

Memorandum

MD&A

October 13, 2022

To: Members of the Board

From: Robin M. Gilliam, Assistant Director

Thru: Monica R. Valentine, Executive Director

Subject: **MD&A Exposure Draft** (Topic A)

INTRODUCTION

Staff presents the proposed standards for Management's Discussions and Analysis (MD&A) and related basis for conclusions as Attachment 1 for a review of the Board's intent.

REQUEST FOR FEEDBACK BY October 19, 2022

Staff requests responses to the ensuing questions by **October 19, 2022**, to determine if the Board's intent for the MD&A proposed standards is clearly stated, and if not, assess what proposed guidance is missing.

Please use the separate Word Attachment 2, Member Comment Form, to provide your responses.

For additional information, questions, or suggestions, please contact us as early as possible at gilliamr@fasab.gov with a cc to Monica Valentine at valentinem@fasab.gov. Staff is also available to meet individually with members to discuss any questions.

NEXT STEPS

Update the MD&A exposure draft to clearly state the Board's intent for MD&A as agreed to during the meeting, in preparation of a pre-ballot draft.

ATTACHMENTS

1. Staff Analysis
2. Member Comment Form

Staff Analysis

TOPIC A - MD&A

October 13, 2022

Attachment 1

CONTEXT

This staff analysis reviews the latest draft proposal for the standards and the related basis for conclusions for (A) *Presenting Information in MD&A* and (B) *Information Discussed and Analyzed in MD&A*. Staff based these proposed standards on what staff believes is the Board's intent for **how** and **what** information should be presented. The proposed standards are a culmination of intense deliberation by members over the last year, which the Board originally derived from the MD&A objectives and vision framework developed by the Board. Staff also presents the proposed basis for conclusions to explain the how and why the Board determined the intent for each proposed standard.

Staff asks members to please review and determine whether each proposed standard meets the Board's intent for MD&A and whether the proposed basis for conclusions explains the why and how behind the Board's intention. Please provide an explanation for a NO response.

Staff Note: For this Staff Analysis, staff has removed footnotes from proposed standards that offer additional explanations. Staff will reinstate the footnotes in the draft MD&A exposure draft.

A. PRESENTING INFORMATION IN MD&A

Presenting Information in MD&A provides guidance for **how** the Board intends management to provide a streamlined narrative that is balanced, integrated, concise, and understandable about the reporting entity and its financial position, financial condition, operating performance, and systems, internal controls, and compliance. Staff presents the proposed standards and basis for conclusions for each of the four characteristics of a streamlined narrative: balanced, integrated, concise, and understandable. The proposed basis for conclusions explains how SFFAC 1 provided guidance for the Board to develop this proposed statement, what was adapted¹ from SFFAC 3, and what the Board incorporated from SFFAS 15 for management to achieve a streamlined narrative.

¹ The Board agreed that the word "adapted" was more appropriate than "incorporated" in relation to including the conceptual ideas behind SFFAC 3 concepts that actually contained standards-like language for the proposed MD&A standards. The Board agreed that "incorporated" would mean to copy and paste the same information into the proposed standards. The Board expects to rescind SFFAC 3 with the proposed Concepts Omnibus 202#, and SFFAS 15 with this proposed Statement.

1. **Balanced**

Balanced is the first of four characteristics of a streamlined narrative. The intent of the following proposed standard is to provide the guidance management needs to present a streamlined narrative that is balanced.

a. Proposed standard

To achieve a balanced MD&A, management should include information about events or conditions during the reporting period that had a significant positive or negative effect on the reporting entity's financial position and condition and operating performance. For example, management may discuss and analyze performance results that had a significant (1) positive effect (e.g., accomplishments that resulted in reduced costs); or (2) negative effect (e.g., challenges that resulted in increased costs) on financial position and condition. A balanced MD&A should also discuss and analyze significant positive or negative trends that had an effect on the reporting entity's financial position, financial condition, and operating performance for the current reporting period and possibly into the future.

b. Proposed basis for conclusion

Balanced is the first of four characteristics necessary to guide management in presenting a streamlined narrative for MD&A. A balanced MD&A should explain both positive and negative effects on the reporting entity's financial position, financial condition, and operating performance during the reporting period.

