

Memorandum

MD&A

February 9, 2024

To: Members of the Board
From: Robin M. Gilliam, Assistant Director
Thru: Monica R. Valentine, Executive Director
Subject: Management's Discussion and Analysis Rescinding and Replacing SFFAS 15—Analysis of Comment Letters, (Topic A)

INTRODUCTION

The agenda session will consider the comment letters, staff analysis, and staff's recommendations on the proposed Statement of Federal Financial Accounting Standards (SFFAS) *Management's Discussion and Analysis Rescinding and Replacing SFFAS 15*. The staff analysis and recommendations are intended to support the Board's review of comment letters.

REQUEST FOR FEEDBACK BY FEBRUARY 16, 2024

Prior to the February Board meeting, please review the briefing materials and respond to the staff questions no later than February 16, 2024. Please provide responses to Robin Gilliam at GilliamR@fasab.gov with a cc to Monica Valentine at ValentineM@fasab.gov.

NEXT STEPS

Pending Board member feedback, staff will finalize a pre-ballot draft statement incorporating any changes to the updated draft, as appropriate.

ATTACHMENTS

1. Responses, Staff Analysis and Recommendations
2. Respondent Table of Content and Individual Comment Letters
3. Updated Draft Statement with Tracked Changes
4. Member Comment Form

Staff Analysis

MD&A

February 9, 2024

Topic A - Attachment 1

CONTEXT

As part of the Reporting Model Initiative project, this proposal would update the guidance for management's discussion and analysis (MD&A) to provide a principle-based approach that merges and updates relevant content from SFFAC 3 and SFFAS 15 and is consistent with FASAB's reporting objectives for budgetary integrity, operating performance, stewardship, and systems and controls. This proposal would provide 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.

FASAB issued the exposure draft (ED), *Management's Discussion and Analysis Rescinding and Replacing SFFAS 15*, on September 7, 2023, with comments requested through an online questionnaire by December 7, 2023. Upon release of the ED, FASAB notified constituents through the FASAB website and listserv, the Federal Register, and FASAB newsletter. FASAB also provided news releases to its press contacts, including various news organizations and committees of professional associations generally commenting on EDs in the past. To encourage responses, a reminder notice was provided to FASAB's listserv near the comment deadline. Staff also provided copies of the ED directly to task forces and agencies that were directly impacted by the particular issue in prior years.

FASAB received 19 responses from the following organization types.

Organization Type	Count	Percent
Federal entity (User)	2	11
Federal entity (Preparer)	12	62
Federal entity (Other)	2	11
Association/industry organization	1	5
Nonprofit organization/foundation	2	11
<u>Totals</u>	<u>19</u>	<u>100%</u>

Count	Organization Type	Organization Name	Attach 2 – Ref #
1	Federal entity (User)	National Labor Relations Board	3
2	Federal entity (User)	NASA OCFO	19
1	Federal entity (Preparer)	Department of Homeland Security	4
2	Federal entity (Preparer)	Department of Health and Human Services	5
3	Federal entity (Preparer)	Farm Prod and Conserv Business USDA	6
4	Federal entity (Preparer)	DOJ (combined responses)	7
5	Federal entity (Preparer)	Department of the Interior	8
6	Federal entity (Preparer)	Social Security Administration	10
7	Federal entity (Preparer)	U.S. Department of Energy	11
8	Federal entity (Preparer)	Department of Defense	13
9	Federal entity (Preparer)	Dept of Commerce	14
10	Federal entity (Preparer)	EPA, OCFO	15
11	Federal entity (Preparer)	Department of the Treasury	17
12	Federal entity (Preparer)	Department of State	18
1	Federal entity (Other)	HUD	2
2	Federal entity (Other)	Department of Veterans Affairs	12
1	Association/industry organization	Greater Wash Soc of CPAs	16
1	Nonprofit	AGA	1

	organization/foundation		
2	Nonprofit organization/foundation	Virginia Society of CPAs	9

The full text of the comment responses is provided as **Attachment 2- Respondent Table of Content and Individual Comment Responses**. Attachment 2 includes a table of contents and identifies respondents in the order responses were received. Staff encourages members to read the responses in their entirety before reading the staff analysis and recommendation for each question below. [Responses are also available on the FASAB website.](#)

RESPONSES, STAFF ANALYSIS, AND RECOMMENDATIONS

Staff reviewed comments provided by 19 respondents on six questions for respondents (QFR). Staff recommends eight minor updates to the MD&A ED.

1. Add content to the [executive] summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15. (QFR #1 - Staff Response #1 and QFR #5 – Staff Response #2)
2. Replace the word “summarize” with “only include” in paragraph 9 (QFR #3 - Staff Response #1)
3. Update paragraph 9.c to explain that additional information found outside the GPFFR should be summarized and referred to and include whether and what level of audit assurance there is. (QFR #3 - Staff Response #1)
4. Remove the footnote¹ to 9.c. (QFR #3 - Staff Response #1)
5. Update example in basis for conclusions paragraph A19.a. ii (QFR #3 - Staff Response #1)
6. Remove footnote to eliminate the examples of what is or is not RSI. (QFR #4 – Staff Response #1)
7. Clarify the Board’s intent for short term plans in footnote 12. (QFR #4 - Staff Response #3); and
8. add “key” before performance results Update to 12.d and 12.e. (QFR #4 - Staff

¹ Footnote numbers may vary in working document from ED due to track changes.

Response #7).

QFR #1 – #5 includes: A) Table of Total Responses, B) Table of Responses and Staff Notes, and C) Staff Analysis of Responses and Recommendations. **QFR #6** includes A) Table of Additional Comments and B) Staff Notes and Staff Analysis and Responses.

I. Question for Respondents #1

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?

A. QFR #1 – Total Respondents

Table 1: QFR #1 - Total Respondents

Agree		Partially agree Disagree				All
%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	Total Respondents
63%	12	32%	6	5%	1	19

B. QFR #1 - Responses and Staff Notes

SUMMARY

Staff analyzed a total of 29 comments from the 19 respondents. Please see the staff notes below in *Table 2: QFR #1 – Responses and Staff Notes*.

Of the 29 comments staff did not note a staff response to 16 comments because no respondent suggestions were made. *Table 2: QFR #1 – Responses and Staff Notes*

Of the 29 comments staff noted a response to 13 comments.

