

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues Statement of Federal Financial Accounting Concepts 9, *Materiality*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), George A. Scott, announced today that FASAB has issued Statement of Federal Financial Accounting Concepts (SFFAC) 9 titled *Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management's Discussion and Analysis*

This Statement updates concepts related to the application of materiality in the federal financial reporting environment. Through amendments to SFFAC 1 and SFFAC 3, this SFFAC clarifies implementation of materiality concepts in the issuance of federal financial statements.

This Statement does not include substantive changes to underlying materiality concepts. Rather, to provide better guidance, this Statement clarifies the materiality concepts by discussing the needs of reasonable users, clarifying the concept of misstatement, and identifying specific federal environment considerations. This Statement is also intended to enhance preparers' and auditors' understanding of the materiality concepts in federal financial reporting.

According to Chairman Scott, "This Statement is intended to clarify implementation of materiality concepts in the issuance of federal financial statements and to provide clearer materiality guidance to improve the understanding and comprehension of federal financial reports by financial statement users. Materiality is defined in terms of the likelihood that a misstatement, including the omission of information, could reasonably be expected to affect the judgment of a reasonable user relying on the information."

SFFAC 9 is available at <https://fasab.gov/accounting-standards/>.

ABOUT FASAB

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.

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 www.fasab.gov.