To provide adequate guidance on how to present a balanced MD&A, the Board reviewed and adapted SFFAC 3, paragraph 46, which states: *including **both positive and negative results***. The Board previously agreed that the word "effects" rather than "results" would better guide management in providing sufficient information for users to understand the important reasons for changes in the reporting entity's financial position, financial condition, and operating performance during the reporting period.

It is not the Board's intent for management to include an equal amount of positive and negative effects because a reporting entity could have more positive effects than negative effects or more negative effects than positive effects to report.

It is the Board's intent that a balanced MD&A also provide trend information over multiple prior reporting periods that will help users understand a reporting entity's current financial position, financial condition, and operating performance and any possible positive or negative effects into the future. Therefore, the Board reviewed and adapted concepts from SFFAC 3, paragraphs 31, 32, 33, and 46 that supports including

favorable and unfavorable trends that could inform management on the possible future effects on amounts reported in the financial statements and supplementary information.

Question #1 for the Board:

Do members agree that the proposed standard for **Balanced** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

2. Integrated

Integrated is the second of four characteristics of a streamlined narrative. The intent of the following proposed standard is to provide the guidance management needs to present a streamlined narrative that includes integrated information rather than information duplicated across specific sections as required by SFFAC 15, paragraph 2.

a. Proposed standard

To achieve an integrated MD&A, management should present a unified discussion by blending financial and non-financial, and qualitative and quantitative types of information. For example, management may present the interrelationship of budgetary, financial, and operating performance information for programs supported by the reporting entity as a whole and across its component entities.

b. Proposed basis for conclusion

Integrated is the second of four characteristics necessary to guide management in presenting a streamlined narrative for MD&A. An integrated MD&A allows management to weave together financial and non-financial, and qualitative and quantitative information that is related to a point of reference, such as a "major" program, as defined by the reporting entity in its Statement of Net Cost.

To provide adequate guidance on how to present an integrated MD&A, the Board reviewed and adapted concepts from SFFAC 3, paragraphs 4, 36, and 44. These paragraphs emphasized that *MD&A should explain the significance of key financial and nonfinancial information shown in the report. The distinction between "financial" and "nonfinancial" information is arbitrary and often tenuous, but in this context "nonfinancial information" can include information on systems, controls, compliance with laws and regulations, and performance.*

Question #2 for the Board:

Do members agree that the proposed standard for **Integrated** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

3. Concise

Concise is the third of four characteristics of a streamlined narrative. The intent of the following proposed standard is to provide the guidance management needs to present a streamlined narrative that is concise.

a. Proposed standard

To achieve a concise MD&A, management should emphasize the vital few matters i.e., the most important matters that could affect the judgments and decisions of users of GPFFR.

For example, management may include information that it believes could

- i. lead to significant actions by top management of the reporting entity;
- ii. be significant to the managing, budgeting, and oversight functions of Congress and the Administration; or
- iii. significantly affect the judgment of citizens about the efficiency and effectiveness of their Federal Government.

In addition, a concise MD&A summarizes current information and does not duplicate detailed information from other areas of the GPFFR or repeat information from year to year. For example, management may provide references to other areas of the reporting entity's GPFFR that provides detailed information with a summary of that information in the MD&A.

b. Proposed basis for conclusion

Concise is the third of four characteristics necessary to guide management in presenting a streamlined narrative for the MD&A. A concise MD&A allows management

to emphasize the vital few matters, and to provide summary information that may be linked to detailed information presented elsewhere in the GPFFR. While concise is very similar to streamlined, it is a distinct characteristic of a streamlined narrative. Concise focuses management on providing only the necessary information in a brief but comprehensive manner. Whereas, streamlined relates to the broader objective of a simpler and more efficient and effective MD&A. The Board believes that management achieves a streamlined narrative by utilizing all four characteristics, which includes concise.