Staff recommended one minor update to the [executive] summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15. (QFR #1 - Staff Response #1 and QFR #5 – Staff Response #2)

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Table 2: QFR #1 - Responses and Staff Notes				
count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
1	AGA	Agree	<p>We do not see any significant changes to the purpose or content of MD&A in the proposed standard.</p> <p>Regarding the concern expressed in paragraph A50, we would encourage the Board to add a sentence to the executive summary that explicitly states that no substantial changes were made to the overall purpose, characteristics, and information to be discussed and analyzed. We think this clarification in the executive summary would be helpful to preparers in understanding the intended effects of the proposed standard.</p> <p>See QFR #1 - Staff Response #1 below</p>	1

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
2	DOJ	Agree	<p>DOJ has reviewed the proposed standards and confirmed that they contain adequate information for agencies to cover essential topics consistently.</p> <p>Moreover, the standards offer enough flexibility to customize the discussion to an agency's specific risks, transactions, events, etc. The proposed topics align with the areas covered in the Department's current MD&A for FY 2023. Implementing these standards will make the MD&A more beneficial for the end-user.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	7
3	Treasury	Agree	<p>The Department of the Treasury agrees the proposed set of standards will consolidate SFFAC No. 3 and replace the current SFFAS No. 15 into one authoritative standard.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	17
4	NLRB	Agree	<p>The Exposure Draft is well structured in how information should be presented in the MD&A and what information should be included in the MD&A. The ED emphasized that only the vital few matters are required.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	3
5	FPCB	Agree	<p>No response needed because no comment received for this question from FPCB.</p>	6

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
6	Interior	Agree	<p>Office of the Secretary (OS)- Agree: Consolidating both the form and content in a conceptual way will make formulating and presenting the MD&A much easier and much clearer for the reader.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>Indian Affairs (IA) - Agree: This gives the agencies more flexibility.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>Bureau of Ocean Energy Management (BOEM)/Bureau of Safety and Environmental Enforcement (BSEE)- Agree: Outlining what is required in the MD&A in one standard is helpful and more concise, while giving agencies the discretion to identify the MD&A sections titles and content.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>Bureau of Reclamation (Reclamation)- Agree: The footnotes provide additional clarity.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>National Park Service (NPS)- Partially agree: While the ED provides guidance, the guidance appears to be very prescriptive in detailing what information should be included (Paragraph 12) and seems to conflict with Footnote 3 that states a principled-based approach</p>	8

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
			<p>refers to relying on high-level, broadly stated principles rather than detailed, prescriptive rules. Paragraph 12 should reiterate "emphasizing the vital few matters", which could be overlooked from where it is placed in 9.a.</p> <p>See QFR #1 - Staff Response #2 below</p>	
7	Virginia Society of CPAs	Agree	<p>We believe the proposal achieves the Board's objectives to provide a principle-based approach which merges and updates relevant content from SFFAC 3 and SFFAS 15 and is consistent with FASAB's reporting objectives for budgetary integrity, operating performance, stewardship, and systems and controls.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	9
8	SSA	Agree	<p>SSA agrees that the proposed standards will provide sufficient guidance to prepare the required MD&A in our AFR. This proposed standard uses a broader and more principle-based approach that we believe will allow agencies to tailor their AFR to those agencies' specific circumstances and mission to meet the needs of their readers and stakeholders. We appreciate that the proposed standards continue to give management discretion on what is included in the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	10
9	Energy	Agree	<p>OMB examiners have typically questioned the ability of DOE to present performance and priorities of the Department with a forward-looking view of programs. This challenges us to provide a balanced MD&A while</p>	11

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
			<p>recognizing that some information may be pre-decisional.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	
10	DoD	Agree	<p>DoD agrees combining the Statement of Federal Financial Accounting Concepts (SFFAC) 3 (how to report information) and Statement of Federal Financial Accounting Standards (SFFAS) 15 (what information to report), which allows MD&A preparers to save time by referring to one standard, instead of two. The consolidated standard helps the preparers to have a clearer understanding of MD&A requirements.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	7
11	Commerce	Agree	<p>The paragraphs clearly lay out what is expected of agencies to provide in their MD&A portions of the AFR.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	14
12	GWSCPA	Agree	<p>The Federal Issues and Standards Committee (FISC) believes the proposed standards provide useful guidance to Federal reporting entities for preparing MD&A information that meets the needs of the Federal financial reports' users.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	16

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
13	HUD	Partially agree	<p>HUD's Office of the Chief Financial Officer (OCFO) Office of Accounting and the Government National Mortgage Association offices agree that the proposed standards provide adequate guidance and improve readability and understandability.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>HUD's Office of the Federal Housing Administration partially agrees stating that agency personnel may need to reexamine their current approach to address the proposed revisions, further burdening already over-extended personnel. Agencies will require more guidance to implement the new guidance effectively and efficiently.</p> <p>See QFR #1 - Staff Response #3 below</p> <p>The OCFO Office of Budget partially agrees, stating that while some helpful information was provided, there is no guidance to help agencies, or their auditors, establish whether the draft MD&A qualifies as "concise" or not. The preference would be for the Board to establish some sort of range or ceiling for the number of pages that an MD&A should contain.</p> <p>See QFR #1 - Staff Response #2 below</p>	13
14	State	Partially agree	<p>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</p>	18

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
			<p>attestations signed by the agency head? The definition of “summary” can be interpreted vastly differently.</p> <p>See QFR #1 - Staff Response #4 below</p>	
15	NASA	Partially agree	<p>NASA have 3 different responses:</p> <p>Partially agree, some of the suggested information is presently being submitted in the MD&A.</p> <p>#8 should be clearer as to whether the information is for a positive or negative effect on financial position or both?</p> <p>See QFR #1 - Staff Response #5 below</p> <p>Also, the #10, please be specific on the type of qualitative information is being requested.</p> <p>See QFR #1 - Staff Response #6 below</p> <p>Disagree. We agree with the Alternative View of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new terms, we do not agree that the new standards would significantly impact our MD&A. We’re seeking clarification.</p> <p>See QFR #1 - Staff Response #1 - below</p> <p>In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful. However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR. If they</p>	19

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
			<p>have examples from these pilot agencies or others, please ask for those as well.</p> <p>See QFR #1 - Staff Response #7 below</p>	
16	Homeland Security	Partially agree	<p>DHS agrees with MD&A being balanced, integrated, and understandable. DHS agrees with the detail set of standards to guide management in how to present MD&A so that it is consistent throughout the government. However, some of the words used in the exposure draft are subjective such as concise, few, and vital.</p> <p>See QFR #1 - Staff Response #2 below</p>	4
17	HHS	Partially agree	<p>HHS partially agrees with the proposed amendments to SFFAS 15. HHS believes these updates are beneficial but not significant enough to issue a new standard and would recommend making these amendments to SFFAS 15 and/or leveraging OMB A-136, Financial Reporting Requirements.</p> <p>No staff response required because respondent is in agreement and has no recommendations. See QFR #5 for staff responses concerning the alternative view.</p>	5
18	EPA	Partially agree	<p>The standards included provide only a broad stroke of the requirements for the MD&A to meet the needs. By setting standards at the broad stroke, it is difficult for the agency to assess the depth that is required to comply. Much of the information is left to agency discretion, which could lead to varying interpretations by either</p>	15

Table 2: QFR #1 - Responses and Staff Notes

count	Organization Name	Response	Rationale & Staff Response	Attach 2 - Ref #
			OMB in their reviews or OIG. See QFR #1 - Staff Response #9 below	
19	VA	Disagree	<p>Disagree. The new proposal is not clear regarding the cost requirement on paragraph 12 bullet C.</p> <p>It is not clear what the board is requiring agencies to provide as key performance [FN 9] results [FN10] 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).</p> <p>See QFR #1 - Staff Response #8 below</p> <p>In addition, VA is requesting the Board provide a copy of the pilot MD&A for other agencies to use as examples.</p> <p>See QFR #1 - Staff Response #10 below</p>	12

C. Staff Analysis and Recommendations for QFR #1

Respondent suggestions are summarized below. Respondents' full comments are available in table 2 above or in Attachment 2.

