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FASB Accounting Standards Codification: A Primer For Audit Committees

What is FASB Accounting Standards Codification?

The Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) represents a major shift in the organization and presentation of U.S. generally accepted accounting principles (GAAP). This major restructuring of accounting and reporting standards is designed to simplify user access to all authoritative GAAP by providing the authoritative literature in a topically organized structure.

What steps were taken to achieve FASB ASC?

FASB ASC disassembled and reassembled thousands of nongovernmental accounting pronouncements (including those of FASB, the Emerging Issues Task Force, and the AICPA) to organize them under approximately 90 topics and include all accounting standards issued by a standard setter in levels A–D of the current U.S. GAAP hierarchy. FASB ASC also includes relevant portions of authoritative content issued by the SEC, plus selected SEC staff interpretations and administrative guidance issued by the SEC.

What else do I need to know about FASB ASC?

FASB ASC is not the official source of SEC guidance and does not contain the entire population of SEC rules, regulations, interpretive releases and staff guidance. Moreover, FASB ASC does not include governmental accounting standards. ASC is not intended to change U.S. GAAP or any requirements of the SEC.

Among other things, the FASB ASC project aims to:

- Reduce the time and effort required to solve an accounting research issue
- Mitigate the risk of noncompliance with standards through improved usability of the literature
- Provide accurate information with real-time updates as new standards are released
- Assist FASB with research and convergence efforts required during the standard setting process
- Become the authoritative source of literature for the completed XBRL taxonomy

When will this have an impact on my company?

On June 3, the Financial Accounting Standards Board announced it is officially launching the FASB Accounting Standards Codification™ (FASB ASC) on July 1. The codification will be effective for interim and annual periods ending after September 15, 2009 – meaning preparers must start

AUDIT COMMITTEE BRIEF

From the Audit Committee Effectiveness Center

**On July 1, 2009,
FASB is launching the
Accounting Standards
Codification™.**

using it for periods that begin on or about July 1, 2009. Once effective, the codification will be authoritative and supersede all existing non-SEC accounting and reporting standards for nongovernmental entities.

Questions for the CFO and other senior managers:

- Is the organization aware of the FASB ASC launch on July 1, 2009 as a source of authoritative U.S. accounting and reporting standards for nongovernmental entities?
- Has the organization had any training on how to use FASB ASC?
- Has the organization conducted any impact studies on what this change means to their accounting policies and disclosures for financial reporting?
- Has the organization considered adopting a methodology to compare the codification to their existing and proposed critical accounting and disclosure policies to ensure ongoing compliance with the literature?

For more information:

AICPA dedicated FASB ASC website

<http://email.aicpa.org/cgi-bin/15/DM/y/hd1U0Mhj430G3c0nDc0ED>

Background and other information; a wealth of resources including free archived webcasts from the AICPA and the FASB; access to articles and publications

AICPA FASB ASC PowerPoint presentation

http://www.aicpa.org/download/fasb/AICPAs_FASB_ASC_Presentation.ppt

Designed to help you educate colleagues: offers details on purpose, meaning and structure of the ASC; how to use the ASC; available resources; how to prepare for July 1, 2009.

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