

The governance of gaap

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The Governance of GAAP The Government Accounting Standards Board (GASB) gives ity to the GAAP for making on guidelines ofaccounting rules to companies trading publicly in the United States, and these rules apply to the local and state governments. The Generally Accepted Accounting Principals (GAAP) are not rigid but are flexible guidelines and helpful in promoting trustworthiness with stockholders of a company that the financial statements a company presents are true, and ensure that proper auditing of firms is done to show their real values.

The Financial Accounting Standards Board (FASB) is an organization behind GAAP, which was established to come up with the accounting guidelines for private sector companies to help them establish and improve the accounting methods used in preparing financial reports. These financial statements are then used by to offer information that is valuable in making decisions for investors and other users of the reports.

The Security and Exchange Commission (SEC) has the role of ensuring that the stock exchange market operates in a fair manner for all investors by ensuring that there is no insider trading and it is an independent body used to enforce laws of the government. It ensures that trading is fair to all investors by ensuring that they are all provided with the correct information and that no one gets an unfair benefit in terms of knowledge of how stocks will operate (Office of Financial Management, 2012).

The funding of developing and Enforcing GAAP comes from the federal government as it has the responsibility of ensuring that there is order in the field of accounting, and this is done by providing guidelines for preparation of companies' financial statements.

Reference

<https://assignbuster.com/the-governance-of-gaap/>

Office of Financial Management. (2012). Generally Accepted Accounting Principles. State

Administrative & Accounting Manual

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