QFR #1 - Staff Response #1

AGA (Ref #1) suggested that FASAB add a sentence to the [executive] summary that explicitly states that no substantial changes were made to the overall purpose, characteristics, and information to be discussed and analyzed.

NASA (Ref #19) is seeking clarification on changes from SFFAS 15.

Staff recommends the following content be included in the summary:

While required information is similar to SFFAS 15, these updated standards are intended to provide more flexibility for reporting MD&A, reduce preparer burden and redundancy, and enhance transparency.

Staff note: Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1 - Staff Response #2

Interior – NPS (Ref #8) - says the guidance appears to be very prescriptive and suggests reiterating "emphasizing the vital few matters" in Paragraph 12, which could be overlooked from where it is placed in 9.a.

Homeland Security (Ref #4) said that words such as concise, few, and vital are subjective.

HUD (Ref #13) wanted to know what qualifies as "concise".

Staff does not recommend a change to the MD&A ED. The proposed standards are principle-based. Paragraph 9 a - d summarizes how management should present a concise MD&A.

"Vital few matters" noted in paragraph 9.a. is one characteristic of how to achieve a concise MD&A. Also, paragraph A.19 in the basis for conclusions further discusses how to achieve a concise MD&A and includes examples.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1 - Staff Response #3

HUD (Ref #13) requests guidance to implement the new SFFAS effectively and efficiently and to understand what qualifies as "concise".

Staff does not recommend any change to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management's*

QFR #1-Staff Response #4

State (Ref #18) asks for a definition of “summary as related to “summary assessment of the effectiveness of the reporting entity’s internal controls and financial management systems” in paragraph 13.

Staff does not recommend any change to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #5

NASA (Ref #19) requests that FASAB provide more clarity for paragraph 8 as to whether the information is for a positive and/or negative effect on financial position.

Staff does not recommend any change to the MD&A ED. Paragraph 8 explains how management achieves a balanced MD&A and including information that had or might have a positive or negative effect on the reporting entity’s financial position, financial condition, or operating performance.

Also, paragraph A18 in the basis for conclusions further discusses including positive or negative effects in MD&A and includes some examples.

Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #6

NASA (Ref #19) requests that FASAB be more specific on the type of qualitative information being requested in paragraph 10.

Staff does not recommend any change to the MD&A ED. In paragraph 10 “qualitative information” is one characteristic of how to achieve an integrative MD&A. Also, paragraph A20 in the basis for conclusions further discusses how to achieve an integrative MD&A and includes an example.

Staff Note: Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #7

NASA (Ref #19) requests that FASAB verify exactly the type of GPRAMA information they would like to see in the AFR.

Staff does not recommend any change to the MD&A ED. The proposed standards do not require GPRAMA information. Paragraph 12.c footnote 9 explains what key performance results are. Also, paragraphs A3, A4.c, A39, and A40 in the basis for conclusions includes an explanation about requiring key performance results instead of GPRAMA information.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #8

VA (Ref #12) said that the new proposal is not clear regarding the cost requirement on paragraph 12 bullet C.

Staff does not recommend any change to the MD&A ED. Paragraph A25. a – b in the basis for conclusions discusses key performance results and costs and includes an example.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #9

EPA (Ref #15) is concerned that setting broad standards is difficult for the agency to assess the depth that is required to comply. Much of the information is left to agency discretion, which could lead to varying interpretations by either OMB in their reviews or OIG.

Staff does not recommend any change to the MD&A ED. Paragraphs A15 and A15.d in the basis for conclusions explains why the Board developed broad, principle-based guidance.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #1-Staff Response #10

VA (Ref #12) requested a copy of the pilot MD&A for other agencies to use as examples.

Staff does not recommend any change to the MD&A ED. The pilot findings are available on the [MD&A project page](#) in the April 2021 meeting materials.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

In conclusion, staff provided ten responses in the above *Staff Analysis and Recommendations for QFR #1*.

Staff recommends one minor update to the [executive] summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15. (QFR #1 - Staff Response #1 & QFR #5 – Staff Response #2)

Staff recommends the following content be included in the summary:

While required information is similar to SFFAS 15, these updated standards are intended to provide more flexibility for reporting MD&A, reduce preparer burden and redundancy, and enhance transparency.

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Question #1 for the Board: Do members agree with staff's analysis and recommendations to QFR #1 responses?

Please provide your answer and comments in the Board Member Comment Form

II. Question for Respondents #2

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? Please provide the rationale for your answer.

A. QFR #2 - Total Respondents

Table 1: QFR #2 - Total Respondents

Agree		Partially agree		Disagree		All
%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	Total Respondents
10.5%	2	79%	15	10.5%	2	19

B. QFR #2 – Responses and Staff Notes

SUMMARY

Staff analyzed a total of 29 comments received from 19 respondents on QFR #2. Please see staff notes below in *Table 2: QFR #2 – Responses and Staff Notes*.

Of the 29 comments staff did not note a response to 28 comments because no suggestions were made. One comment was referred to QFR #3 - Staff Response #2. This is noted *Table 2: QFR #2 – Responses and Staff Notes*

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
1	FPCB	Agree	No staff response required because FPCB did not provide a comment for this question.	6

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
2	DoD	Agree	<p>DoD agrees the exposure draft provides preparers with a more effective MD&A preparation while potentially reducing the time and cost associated with the reporting process. It may require additional resources or time for individual agencies to update internal financial guidance based on the new SFFAS.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	13
3	AGA	Partially agree	<p>Our answer is actually "Unsure". Given that requirements did not significantly change, we speculated that improvements seen in the pilot group had more to do with thoughtful and careful re-evaluation of the MD&A contents by agency staff and guidance from FASAB staff. While the pilot group achieved an amazing reduction in the number of pages in the MD&A, we are unclear as to whether it took less time to prepare. In our experience, it can sometimes require more effort from the preparer to produce a well-written and concise 15-page MD&A than to put together a 100-page one that is compiled from multiple sources. Of course, we think that consolidating guidance will be helpful to preparers.</p> <p>Also, moving from prescribed sections to a principle-based list of information requirements may help agencies to focus on the purpose of MD&A rather than making it a lengthy "box-filling" exercise. In other words, we would expect that management is already discussing and analyzing this information for their own internal purposes – so perhaps there will be a burden reduction to the extent the proposed standard helps agencies focus on presenting management's actual (and presumably existing) discussion and analysis, rather than performing a separate reporting exercise.</p> <p>That said, we would emphasize that since the purpose of MD&A is to "increase the understandability and usefulness of a reporting entity's GPFFR" that the focus for burden reduction from overly long, duplicative, dense, and complex MD&A should be evaluated from the</p>	1

