

Wendy,

Below are the Social Security Administration's (SSA) comments on the Subsequent Events exposure draft. Thank you for allowing SSA to comment.

1. Do you agree or disagree with the FASAB's proposal to incorporate accounting principles regarding subsequent events that currently reside in the professional auditing literature into the FASAB's authoritative literature?

Yes, we agree that the Federal Accounting Standards Advisory Board (FASAB) should incorporate accounting principles regarding subsequent events in authoritative guidance. Existing FASAB authoritative guidance lacks instructions on how to handle the reporting of subsequent events and providing such guidance will better enable entities to prepare financial statements in accordance with the Generally Accepted Accounting Principles.

2. Do you agree or disagree with the FASAB's decision to not include accounting and financial reporting guidance discussed in AU Section 341, The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern?

Yes, we agree with FASAB's decision to not include guidance from AU Section 341 in FASAB literature. AU 341 provides auditors with guidance on evaluating whether there is substantial doubt about the entity's ability to continue as a going concern. The going concern concept is not applicable to the government, as it has the power to borrow, tax, and create money to continue its operations. Therefore, including guidance on this principle is not practical.

3. Do you agree or disagree with the FASAB's decision to include accounting and financial reporting guidance discussed in AU Section 334, Related Parties?

Yes, we agree with FASAB's decision to not include guidance from AU 334 in FASAB literature. AU 334 provides auditors guidance to assist in identifying related party relationships and transactions. We agree that researching the related parties concept through FASAB's ongoing entity project makes more sense.

Please contact me at 410-965-2910 if you have any questions.

Mike Gallagher
Deputy Commissioner
for Budget, Finance, and Management
Social Security Administration