

Exposure Draft:**Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15**

Comments Due December 7, 2023

#12 - Department of Veterans Affairs (VA)

| Organization Type | Organization Name | First name | Last name | Email |
|------------------------|-------------------|------------|-----------|------------------------|
| Federal entity (Other) | VA | Jennifer | Koontz | jennifer.koontz@va.gov |

QFR #1: The Board proposes a comprehensive set of standards to guide management in how to present an MD&A that is balanced, integrated, concise, and understandable about the reporting entity's organization and mission; financial position and condition; operating performance, opportunities, and risks; and systems, internal controls, and compliance with applicable laws and regulations. Do you agree, partially agree, or disagree that the proposed standards will provide adequate guidance for management to present an MD&A that is balanced, integrated, concise, and understandable about the reporting entity's organization and mission; financial position and condition; operating performance, opportunities, and risks; and systems, internal controls, and compliance with applicable laws and regulations? What is the rationale for your answer to QFR 1?

| Response | Rationale | Organization Name |
|----------|---|-------------------|
| Disagree | Disagree. The new proposal is not clear regarding the cost requirement on paragraph 12 bullet C. It is not clear what the board is requiring agencies to provide as key performance ⁹ results ¹⁰ and the associated costs on paragraph 12 bullet C. If the board is asking for the performance costs at a granular level, then this would be a burden to VA and other federal agencies. It would make it challenging to comply to this new standard due to the limited resources and budget constraints (i.e., funding is not available to improve VA's existing accounting system to provide more detailed cost information that aligns with performance results). In addition, VA is requesting the Board provide a copy of the pilot MD&A for other agencies to use as examples. | VA |

QFR #2: The Board believes this proposal will reduce preparer costs and burden. Do you agree, partially agree, or disagree that the proposed standards will reduce preparer cost and burden? What is the rationale for your answer to QFR 2?

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| Response | Rationale | Organization Name |
|-----------------|--|-------------------|
| Partially agree | Partially Agree. The new proposed standards will reduce preparer cost and burden to some extent. For example, the new standard does not require a full discussion of the Performance, Goals, Objectives, and Results, which are separately reported in the Annual Performance Plan & Report. As noted in question #1, VA is concerned about paragraph 12 and needs clarification from the Board on the extent of information that is required in key performance ⁹ results ¹⁰ and the associated costs on paragraph 12 bullet C. | VA |

QFR #3: The Board explains how management should present information in MD&A. Please refer to paragraphs 8-11. Do you agree, partially agree, or disagree that the proposed standards in paragraphs 8-11 provide adequate guidance on how management should present information in MD&A? What is the rationale for your answer to QFR 3?

| Response | Rationale | Organization Name |
|-----------------|---|-------------------|
| Partially agree | Partially Agree. This gives guidance to agencies on the type of information that should be included in MD&A. It helps financial preparers focus on pertinent information that should be conveyed. To reiterate responses provided for question #1 & question #2, VA is requesting the Board clarify the extent of information that is required in key performance ⁹ results ¹⁰ and the associated costs on paragraph 12 bullet C. | VA |

QFR #4: The Board explains what information management should include in MD&A. Please refer to paragraphs 12-13. Do you agree, partially agree, or disagree that the proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in MD&A? What is the rationale for your answer to QFR 4?

| Response | Rationale | Organization Name |
|----------|--|-------------------|
| Disagree | Disagree. As stated in questions 1-3, VA needs FASAB to clarify what is meant by reporting on the key performance ⁹ results ¹⁰ and the associated costs on paragraph 12 bullet C. Currently, VA can report minimal cost and budgetary information that can be readily gleaned from the Statement of Net Costs and Statement of Budgetary Resources. However, if the board is seeking more granular information, then we absolutely cannot comply with it. It would require significant investments in VA's IT systems, which we do not have resources. | VA |

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| | We recommend the Board provide a sample MD&A for agencies to utilize as a reference when updating their MD&A. | |
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QFR #5: The Board proposes to rescind and replace SFFAS 15. The Board believes that the MD&A proposal offers improvements over the standards in SFFAS 15. The improvements include reducing preparer burden; adopting broad principle-based guidance to assist agencies in presenting a balanced, concise, integrated, and understandable MD&A. Two Board members provided alternative views. One member provided an alternative view addressing the need for this Standard (see paragraphs A47-A53). Two members provided an alternative view on tiered reporting (see paragraph A54). Please refer to paragraphs A47 – A54 to review the alternative views as presented. Do you agree, partially agree, or disagree with the alternative views? What is the rationale for your answer to QFR 5?

| Response | Rationale | Organization Name |
|-----------------|--|-------------------|
| Partially agree | Partially Agree. VA agrees with Ms. Johnson that the changes in the ED do not seem so significant that they would need SFFAS 15 to be rescinded. It seems that amendments would suffice as she suggested. It seems that the most significant change is eliminating redundant reporting on the agency's performance goals, objectives, and results. | VA |

QFR #6: Are there any other aspects of this proposal that you wish to provide comments on? Please provide the rationale for your answer.

| Comment | Organization Name |
|--|-------------------|
| FASAB should make the requirements in paragraph 12 optional for agencies that can provide greater details could do so without penalizing those who cannot. | VA |