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>perspective of the user rather than the preparer. The user is the customer for the MD&A; therefore, waste needs to be evaluated from the customers' view.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
4	DOJ	Partially agree	<p>DOJ does not anticipate a significant decrease in the effort required to develop and report the MD&A topics but reporting redundant information may be reduced.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	7
5	Treasury	Partially agree	<p>The Department of the Treasury partially agrees with Ms. Johnson's alternative view in paragraph A51. We anticipate that changes in the checklists used by preparers and auditors will lead to an increase in length, posing an additional burden during the transition to the updated standard.</p> <p>Nevertheless, we expect that in the long run, this adjustment will streamline the process of adhering to authoritative standards and assist in alleviating internal training burdens associated with researching and implementing standards.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	17

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
6	Interior	Partially agree	<p>OS-Agree: Limiting the source of guidance to one standard will reduce the burden by reducing the time needed to research what information should be reported and how it should be reported. Further, streamlining the information to be presented reduces duplication and the extra effort spent on producing that duplicative information.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>BLM - Partially Agree: In the long run it would reduce preparer cost and burden but could potentially increase costs initially to interpret and implement standard with the requirement changes and it is unknown at this time if additional resources would be needed.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>IA- Agree: this will result in less time researching issues.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>US Geological Survey (USGS) - Partially agree: implementing a new standard will initially increase the cost and burden.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>NPS - Disagree: initialization will not be a cost neutral effort. Costs will decrease over time from the initial inception, but not likely go below what we are currently expending. Additionally, an expanded checklist will increase reporting burden (Para 12 and 13). Resources (time and labor) are limited from when the financial</p>	8

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>statements are "final" and when the MD&A is prepared and finalized given the concurrent nature of these activities.</p> <p>Prescribing the analysis requirements does not reduce cost or burden.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>BOEM/BSEE - Partially agree: initially the cost/burden might be more and not reduced, but in time might become less of a cost/burden. Any updated or new guidance takes resources to review and implement.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>Office of Surface Mining Reclamation and Enforcement (OSMRE)- Agree: reduction of duplication.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>Reclamation- Partially agree. Preparer burden (and costs) will initially be increased temporarily due to interpreting and implementing the new statement.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
7	Virginia Society of CPAs	Partially agree	<p>As with any new standard, there will be some costs of the initial implementation to understand sufficiently the new standard, the amendments to SFFAC 2, and the rescission of SFFAC 3. Please note that we are assuming that the proposed OMNIBUS CONCEPTS AMENDMENTS, AMENDING SFFAC 2 WITH NOTE DISCLOSURES AND MD&A CONCEPTS AND RESCINDING SFFAC 3, is</p>	9

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>approved as proposed. There will be a return of these initial start-up costs with the streamlining and consistency of the more precise principle-based requirements.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
8	SSA	Partially agree	<p>SSA is uncertain whether these changes will reduce the cost or burden related to the preparation of our MD&A, as our reporting processes for this section of the AFR have been established. If we eliminate certain areas of the MD&A as a result, it could provide some cost and burden reduction; however, there will still be the overall MD&A guidance that will need to be reviewed and adopted. Thus, the elimination of some requirements could reduce burdens, but the imposition of others may increase them in a non-offsetting manner. Also, there may be significant short-term burdens upon implementation when agencies analyze their financial reporting processes as a result of this forthcoming standard and later work with their financial statement auditors on its implementation. In addition, including some of the cost and/or budgetary information may impose a burden at first as agencies work through how to provide that information.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	10
9	Energy	Partially agree	<p>Until we go through a year of preparing the MD&A under the new standard and seeing if OMB will approve/clear a more concise /limited MD&A, we can't be certain if there will be reduced costs/burdens. It also might take some time before and reduced costs/burden would be realized.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	11
10	Commerce	Partially agree	<p>The required elements of the MD&A are nearly identical to what the Department of Commerce is already providing. Therefore, the level of effort to prepare the Department's</p>	14

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>MD&A will remain similar. For other agencies who provide a great deal of information that is not required, they may see a decrease if they choose to remove the unnecessary information.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
11	GWSCPA	Partially agree	<p>The FISC believes that the proposed standards provide the preparers of financial reports with the guidance needed to review the content of their MD&A and identify opportunities to streamline the information presented and reduce redundancy.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	16
12	HUD	Partially agree	<p>HUD's Office of the Federal Housing Administration partially agrees, noting that it is difficult to distinguish the differences between SFFAS 15 and the exposure draft, making it difficult to understand the rationale and effectively execute.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>HUD's Office of the Chief Financial Officer Office of Accounting disagrees, stating that because many of the areas previously included in the Department's MD&A will still be required based on the nature, relevance, and importance of the overall final position, condition, and results, there is no clear indication that preparer costs and burden will be reduced.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>HUD's Office of the Government National Mortgage</p>	2

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>Association also disagrees, stating that in the initial phase of the adoptions, costs and burden will increase due to the required additional topics, trend analyses, and year-over-year comparisons required for a comprehensive disclosure. This will incur more FTE hours.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
13	NASA	Partially agree	<p>NASA has 3 different responses: Partially agree, the proposed standards will still take time to prepare and review to ensure compliance, not sure of costs reduction.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p> <p>Disagree. While there are a few new terms, we do not agree that the new standards would significantly impact preparation our MD&A.</p> <p>No staff response required because respondent did not provide any recommendations.</p> <p>We agree with the Alternative View provided in ¶A53 that additional staff training and guidance provided to the pilot agencies may have been a substantial benefactor to the streamlined MD&A and should be pursued prior to rescinding and replacing SFFAS 15. If performance reporting is removed/significantly cut from the AFR, burden will be saved, and the information will not be duplicated and published in two places. The performance reporting within the AFR is preliminary anyway, and the Annual Performance Report that is published each Spring, includes comprehensive results from the fiscal year.</p> <p>No staff response required because respondent is in partially agrees and has no recommendations. See QFR #5 for staff responses concerning the alternative</p>	19

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			view.	
14	Homeland Security	Partially agree	<p>Since the existing standard has been in effect since FY2000, there is a potential for an initial increase in cost and burden as the MD&A is revised to meet the new standard. Once DHS has prepared the new MD&A for a few fiscal years, DHS may have costs and burden reduced. However, it is difficult to predict since there may not be a significant difference between the required contents and characteristics of MD&A under the current requirements and the exposure draft.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	4
15	HHS	Partially agree	<p>HHS agrees with the alternative view that this new standard may require additional efforts and potentially increase the length of the MD&A rather than shorten. This was not the original intent of the MD&A project.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	5
16	EPA	Partially agree	<p>Much of the information provided in the MD&A by the agencies tends to be factual information that is provided to allow regular citizens to understand the mission and actions of the agency. With the Board's desire to include more performance-oriented data in the MD&A, EPA would suggest linking its Annual Performance Report to the MD&A. This can be done by including a link to the performance data once it is made available. This information is available in February annually.</p> <p>No staff response required because respondent partially agrees with no recommendations for FASAB, only an internal recommendation for EPA.</p>	15

