

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues Exposure Draft *Materiality*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), D. Scott Showalter, announced today that the FASAB is seeking input on the proposed Statement of Federal Financial Accounting Concepts (SFFAC) entitled *Materiality*.

To clarify the materiality guidance, the Board is proposing concepts regarding the application of materiality in the federal financial reporting environment. This concepts statement would (1) provide materiality concepts, (2) specify the scope of materiality, and (3) list factors to consider when applying materiality.

“This proposal seeks to clarify implementation of materiality concepts in the issuance of federal financial statements. The intent is for clearer materiality guidance to improve the understanding and comprehension of federal financial reports by financial statement users,” according to Chairman Showalter.

Respondents are encouraged to respond to the specific questions contained in the exposure draft and provide the reasons for their positions. Comments to the exposure draft are due by January 23, 2019. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/documents-for-comment/>).

ABOUT FASAB

The FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

Financial reports, which include financial statements prepared in conformity with generally accepted accounting principles, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government's responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the

government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.