

**The attached is sent on behalf of Gordon T. Alston, Deputy Director for Financial Management.**

**If you have any questions, please contact Susan Crippin at (202) 482-2576 or [scrippin@doc.gov](mailto:scrippin@doc.gov).**

**Thank you.**

**Department of Commerce Response  
FASAB Exposure Draft – Subsequent Events: Codification of Accounting  
and Financial Reporting Standards Contained in the AICPA Statements on  
Auditing**

**Prepared by: Department of Commerce, Office of Financial Management  
Date Prepared: December 28, 2009**

Questions and Answers

1. The FASAB proposes to incorporate accounting principles regarding subsequent events that currently reside in the professional auditing literature into the FASAB's authoritative literature (see paragraphs 11 - 18). Do you agree or disagree with the FASAB's proposal? Please explain the reasons for your position in as much detail as possible.

**Department of Commerce Response:**

**The Department of Commerce agrees with FASAB's proposal to incorporate accounting principles regarding subsequent events that currently reside in the professional auditing literature into the FASAB's authoritative literature, as outlined in paragraphs 11 – 18. It is more appropriate to include guidance pertaining to the preparation of financial statements in the accounting and financial reporting standards.**

2. The FASAB considered 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*, and determined that the guidance was not readily adaptable to the federal government environment (see paragraphs A5 – A8). Do you agree or disagree with the FASAB's decision? Please explain the reasons for your position in as much detail as possible.

**Department of Commerce Response:**

**The Department of Commerce agrees with FASAB's decision not to include guidance discussed in AU Section 341 in this statement. Because the federal government has the power to tax, borrow, and create money, it would be virtually impossible for it to be unable to continue as a going concern. We recommend, however, that FASAB continue to research this issue and how it might apply in the federal government environment. Although SFFAS 15, Management's Discussion and Analysis, requires that the MD&A include the future effects on the entity of existing, currently-known demands, risks, uncertainties, events, conditions and trends, we suggest that FASAB**

**consider whether guidance in addition to SFFAS 15 is needed to adequately disclose “going concern” issues for entities or portions of entities which are experiencing fiscal challenges or will be discontinued.**

3. The FASAB also considered accounting and financial reporting guidance discussed in AU Section 334, *Related Parties*, and determined that the guidance was not readily adaptable to the federal government environment. However, the FASAB plans to continue research on related parties as part of its Entity project (see paragraphs A9 – A12). Do you agree or disagree with the FASAB’s decision? Please explain the reasons for your position in as much detail as possible.

**Department of Commerce Response:**

**The Department of Commerce agrees with FASAB’s decision not to include guidance discussed in AU Section 334 in this exposure draft, as described in paragraphs A9 – A12. It would be premature to incorporate related party guidance into this statement before FASAB completes its research on related parties, as part of its Entity project.**