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
17	VA	Partially agree	<p>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.</p> <p>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 results [footnote 9 and 10] and the associated costs on paragraph 12 bullet C.</p> <p>See in QFR #1-Staff Response #7</p>	12
18	NLRB	Disagree	<p>The requirements in SFFAS 15 and the Exposure Draft are not that much different and would not have that much of an impact on cost. Like the Exposure Draft, SFFAS 15 requires “MD&A should provide a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition. MD&A should provide a balanced presentation that includes both positive and negative information about these topics”. The only requirement difference between the two documents is the need for integration required in the Exposure Draft.</p> <p>No staff response required because respondent disagrees with no recommendations.</p>	3
19	State	Disagree	<p>Without knowing how OMB Circular A-136 will be amended, it is hard to agree that preparer cost and burden will decrease.</p> <p>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 of labor hours will be spent familiarizing the community with the new standard.</p>	18

Table 2: QFR #2 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>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.</p> <p>No staff response required because respondent disagrees with no recommendations.</p>	

C. Staff Analysis and Recommendations for QFR #2

In conclusion, staff analyzed 29 comments and referred one comment to QFR #3 - Staff Response #2. Please see staff notes above in *Table 2: QFR #2 – Responses and Staff Notes*.

Question #2 for the Board: Do members agree with staff's analysis and recommendations to QFR #2 responses?

Please provide your answer and comments in the Board Member Comment Form

III. Question for Respondents #3:

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?

A. QFR #3 - Total Respondents

Table 1: QFR #3 - Total Respondents

Table 1: QFR #3 - Total Respondents						
Agree		Partially agree		Disagree		All
%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	Total Respondents
47.5%	9	47.5%	9	5	1	19

B. QFR #3 - Responses and Staff Notes

SUMMARY

Staff analyzed a total of 30 comments from 19 respondents for QFR #3. Please see staff notes below in *Table 2: QFR #3 – Responses and Staff Notes*.

Of the 30 comments staff did not note a staff response to 18 comments because no suggestions were made. This is noted in *Table 2: QFR #3 – Responses and Staff Notes*

Of the 30 comments staff noted a response to 12 comments.

Staff recommends

- four minor updates to paragraphs 9 and 9.c, a footnote, and basis for conclusions paragraph A 19.a.ii to clarify the concise requirement for summarizing and referencing information outside of the GPFFR in the MD&A. (QFR #3 - Staff Response #1)
-

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

TABLE 2: QFR #3 - Responses and Staff Notes				
count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
1	FPCD	Agree	No response needed because no comment received from FPCB for this question	6
2	DoD	Agree	DoD doesn't believe anything was missed regarding "how" management should present information in MD&A. Proposed instructions are clear and identifies the proper requirements. No staff response required because respondent is in agreement and has no recommendations.	13
3	AGA	Agree	No comment needed. The information is clear and accurate. No staff response required because respondent is in agreement and has no recommendations.	1
4	DOJ	Agree	Agree. DOJ believes that the guidance provided in paragraphs 8 through 11 is sufficient for presenting the MD&A more beneficially for the end user. No staff response required because respondent is in agreement and has no recommendations.	7

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
5	Treasury	Agree	<p>The Department of the Treasury agrees the proposed standards in paragraphs 8-11 provide adequate guidance on how management should present information in MD&A as it will provide streamlined information for preparers of the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	17
6	Interior	Agree	<p>OS- Agree: the guidance provided in 8-11 is general enough to be useful to the wide array of agencies, missions and needs; but it is also specific enough to be actionable by those responsible for financial reporting. Previous guidance was at too deep a level to be fully understood by the general public. The updated guidance strikes the right balance.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>BLM- Agree IA- Agree: paragraphs 8-11 provide sufficient guidance.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>USGS- Agree</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>NPS- Agree: this is explained adequately in the ED and further justifications would be listed in other sections.</p>	8

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>Clarification of Footnote 7 is recommended, i.e., what explanation is anticipated - is it the difference between the types of information, e.g., "audited" and "unaudited" or something else?</p> <p>See QFR #3 - Staff Response #1 below.</p> <p>BOEM/BSEE- Agree: paragraphs 8-11 provide adequate guidance as to what should be included. Combining related data and referencing where more information can be found related to the data/information gives the reader the opportunity to delve in more or not. No staff response required because respondent is in agreement and has no recommendations.</p> <p>OSMRE- Agree: summarizing and simplifying data being presented will enhance the understanding of the MD&A. No staff response required because respondent is in agreement and has no recommendations.</p> <p>Reclamation- Agree No staff response required because respondent is in agreement and has no recommendations.</p>	
7	SSA	Agree	<p>SSA agrees. The use of broad, principle-based guidance is adequate for management to determine how to present MD&A information. We believe it's better to have broad principle-based guidance to allow agencies to tailor their MD&A to their unique mission, goals, structures, operating environment, etc., and to meet the needs of the users of that particular agency's AFR.</p> <p>No staff response required because respondent is in</p>	10

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			agreement and has no recommendations.	
8	GWSCPA	Agree	<p>The FISC agrees the proposed standards provide useful principle-based guidance on how management should present information in the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	16
9	HHS	Agree	<p>HHS generally agrees that the proposed standards in paragraphs 8-11 may provide adequate guidance, as long as these requirements align with OMB Circular A-136 updates.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	5
10	Virginia Society of CPAs	Partially agree	<p>Paragraph 9(c) indicating the availability of additional information, such as from other audited documents or unaudited federal government documents. The inclusion of paragraph 9 (c) can be misleading or unintentionally imply audit level assurance (reasonable, limited, or otherwise) by incorporating by reference “unaudited federal government documents.” This is similar to the previous issue of including in the MD&A the Government Performance and Results Modernization Act (GPRAMA) reporting, which might contain inconsistent content with respect to the timing, definitions, and context. It would be more prudent only to incorporate by reference audited information, and, to the extent possible, provide a high-level summary of the most relevant audited information directly in the MD&A. If the information is that relevant, users of the GPFFR should not have to surf across multiple websites to locate the data. Also, merely identifying the information as ‘unaudited’ in the MD&A would not generally mitigate the risk of mis-reliance by</p>	9