The Board believes that management can achieve a concise MD&A by only providing “vital few matters”. To explain “vital few matters”, the Board reviewed and incorporated SFFAS 15, paragraph 6 with the following modifications:

MD&A should deal with emphasize the “vital few” matters; i.e., the most important matters that will probably affect the judgments and decisions of people who rely on the GPFFR as a source of information...Matters to be discussed and analyzed are those that management of the reporting entity believes it is reasonable to assume could For example; management may include information that it believes could:

- *lead to significant actions or proposals by top management of the reporting unit;*
- *be significant to the managing, budgeting, and oversight functions of Congress and the Administration; or*
- *significantly affect the judgment of citizens about the efficiency and effectiveness of their Federal Government.*

To achieve a concise MD&A, management can provide summary information with a reference to detailed information found in other areas of the GPFFR. It is the Board’s intent that this proposed standard should also address potential audit concerns related to references to other sources, such as websites, where the information may not be audited or can change. Given that MD&A is RSI, the Board is aware that management will have to demonstrate to auditors that summary information provided in the MD&A is supported by detailed information in the referenced area of the GPFFR.

It is the Board’s intent that a concise MD&A will discourage the use of boilerplate language and management will be deliberate in only including information relevant for the current year, as opposed to repeating the same information year after year.

Question #3 for the Board:

Do members agree that the proposed standard for **Concise** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

4. Understandable

Understandable is the fourth of four characteristics of a streamlined narrative. The intent of the following proposed standard is to provide the guidance management needs to present a streamlined narrative that is understandable to citizens.

a. Proposed standard

To achieve an MD&A that is understandable to citizens, management should present content in plain language, use headers to identify specific content, and as appropriate, include charts, tables, or graphs to enhance the understanding of the MD&A.

b. Proposed basis for conclusion

Understandable is the fourth of four characteristics necessary to guide management in presenting a streamlined narrative for MD&A. An understandable MD&A allows management to write for those whom the government is ultimately accountable—that is, its citizens. The Board discussed whether MD&A should be understandable to other major groups of users as identified in SFFAC 1, paragraph 75, which states: *Congress, executives, and program managers*. The Board agreed with the guidance in SFFAC 1, paragraphs 76-78, which states: *citizens want to understand (1) whether a reporting entity was achieving its mission, the financial and performance challenges the entity faced; and (2) did the entity have the resources to do so?* Therefore, the Board believes that MD&A should be understandable to citizens because if it is understandable to citizens, then other user groups should also find the information understandable.

The Board recognizes that management may need to include headers, as a reference for related information, to increase the understandability of the MD&A.

An understandable MD&A may also include visual aids, such as charts, tables, or graphs to help explain a narrative. The Board believes that management should have the flexibility to combine different methods of presenting information to appeal to a variety of citizen users.

Question #4 for the Board:

Do members agree that the proposed standard for **Understandable** meets the Board's intent and that the basis for conclusions adequately explains that intent?

YES or NO

If NO, please explain.

B. INFORMATION DISCUSSED AND ANALYZED IN MD&A

Information Discussed and Analyzed in MD&A provides guidance for **what** information the Board intends for management to provide that is necessary for users to understand a reporting entity and its financial position, financial condition, operating performance, and systems, internal controls, and compliance. The proposed basis for conclusions explains how SFFAC 1 provided guidance for the Board to develop this proposed statement and what was adapted from SFFAC 3 for the proposed standards.

1. Organization and Mission

a. Proposed standard

[MD&A should discuss and analyze] The organization and mission of the reporting entity as a whole and by its component entities.

b. Proposed basis for conclusion

The Board believes that MD&A should provide a summary of the reporting entity's organization and mission to help the user understand what the reporting entity expects to achieve during the reporting period and why. The Board also believes that management should have the flexibility to determine how much information to include about the organization and mission in relation to the size and complexity of the reporting entity. For

example, a reporting entity could provide a brief summary about the department as a whole and a summary for each significant component/agency entity, while a small reporting entity could provide just a brief summary about the entire reporting entity. In developing this proposed standard, the Board reviewed and adapted SFFAC 3, paragraph 25—*Mission and Organizational Structure*, and adapted the concept that MD&A should *contain a brief description of the mission(s) of the entity and describe its related organizational structure*.

