

107TH CONGRESS
2^D SESSION

H. R. 5094

To establish the Federal Accounting Standards Advisory Board.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2002

Mr. KIRK (for himself, Mr. BEREUTER, Mr. HYDE, Mrs. MCCARTHY of New York, Mrs. MINK of Hawaii, Mr. NUSSLE, Mr. PETRI, Mrs. TAUSCHER, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To establish the Federal Accounting Standards Advisory Board.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FEDERAL ACCOUNTING STANDARDS ADVISORY**
4 **BOARD.**

5 (a) FINDINGS.—Congress finds the following:

6 (1) There is a need for objective and neutral
7 Federal Government accounting standards. To be
8 objective and neutral, standards must ensure that
9 the resulting information is a faithful representation
10 of the effects of Federal Government activities. Ob-

1 jective and neutral mean free from bias, without
2 placing any particular interest above the interest of
3 individuals who rely on the information in financial
4 reports of the Federal Government.

5 (2) Accounting standards are essential to the
6 efficient functioning of the Federal Government and
7 the economy, as decisions about the allocation of re-
8 sources rely heavily on credible, concise, and under-
9 standable financial information. Financial informa-
10 tion about the operations and financial position of
11 the Federal Government is used by citizens, Con-
12 gress, executives, and program managers.

13 (3) The Joint Financial Management Improve-
14 ment Program, established by the General Account-
15 ing Office, the Department of Treasury, and Office
16 of Management and Budget, conducts a continuous
17 program for improving accounting and financial re-
18 porting in the Federal Government.

19 (4) The Comptroller General, the Secretary of
20 the Treasury, and the Director of the Office of Man-
21 agement and Budget have established an advisory
22 board in accordance with the Federal Advisory Com-
23 mittee Act (5 U.S.C. App.), to consider and rec-
24 ommend accounting concepts and standards for the
25 Federal Government.

1 (b) PURPOSE.—The purpose of this Act is to affirm
2 the Memorandum of Understanding Among the General
3 Accounting Office, the Department of the Treasury, and
4 the Office of Management and Budget on Federal Govern-
5 ment Accounting Standards and a Federal Accounting
6 Standards Advisory Board dated January 11, 2002, effec-
7 tive June 30, 2002.

8 (c) ESTABLISHMENT OF BOARD.—There is hereby
9 established the Federal Accounting Standards Advisory
10 Board (hereinafter in this Act referred to as the “Board”).
11 The Board shall work under the general oversight of the
12 Comptroller General, the Secretary of the Treasury, and
13 the Director of the Office of Management and Budget
14 (hereinafter in this Act referred to as the “Principals”).

15 (d) MEETINGS; PROCEDURES.—The Board shall—

16 (1) meet as necessary and at the request of one
17 of the Principals; and

18 (2) establish detailed working procedures for
19 the Board.

20 (e) COMPOSITION.—(1) The Board shall be com-
21 prised of nine members as follows:

22 (A) One member who is a representative of the
23 General Accounting Office appointed by the Comp-
24 troller General.

1 (B) One member who is a representative of the
2 Office of Management and Budget appointed by the
3 Director of the Office of Management and Budget.

4 (C) One member who is a representative of the
5 Department of the Treasury appointed by the Sec-
6 retary of the Treasury.

7 (D) Six members appointed jointly by the
8 Comptroller General, the Director, and the Sec-
9 retary, who are—

10 (i) representatives of the financial commu-
11 nity, the accounting and auditing community,
12 and the academic community; and

13 (ii) not representatives of the Federal Gov-
14 ernment.

15 (2) In selecting members under paragraph (1)(D),
16 the Principals shall—

17 (A) seek nominations from a wide variety of
18 sources;

19 (B) consider, among other criteria, an
20 individual's—

21 (i) broad professional background; and

22 (ii) expertise in Federal Government ac-
23 counting, financial reporting, and financial
24 management; and

1 (C) consider the recommendations of a panel
2 convened by the chairperson selected under sub-
3 section (c).