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>users.</p> <p>See QFR #3 - Staff Response #1 below.</p> <p>Paragraph 11 To achieve an understandable MD&A, management should present content in plain language, organize information by related content, and, as appropriate, include charts, tables, graphs, or any combination thereof to enhance the understanding of the MD&A for those who may not have an extensive knowledge of U.S. government operations nor an extensive financial or accounting background. It would be better to define the knowledge level expected of the users, e.g., reasonable understanding of Federal Government activities and is willing to study the information with reasonable diligence.</p> <p>See QFR #3 - Staff Response #2 below.</p>	
11	Energy	Partially agree	<p>Trends and any forward-looking information could cause clearance delays from OMB during the short turnaround AFR timeframe.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	11
12	HUD	Partially agree	<p>HUD's Office of the Government National Mortgage Association and Office of the Chief Financial Officer Office of Accounting agree that the proposed standards provide adequate guidance on how management should present information. Both offices believe the language is adequately specific about both financial and non-financial, as well as qualitative and quantitative information and graphics.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	2

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>HUD's Office of the Federal Housing Administration partially agrees, but states that additional flexibility in presenting financial and non-financial information will allow more useful information to be presented and easier to understand.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	
13	NASA	Partially agree	<p>NASA has 3 different responses:</p> <p>Partially agree, the information is not totally clear in all respects; there are presently charts and various graphs in the AFR for all aspects to explain to the public. Not sure what's being requested, please specify current charts/graphs/tables that should change based on this proposal.</p> <p>See QFR #3 – Staff Response #3 below.</p> <p>Disagree. We agree with the alternative view of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current SFFAS 15. For example, the new language in ¶11 for “plain language” is an overall publication requirement for all federal government and is not simply relevant for the MD&A. The statement does not provide useful guidance that is not already contained in other regulation and SFFAS 15. Another new term introduced in the section is “qualitative” but does not alter the current Standard as the MD&A requires discussions that are not simply qualitative. While there are a few new terms, we do not agree that the new standards would significantly impact our MD&A.</p> <p>No staff response required because even though respondent disagrees no recommendations were made.</p>	19

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>We're seeking clarification. In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful. However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR. If they have examples from these pilot agencies or others, please ask for those as well.</p> <p>Addressed above in QFR #1-Staff Response #7</p>	
14	Homeland Security	Partially agree	<p>DHS agrees with the Board on proposing a detail set of standards to guide management in how to present MD&A for consistency throughout the government. DHS agrees with the proposal of directing the reader to other areas of the general purpose federal financial reports (GPFFR) and indicating the availability of additional information in other documents.</p> <p>DHS is concerned that the identification of users of the GPFFR as citizens, Congress, executives, and program managers is so broad that preparers will struggle between being concise and sufficiently explaining concepts for someone who may not have an extensive knowledge of the U.S. Government.</p> <p>See QFR #3 - Staff Response #2</p>	4
15	EPA	Partially agree	<p>The guidance is broad and generic and gives agencies a lot of latitude on what details should be included in the MD&A. Much is open to interpretation, by agency leadership, and the tendency is for leadership to provide significant context to events, which could increase the level of information that is included.</p> <p>QFR #1-Staff Response #8 above.</p>	15

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>More clarity is needed, or examples provided, as to what are significant events, performance results, and risks. The use of the term “financial condition” requires more context as to what information the Board wants regarding financial condition.</p> <p>See QFR #3 - Staff Response #4 below</p>	
16	VA	Partially agree	<p>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.</p> <p>To reiterate responses provided for question #1 & question #2, VA is requesting the Board clarify the extent of information that is required in key performance⁹ results¹⁰ and the associated costs on paragraph 12 bullet C.</p> <p>Addressed above in QFR #1-Staff Response #7</p>	12
17	NLRB	Partially agree	<p>Incorporating the clarifications in Appendix A18 – A21 would help the preparer have a better understanding of how information should be presented as required in paragraph 8 – 11.</p> <p>See QFR #3 - Staff Response #5 below</p>	3
18	State	Partially agree	<p>It is not clear what is meant by “boilerplate language” in 9d.</p> <p>See QFR #3 - Staff Response #6 below</p>	18

TABLE 2: QFR #3 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
19	Commerce	Disagree	<p>Paragraph 9 (item b) - this is a very vague bullet. What does this mean? What is the relevant detailed information from other areas of the GPFFR? It doesn't provide useful guidance to the preparer without doing significant additional research. Paragraph 8 - This includes a wide potential area of trends/information. It could potentially result in increasing the financial analysis and associated burden on agencies. Some additional guidance and clarification should be added to this paragraph.</p> <p>See QFR #3 - Staff Response #7 below</p>	14

C. Staff Analysis and Recommendations for QFR #3

Respondent suggestions are summarized below [the full comments are available in table 2 above or in Attachment 2] with staff's recommendations.

QFR #3 - Staff Response #1

Interior – NPS (Ref #8) asked FASAB to explain the difference between audited and unaudited information in relation to the footnote that supports paragraph 9.c.

Virginia Society of CPAs (Ref #9) said that the inclusion of paragraph 9.c can be misleading or unintentionally imply audit level assurance (reasonable, limited, or otherwise) by incorporating by reference “unaudited federal government documents.”

Staff recommends four updates to address these comments:

1. Replace the word “summarize” with “only include” because to paragraph 9.b and the recommended update to 9.c. starts with “summarizing”.

To achieve a concise MD&A, management should only include information that is sufficient to meet the needs of its users by

2. Update paragraph 9.c to read

summarizing and referring to additional detailed information from other federal government documents outside of the GPFFR with an explanation as to whether and what level of audit assurance there is.

3. Remove the footnote² to paragraph 9.c. because all relevant content will be updated to paragraph 9.c.
4. Update example in basis for conclusions paragraph A19.a. ii to read

MD&A provides a brief discussion about the reporting entity’s operating performance with reference to the detailed information found in the GPRAMA report, and what, if any, level of audit assurance there is for that report.

Staff Note: Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #2

Virginia Society of CPAs (Ref #9) said that, in relation to an understandable MD&A, it would be better to define the knowledge level expected of the users, e.g., reasonable understanding of Federal Government activities and is willing to study the information with reasonable diligence in paragraph 11.

Homeland Security (Ref #4) is concerned that the identification of users of the GPFFR as citizens, Congress, executives, and program managers is so broad that preparers will struggle between being concise and sufficiently explaining concepts for someone who may not have an extensive knowledge of the U.S. Government.

Staff does not recommend any changes to the MD&A ED. Paragraph A21 in the basis

² Footnote numbers may vary in working document from ED due to track changes.

for conclusions explains that the intent of the MD&A is to provide information that helps users who may not have an extensive knowledge of U.S. government operations nor an extensive financial or accounting background to understand the MD&A.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #3

NASA (Ref #19) would like more information on what current charts/graphs/tables should change based on this proposal.