Question #5 for the Board:

Do members agree that the proposed standard for **Organization and Mission** meets the Board's intent and that the basis for conclusions adequately explains that intent?
YES or NO

If NO, please explain.

2. Financial Position and Condition

a. Proposed standard

[MD&A should discuss and analyze] The improvement or deterioration of the reporting entity's financial position and condition during the reporting period due to significant changes and trends in

- a. the composition and balances of assets, liabilities, net position; costs, revenues, budgetary resources, and financing sources;
- b. the balances and activity of business-type activity, social insurance, and long-term fiscal projections; and
- c. any required supplementary information, such as stewardship investments

b. Proposed basis for conclusion

The Board believes that the MD&A should include information to help users to understand what caused an improvement or deterioration of the financial position and condition. SFFAC 1, paragraph 16 provided the following guidance for the

Board to develop this proposed statement, [paragraph ##]: *Federal financial reporting should provide information that helps the reader to determine whether the government's financial position improved or deteriorated over the period.*

In addition, [paragraph ##] of the proposed standard addresses questions posed in SFFAC 3 Paragraph 14: *Regarding the financial statements, MD&A should answer questions such as the following, to the extent that they are relevant and important for the entity: What is the entity's financial position? What is its financial condition? How did this come about? What were the significant variations: from prior years?*

In developing this proposed standard [paragraph ##], the Board also reviewed and adapted concepts from SFFAC 3, paragraph 26, which states: *MD&A should help those who read it to understand the entity's...financial position and the entity's effect on the financial position and condition of the Government. It should give readers the benefit of management's understanding of the significance and potential effect from both a short- and a long-term perspective of. ... major changes in types or amounts of assets, liabilities, costs, revenues ...; particular balances and amounts shown in the basic financial statements, including the notes, ... and the entity's required supplementary stewardship information (because RSSI describes economic conditions that cannot be expressed in the basic financial statements) .*

In 2019, 20 years after FASAB issued SFFAC 3, FASAB published SFFAS 57, *Omnibus Amendments 2019*, which rescinded the remaining standards in SFFAS 8, *Supplementary Stewardship Reporting*. The Board believes that stewardship investments should be included in the proposed standard [paragraph ##] to codify the Board's intent in SFFAS 57, paragraph A9, which states: *eliminating the RSSI [required supplementary stewardship information] category does not preclude preparers from reporting investment information in MD&A; and SFFAS 57, paragraph A10 states: stewardship investments may be significant for some reporting entities and warrant discussion in the MD&A.*

Question #6 for the Board:

Do members agree that the proposed standard for **Financial Position and Condition** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO.

If NO, please explain.

3. Performance

a. Proposed standard

[MD&A should discuss and analyze] the key performance results in relation to costs incurred.

b. Proposed basis for conclusion

Management should use judgement to decide what performance results are key to the reporting entity, and therefore, should be included in the MD&A. The Board believes that MD&A should focus on what it cost the agency to achieve key performance results. Therefore, MD&A should explain how budgetary and/or financing resources were impacted as a result of operating performance achievements and challenges. SFFAC 1, paragraph 126, 2A provided the following guidance for the Board to develop this proposed statement [paragraph ##]: *Federal financial reporting should provide information that helps the reader to determine the costs of providing specific programs and activities and the composition of, and changes in, these costs; and paragraph 128. 2B, states that...the efforts and accomplishments associated with federal programs and the changes over time and in relation to costs.*

The Board also reviewed and adapted SFFAC 3, paragraphs 43 and 44, which emphasized that *efficiency and effectiveness are important elements of performance measurement and is often combined with cost information to help assess “cost effectiveness”*.