4 (f) TERMS.—(1) The members appointed under sub-
5 paragraphs (A) through (C) of subsection (e)(1) shall
6 serve at the discretion of the appointing agency head.
7 Members appointed under subsection (e)(1)(D) shall be
8 appointed for an initial term of not more than five years,
9 and may be reappointed for one additional term of not
10 more than five years.

11 (g) CHAIRPERSON.—The Principals shall select a
12 chairperson of the Board from among members appointed
13 under subsection (e)(1)(D).

14 (h) CONSIDERATION OF ACCOUNTING CONCEPTS
15 AND STANDARDS.—(1) The Board shall consider account-
16 ing concepts and standards for the Federal Government
17 that provide a frame of reference for resolving accounting
18 issues. In considering accounting concepts and standards,
19 consideration shall be given to the budgetary information
20 needs of executive agencies and the needs of users of Fed-
21 eral financial information.

22 (2) The Board shall not set or propose budget con-
23 cepts, standards, or principles.

1 (i) PROCESS REQUIRED.—The Board shall take the
2 following steps in carrying out the process for considering
3 accounting standards:

4 (1) Identification of accounting issues and
5 agenda decisions.

6 (2) Preliminary deliberations.

7 (3) Preparation of issues papers or discussion
8 memorandums.

9 (4) Release of documents to the public, holding
10 public hearings, and consideration of comments.

11 (5) Further deliberations, preparation of expo-
12 sure draft, and consideration of comments.

13 (6) General consensus of at least a majority of
14 the Board members and submission of recommenda-
15 tions to the Principals.

16 (j) ADOPTION OF RECOMMENDATIONS.—Rec-
17 ommendations of the Board on proposed accounting con-
18 cepts or standards shall be made to the Principals for re-
19 view. If, within 90 days after submission, any of the Prin-
20 cipals objects to the proposed concept or standard, the
21 concept or standard shall be returned to the Board for
22 further consideration. If, within 90 days after submission,
23 none of the Principals objects to the proposed concept or
24 standard, the concept or standard become final and shall
25 be published in the Federal Register. Standards set and

1 promulgated following the Board's rules of procedure shall
2 have substantial authoritative support, and accounting
3 standards contrary to such promulgation shall not.

4 (k) PROPOSED INTERPRETATIONS AND TECHNICAL
5 RELEASES.—A proposed Interpretation or Technical Re-
6 lease shall be submitted to the members of the Board rep-
7 resenting the three Principals for review. If, within 45
8 days after submission, any one of such members objects
9 to the proposed Interpretation or Technical Release, the
10 proposed Interpretation or Technical Release shall be re-
11 turned to the Board for further consideration. If, within
12 45 days after submission, none of such members objects
13 to the proposed Interpretation or Technical Release, the
14 proposed Interpretation or Technical Release shall become
15 final. Final Interpretations and Technical Releases shall
16 be published in the Federal Register.

17 (l) STAFF.—A core group of qualified technical staff
18 shall support the Board in carrying out its duties and
19 functions. The staff shall spend its time working on Board
20 matters and, from time to time, may be augmented with
21 staff assigned from executive departments or agencies or
22 other organizations.

23 (m) TASK FORCES.—The Board may appoint task
24 forces as necessary to—

25 (1) advise the Board on accounting matters;

1 (2) provide expert views; and

2 (3) recommend solutions to issues or problems
3 in the accounting standard-setting process.

4 (n) TRANSITION PROVISIONS.—The terms of mem-
5 bers of the Board serving on the date of the enactment
6 of this Act from the Congressional Budget Office, inter-
7 national organizations, defense agencies, and civilian and
8 other Federal agencies shall expire on June 30, 2002. The
9 terms of any non-Federal members serving on the Board
10 on the date of the enactment of this Act shall be extended
11 until June 30, 2004, and such members shall be eligible
12 to serve an additional term of up to five years to the extent
13 that the total service of the member on the Board does
14 not exceed 10 years.

15 (o) CONSTRUCTION.—Nothing in this Act shall be
16 construed as diminishing the authorities, separately or
17 jointly, of the Principals to establish and adopt accounting
18 standards for the Federal Government.

19 (p) AUTHORIZATION OF APPROPRIATIONS.—There
20 are authorized to be appropriated such sums as may be
21 necessary to carry out this Act.

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