Staff does not recommend any changes to the MD&A ED. Paragraph A21 b. in the basis for conclusions includes a discussion on visual aids and examples of what may be presented to help provide an understandable MD&A.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #4

EPA (Ref #15) requested clarity or examples as to what are significant events, performance results, and risks. The use of the term “financial condition” requires more context as to what information the Board wants regarding financial condition.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #5

NLRB (Ref #3) requested that clarifications found in the basis for conclusions paragraphs A18 – A21 should be incorporated into paragraphs 8 – 11 to help the preparer have a better understanding of how information should be presented.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #6

State (Ref #18) requested clarification on what is meant by “boilerplate language”.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #3 - Staff Response #7

Commerce (Ref #14) included the following comments

- Paragraph 9 (item b) - this is a very vague bullet. What does this mean? What is the relevant detailed information from other areas of the GPFFR? It doesn't provide useful guidance to the preparer without doing significant additional research.
- Paragraph 8 - This includes a wide potential area of trends/information. It could potentially result in increasing the financial analysis and associated burden on agencies. Some additional guidance and clarification should be added to this paragraph.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

In conclusion, Staff provided seven responses above in *Staff Analysis and Recommendations for QFR #3*.

Staff recommends four minor updates to paragraphs 9 and 9.c, a footnote, and basis for conclusions paragraph A 19.a.ii to clarify the concise requirement for summarizing and referencing information outside of the GPFFR in the MD&A. (QFR #3 - Staff Response #1)

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Question #3 for the Board - Do members agree with staff's analysis and recommendations to QFR #3 responses?

Please provide your answer and comments in the Board Member Comment Form.

IV. Question for Respondents #4:

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? Please provide the rationale for your answer.

A. QFR #4 – Total Respondents

Table 1: QFR #4 – Total Respondents

Agree		Partially agree		Disagree		All
%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	Total Respondents
47%	9	42%	8	11%	2	19

B. QFR #4 - Responses and Staff Notes

Staff analyzed a total of 30 comments from 19 respondents for QFR #4. Please see staff notes below in *Table 2: QFR #4 – Responses and Staff Notes*.

Of the 30 comments staff did not note a response to 14 because no suggestions were made.

Of the 30 comments staff noted a response to 16 comments. Staff recommends three minor updates:

1. Remove footnote 8 to eliminate the examples of what is or is not RSI. (QFR #4 – Staff Response #1)
2. Clarify the Board's intent for short term plans in footnote 12. (QFR #4 - Staff Response #3); and
3. add "key" before performance results Update to 12.d and 12.e. (QFR #4 - Staff Response #7).

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Table 2: QFR #4 - Responses and Staff Notes				
count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
1	DoD	Agree	DoD doesn't believe anything was missed regarding "what" information management should include in MD&A. Proposed instructions are clear and identifies the proper requirements. No staff response required because respondent is in agreement and has no recommendations.	13
2	DOJ	Agree	Agree. DOJ believes that paragraphs 12 and 13 provide adequate guidance for topics to be included in the MD&A, making it more informative. No staff response required because respondent is in agreement and has no recommendations.	7
3	Treasury	Agree	The Department of the Treasury agrees the proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in MD&A as it will provide streamlined information for preparers of the MD&A. No staff response required because respondent is in agreement and has no recommendations.	17
4	Interior	Agree	OS- Agree: While not providing the specific wording, this guidance provides a pretty complete list of the topics the Board wants to see included in a high-quality MD&A discussion.	8

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>Reclamation- Agree: The footnotes provide additional clarifying information. No staff response required because respondent is in agreement and has no recommendations.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>OSMRE- Agree No staff response required because respondent is in agreement and has no recommendations.</p> <p>BOEM/BSEE- Agree: paragraphs 12-13 adequately outline what needs to be included in the MD&A. No staff response required because respondent is in agreement and has no recommendations.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>NPS- Agree: this is explained adequately in the ED and further justifications would be listed in other sections.</p> <p>Please clarify Footnote 8 that references "heritage assets" as RSI (perhaps this pertains to the Deferred Maintenance and Repairs for heritage assets or to the estimated Stewardship Land acres). Also, Heritage assets are reported as Basic per SFFAS No. 29).</p> <p>See QFR #4 – Staff Response #1 below.</p>	

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>Item 12.c. "Key performance results and the associated costs" - it may be difficult to isolate specific costs to the performance results as costs may be shared across multiple activities.</p> <p>See QFR #4 – Staff Response #2 below.</p> <p>Observation of Footnote 12 content: as the financial reports are generally prepared at the end of the reporting period, "actions the reporting entity expects to execute during the current reporting period" would have already occurred, wouldn't they? Is it necessary to report on short-term plans?</p> <p>See QFR #4 – Staff Response #3 below.</p> <p>In Paragraph 13, Is there justification for including "contracts and grant agreements" as separately listed items? Aren't these covered under applicable laws and regulations?</p> <p>See QFR #4 – Staff Response #4 below.</p> <p>USGS- Agree IA- Agree: paragraphs 12-13 adequately explain the requirements for what should be included in the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p> <p>BLM- Agree</p> <p>No staff response required because respondent is in</p>	

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			agreement and has no recommendations.	
5	SSA	Agree	<p>SSA agrees these paragraphs are sufficient. They appear to track many of the requirements of SFFAC 3 and SFFAS 15. SFFAC 3 was much more in-depth, perhaps overly so. This proposed standard uses a broader principle-based approach, but we believe the way it's written still captures the intent behind an informative MD&A, while still providing flexibility.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	10
6	GWSCPA	Agree	<p>The FISC agrees the proposed standards provide useful principle-based guidance on what information management should include in the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	16
7	HUD	Agree	<p>HUD's Offices of the Government National Mortgage Association, Federal Housing Administration, and Office of the Chief Financial Officer Office of Accounting all agree that the proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in the MD&A. These offices agree that the language clearly and specifically outlines what to include in the MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	2

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
8	Homeland Security	Agree	<p>DHS recommends that FASAB incorporate some of the footnote language into the bullets in paragraph 12. For example, using performance accomplishments and performance challenges instead of performance results with a footnote statement that these results refer to both performance accomplishments and performance challenges.</p> <p>DHS recommends using an overarching statement about management using judgement instead of repeating that statement in footnotes.</p> <p>DHS recommends adding clarification such as "as currently required" to paragraph 12.b.ii.2, "other relevant required supplementary information." With the clarification, the footnote could be deleted.</p> <p>See QFR #4 – Staff Response #5 below.</p>	4
9	NLRB	Agree	<p>The proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in MD&A. Paragraphs 12 -13 were specific enough on the type of information required in MD&A.</p> <p>No staff response required because respondent is in agreement and has no recommendations.</p>	3
10	FPCB	Partially agree	<p>I do have some concern about the possible impact of financial and budgetary impacts of significant risks. I know this is an unaudited part of the AFR, but I also see issues with these sorts of projections. For example, I think that for USDA the risk associated with climate change will impact financial statements for many of the agencies. Projecting dollars to such broad based risk would present a challenge to create but would also be subject to large swings. This sort of information would have to be heavily qualified to the point where it may not</p>	6

