

FASAB Exposure Draft: Questions for Respondents due January 23, 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 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"/>	

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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.

DOI Response: DOI bureaus generally agree that the materiality concepts would provide a broader flexibility in exercising materiality judgment. The concepts are consistent with the current guidance and practices but provide context in which materiality is determined.

However, one DOI bureau noted that the definition of "materiality" is not apparent in the proposed section, although 191b describes what is considered "material". In addition, the bureau questions why in 191f there is a reference to commercial entity financial report users. Also Paragraph A4 states, "...adds important elements such as a discussion of users..." This discussion does not seem to be included in the materiality section. Paragraph A6 generally references the users identified in SFFAC 1; however, is Appendix A a part of the materiality section?

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

DOI Response: Please clarify if or what the differences are between a "reasonable financial report user" as used in Paragraph 191b. , a "reasonable user" as used in Paragraph 191d and a "user" in Paragraph 191a. If terms are interchangeable, please note so.

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In Paragraph A11, it is unclear to what “other sectors” is referencing. Is “sectors” the correct word or is it “sections” or something else entirely?

- 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.

DOI Response: DOI agrees with placing the materiality section in SFFAC 1 because it would provide an overarching concept that provides consistency across accounting standards without overriding existing guidance on materiality.