



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Chief Financial Officer and**  
**Assistant Secretary for Administration**  
Washington, D.C. 20230

MAR 05 2019

Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
Washington, DC

Dear Ms. Payne:

The Department of Commerce has reviewed the Exposure Draft –*Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management's Discussion and Analysis*, dated October 15, 2018.

Please find enclosed answers to the questions that were asked of respondents. If you have any questions, please contact me at (202) 482-1207 or galston@doc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon T. Alston", with a long horizontal flourish extending to the right.

Gordon T. Alston  
Director of Financial Reporting and Policy,  
Internal Controls, and Travel

Enclosure

**FASAB Exposure Draft: Questions for Respondents due March 11, 2019**

***Materiality***

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name:

**Please identify your organization, if applicable.**

Organization:

**Q1.** The Board proposes materiality concepts providing a discussion of users, scope, and factors to consider in the federal government environment. Refer to paragraph 1.

**a. Do you agree or disagree with the proposed materiality section? Please provide the rationale for your answer.**

The Department agrees with the proposed materiality section. The additional information provides clarification to the concept of materiality and how it should be applied in the federal financial reporting environment.

**b. Do you have any suggestions that would enhance the section?**

The Department does not readily have any suggestions.

**Q2.** The Board proposes placing the materiality concepts in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*. Refer to paragraph A14.

**Do you agree or disagree with the placement within concepts and specifically in SFFAC 1? Please provide the rationale for your answer.**

The Department agrees with the placement within concepts, and more specifically, within SFFAC 1. The concepts document appears to be the best place for guidance on

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materiality because it is applied based on individual unique circumstances found by federal entities.