In addition, the Board reviewed and **did not adapt** SFFAC 3, paragraph 45, which states: *the discussion of performance should relate to major goals and objectives from the agency’s strategic plan and to the indicators reported pursuant to the Results Act.* This concept includes standards-like language that requires agencies to report performance in the MD&A using the government performance results act (GPRA) reporting requirements. The Board believes that management should not be required to include the details of GPRA-MA reporting information in MD&A because the reporting cycles are not compatible. For example, agency financial reports (AFR) are based on the federal government’s fiscal year October 1-September 30, while GPRA-MA reporting is based on the calendar year. In addition, AFRs reflect financial information, while GPRA-MA reports statistical information.

The Board also considered the nature and extent of reporting consolidated governmentwide **key performance results** in the MD&A of the *Financial Report of the U.S. Government* and decided against a proposed requirement due to the aggregated

nature of the report. The Board's decision was based on paragraph 6 of SFFAC 4, which states: *the Financial Report of the U.S. Government [CFR] is a general purpose report that is aggregated from agency reports and tells users where to find information in other formats both aggregated and disaggregated formats, such as individual agency reports, agency websites, or the President's Budget. The Appendix on Reporting Entities provides a list of reporting entities included in the Financial Report of the U.S. Government and references to their websites.*

Question #7 for the Board:

Do members agree that the proposed standard for **Performance** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

4. Opportunities:

a. Proposed standards

[MD&A should discuss and analyze] the significant **opportunities** identified by management to enhance performance results, plans to leverage such opportunities, and the potential impact on financial and budgetary results of carrying out those plans;

b. Proposed basis for conclusion

The Board did not acknowledge **opportunities** when deliberating and publishing SFFAC 3 and SFFAS 15 in 1999. However, the current Board does acknowledge that opportunities are a significant factor for the reporting entity's performance results now. Therefore, the Board believes that it would be helpful for users to understand what significant opportunities the reporting entity is managing in relation to performance achievements and challenges.

To provide adequate guidance to management on what an opportunity is as it relates to MD&A, the Board referred to the *Playbook: Enterprise Risk Management for the U.S. Federal Government (The Playbook)*, published July 29, 2016, by the Chief Financial Officers Council and Performance Improvement Council. The Playbook defines an

opportunity as a favorable or positive event. In context of risk management, it refers to the possibility that an event will occur and positively affect the achievement of objectives, which the Board has decided to use as the description for purposes of this proposed Statement[paragraph ##].

Users should understand what plans the reporting entity will implement in relation to opportunities and performance, the Board reviewed and adapted SFFAC 3, paragraph 47, which states: *to further enhance the usefulness of the information, agencies should include an explanation of what needs to be done and what they plan to do to improve program performance.*

Question #8 for the Board:

Do members agree that the proposed standard for **Opportunities** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

5. Risks:

a. Proposed standards

[MD&A should discuss and analyze] the significant **risks** identified by management that have a potentially negative effect on performance results, plans to mitigate such risks, and the potential impact on financial and budgetary results of carrying out those plans.

b. Proposed basis for conclusion

Risk has been an integral part of MD&A since with the publication of SFFAC 3 and SFFAS 15. Therefore, the Board believes that it would be helpful for users to understand what significant risks the reporting entity is managing in relation to performance achievements and challenges.

To provide adequate guidance to management on what a risk is, the Board referred to *The Playbook*, which defines a **risk** as *the effect of uncertainty on achievement of objectives. An effect is a deviation from the desired outcome – which may present [positive or] negative results.* The Board believes that this description is appropriate for

the purposes of this proposed Statement, [paragraph ##] with the removal of “positive” which should be discussed in terms of opportunities.

