

Exposure Draft:**Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15****Comments Due December 7, 2023****18 – Department of State (State)**

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	State	Stefanie	Harris	HarrisS2@state.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
Partially agree	Paragraph 13 requires a "summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems" ... and compliance. Is this "summary" you describe as simple as the summary of management assurances table in the other information section of AFRs, or in this "summary" do you want specific FMFIA and FFMIAT attestations signed by the agency head? The definition of "summary" can be interpreted vastly differently.	State

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?

Response	Rationale	Organization Name
Disagree	Without knowing how OMB Circular A-136 will be amended, it is hard to agree that preparer cost and burden will decrease. As Ms. Johnson noted, issuing a new MD&A standard could add to the burden for report users, preparers, and auditors. Even if the changes to SFFAS 15 are going to be minor, a substantial amount	State

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	of labor hours will be spent familiarizing the community with the new standard. Further, the ED seems more prescriptive than the current SFFAS 15 and is likely to lengthen federal MD&A's and their corresponding checklists, rather than shorten them.	
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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	It is not clear what is meant by "boilerplate language" in 9d.	State

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
Partially agree	Paragraph 13 requires a "summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems" ... and compliance. Is this "summary" you describe as simple as the summary of management assurances table in the other information section of AFRs, or in this "summary" do you want specific FMFIA and FFMIA attestations signed by the agency head? The definition of "summary" can be interpreted vastly differently.	State

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?

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Response	Rationale	Organization Name
Partially agree	Based on the limited information provided in the ED, and without seeing any corresponding impact to reduce the requirements of OMB Circular A-136, it is difficult to see meaningful difference and/or reduction of burden. Ms. Johnson's points seem to be valid. There does not seem to be significant differences between the Exposure Draft (ED) and SFFAS 15, Management's Discussions and Analysis. I understand that the ED is the result of years of staff work and Board deliberations. What I don't understand is that if, at the end of that process, there is not a need for major improvements, then why rescind a standard that substantially meets the needs of the federal community? Why not issue the minor amendments to SFFAS 15 in an Omnibus instead? To the extent that agency MD&A's are duplicative, unclear, or need better editing, it would seem that this could be addressed by holding training sessions or preparing/issuing Best Practice reference materials, rather than the issuance of a new policy standard.	State

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
N/A.	State