not impede national security.”

Implementation: This Statement is effective upon issuance. This Statement is being issued prior to the final issuance of federal reporting entities’ GPFFRs, reporting entities may implement this Statement prior to the issuance of their September 30, 2018 GPFFRs.

SFFAS 56 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.

For more information on FASAB, please visit our website: www.fasab.gov.