In developing this this proposed Statement, [paragraph ##], the Board reviewed and adapted SFFAC 3, paragraphs 31, 32, 33, and 49, which emphasizes: *the discussion should also encompass the possible future effects of anticipated future events to help users understand reported indicators, assess the reporting entity’s performance, and evaluate the significance of underlying factors that may have affected the reported performance.*

To understand what plans the reporting entity will implement in relation to risks and performance, the Board reviewed and adapted SFFAC 3, paragraph 47, which states: *to further enhance the usefulness of the information, agencies should include an explanation of what needs to be done and what they plan to do to improve program performance.*

Question #9 for the Board:

Do members agree that the proposed standard for **Risks** meets the Board’s intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

6. Systems, Internal Controls, and Compliance

a. Proposed standards

[MD&A should discuss and analyze] the summary information on (1) management’s assessment of the effectiveness of the reporting entity’s internal controls and financial management systems, and (2) the reporting entity’s compliance with laws, regulations, contracts, and grant agreements that are relevant to financial reporting. Such reporting should address internal control weaknesses, systems deficiencies, and instances of non-compliance that have a significant/material effect on the reporting entity’s financial and performance reporting; and plans the reporting entity has to address them.

b. Proposed basis for conclusion

The Board believes that management should provide an assessment of the reliability of the reporting entity's financial information by explaining significant weaknesses in the financial management system, related systems, internal controls, and/or non-compliance with applicable laws. Therefore, the Board reviewed and adapted SFFAC 3, paragraph 15, which states: *MD&A should tell the reader whether internal accounting and administrative controls ...are adequate to ensure that: transactions are executed in accordance with budgetary and financial laws and other requirements, consistent with the purposes authorized, and are recorded in accordance with Federal accounting standards; assets are properly acquired and used, safeguarded to deter theft, accidental loss or unauthorized disposition, and fraud; and performance measurement information is adequately supported.*

The Board also reviewed and adapted concepts from SFFAC 3, paragraph 16, which states: *reporting information that helps people assess the condition of the entity's management systems and of the relevant internal controls is an important objective of Federal financial reporting. The relevant internal controls for this purpose are those that support reporting on financial and operating performance and reporting on compliance with applicable laws.* In addition, the Board reviewed and adapted, SFFAC 3, paragraph 17, which states: *an entity's ability to prepare auditable financial statements and other reliable reports for management from the entity's books and records is a positive signal about the finance-related systems and controls of that entity. By themselves, however, the financial statements of a governmental entity do not provide adequate information about the status of the entity's management systems and internal controls that support reporting on financial and operating performance and reporting on compliance with applicable laws. For these reasons, the GPFFR of a Federal reporting entity should include information about systems, internal controls, and legal compliance, in addition to the basic financial statements.*

Question #10 for the Board:

Do members agree that the proposed standard for **Systems, Internal Controls, and Compliance** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

If NO, please explain.

MEMBER COMMENT FORM
TOPIC A – MD&A: ATTACHMENT 2
October 2022

Member Instructions:

Please provide your responses below.

Question #1 for the Board:

Do members agree that the proposed standard for **Balanced** meets the Board's intent and that the basis for conclusions (BFC) adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #2 for the Board:

Do members agree that the proposed standard for **Integrated** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

MEMBER COMMENT FORM
TOPIC A – MD&A: ATTACHMENT 2
October 2022

Question #3 for the Board:

Do members agree that the proposed standard for **Concise** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #4 for the Board:

Do members agree that the proposed standard for **Understandable** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #5 for the Board:

Do members agree that the proposed standard for **Organization and Mission** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

MEMBER COMMENT FORM
TOPIC A – MD&A: ATTACHMENT 2
October 2022

Question #6 for the Board:

Do members agree that the proposed standard for **Financial Position and Condition** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #7 for the Board:

Do members agree that the proposed standard for **Performance** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #8 for the Board:

Do members agree that the proposed standard for **Opportunities** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

MEMBER COMMENT FORM
TOPIC A – MD&A: ATTACHMENT 2
October 2022

Question #9 for the Board:

Do members agree that the proposed standard for **Risks** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		

Question #10 for the Board:

Do members agree that the proposed standard for **Systems, Internal Controls, and Compliance** meets the Board's intent and that the basis for conclusions adequately explains that intent? YES or NO

Member Initials	Intent met For	YES or NO	If NO, please explain
	Standard		
	BFC		