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>be meaningful in assessing future risks.</p> <p>Also, how would you provide risks associated with the political process. For example, if a party wanted to eliminate an executive branch agency. The outcome would depend upon the political climate, whether law makers would in fact go through with these proposals etc. It would be very difficult to quantify these types of risk in an MD&A document and be meaningful for a reader to fully understand. This is difficult question to answer.</p> <p>See QFR #4 – Staff Response #8 below.</p> <p>Potentially there will be less uniformity between financial statements between or even within agencies. Although I feel the principals are sound it may be more difficult to ensure consistency between financial statements in the future.</p>	
11	AGA	Partially agree	<p>We observe that preparers can struggle with providing meaningful information related to operating performance. We see an opportunity to provide more clarification on this in the standard. For example, paragraph 8 might reference Concept Statement 1 paragraph 14 for a definition of operating performance. Or as another example, further detail might be given regarding key performance results similar to the Board's expectations in paragraph A25.</p> <p>We also noticed the heavy use of footnotes used to define key terms or add requirements, especially for paragraph 12. While footnotes are a helpful means of referencing related standards or providing reminders, definitions and requirements might be better incorporated into the standard itself rather than as a footnote. For example, footnote 7 appears to be creating a new requirement to notate any unaudited information that is referenced in MD&A – this may be easier for readers to recognize if it were a numbered paragraph</p>	1

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>instead.</p> <p>See QFR #4 – Staff Response #5 below.</p> <p>Finally, we noticed that paragraph 12.d and e and the associated footnotes refer to “performance results” rather than “key performance results.” We were unsure whether this difference was intentional or not.</p>	
12	HHS	Partially agree	<p>HHS partially agrees that the proposed standards in paragraphs 12-13 may provide adequate guidance, as long as these requirements align with OMB Circular A-136 updates and do not cause duplicative narratives/language.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	5
13	Virginia Society of CPAs	Partially agree	<p>MD&A should provide management's summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems, the reporting entity's compliance with applicable laws, regulations, contracts, and grant internal control weaknesses, systems deficiencies, and instances of non-compliance that have a significant effect on the reporting entity's financial and performance. It would be better to reference the specific Internal control framework in place, operating and under evaluation. That is, Standards for Internal Control in the Federal Government, (the "Green Book), which sets the standards for an effective internal control system for federal agencies. This language is preferable to other language we have seen in agency GPFFR, such as the GAO requires entities to assess whether their agency's internal controls support five components and seventeen principles of internal control.</p>	9

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			See QFR #4 – Staff Response #8 below.	
14	Energy	Partially agree	<p>The guidance is adequate, but DOE is concerned about trends and judgment of priorities. DOE is limited in ability to discuss the plans/ future activities. Trends and any forward-looking information could cause clearance delays from OMB during the short turnaround AFR timeframe.</p> <p>No staff response required because respondent partially agrees with no recommendations.</p>	11
15	EPA	Partially agree	<p>The guidance is again too broad to be able to determine what must be incorporated into the MD&A. The term significant is used multiple times but does not adequately define for agencies what should be reported. As performance data is not available until February of the following fiscal year, we recommend linking the performance results to the MD&A through a web link when the data is available.</p> <p>Addressed above See QFR #1-Staff Response #8.</p>	15
16	State	Partially agree	<p>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.</p> <p>Addressed above in QFR #1-Staff Response #4.</p>	18

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
17	Commerce	Partially agree	<p>Paragraph 12: Item C - what is meant by associated costs related to key performance results? This should be clarified. Is this Costs by Strategic Goal or costs associated with tracking and identifying performance results?</p> <p>Addressed above in QFR #1-Staff Response #7.</p> <p>Paragraph 12: Item D/E: Additional burden is placed on agencies by requiring that the potential effect on financial and budgetary results of carrying out risk mitigation and opportunities to enhance performance be included. If this is included, how will agencies show that this was estimated? There is an additional workload and burden involved.</p> <p>See QFR #4 – Staff Response #6 below.</p>	14
18	NASA	Disagree	<p>NASA has 2 different responses:</p> <p>Disagree. We agree with the alternative view of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new terms, we do not agree that the new standards provide significantly different approach that would impact our development and presentation of the MD&A.</p> <p>Addressed above in QFR #1 - Staff Response #1</p> <p>We're seeking clarification. In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful.</p> <p>However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR. If they have examples</p>	19

Table 2: QFR #4 - Responses and Staff Notes

count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – Ref #
			<p>from these pilot agencies or others, please ask for those as well.</p> <p>Addressed above in QFR #1 – Staff Response #7.</p>	
19	VA	Disagree	<p>Disagree. As stated in questions 1-3, VA needs FASAB to clarify what is meant by reporting on the key performance⁹ results¹⁰ and the associated costs on paragraph 12 bullet C. Currently,</p> <p>VA can report minimal cost and budgetary information that can be readily gleaned from the Statement of Net Costs and Statement of Budgetary Resources.</p> <p>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.</p> <p>Addressed above in QFR #1 – Staff Response #7.</p> <p>We recommend the Board provide a sample MD&A for agencies to utilize as a reference when updating their MD&A.</p> <p>Addressed above in QFR #1 – Staff Response #9.</p>	12

C. Staff Analysis and Recommendations for QFR #4

Respondent suggestions are summarized below [the full comments are available in table 2 above or in Attachment 2] with staff's recommendations.

QFR #4 - Staff Response #1

Interior – NPS (Ref #8) requested clarification on footnote 8 that references “heritage assets” as RSI (perhaps this pertains to the Deferred Maintenance and Repairs for heritage assets or to the estimated Stewardship Land acres). Also, Heritage assets are reported as Basic per SFFAS No. 29)

Staff recommends removing footnote 8 to eliminate the examples of what is or is not RSI. (QFR #4 – Staff Response #1)

Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*

QFR #4 - Staff Response #2

Interior – NPS (Ref #8) said that in relation to 12.c. "Key performance results and the associated costs", it may be difficult to isolate specific costs to the performance results as costs may be shared across multiple activities.

Staff does not recommend any changes to the MD&A ED. Paragraph A25. a – b in the basis for conclusions discusses key performance results and costs and includes an example.

Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #4 - Staff Response #3

Interior – NPS (Ref #8) said that footnote 12 content explaining short term plans is not clear because actions taken during the current reporting period would have occurred. Financial reports are generally prepared at the end of the reporting period, would have already occurred, wouldn't they? Is it necessary to report on short-term plans?

Staff recommends the following minor update to the footnote to clarify the Board’s intent for explaining in the MD&A what short term plans management took to address opportunities:

“Plans” are actions the reporting entity expects to execute during the **current** **next** reporting period (short term) and into the future (long term).

QFR #2 - Staff Response #4

Interior – NPS (Ref #8) asks why “contracts and grant agreements” are listed separately in paragraph 13?

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #4 – Staff Response #5

AGA (Ref #1) and **DHS** (Ref #4) recommended updates to paragraph 12 to reduce the footnotes.

Staff does not recommend any changes to the MD&A ED. The footnotes were included to provide additional information to the proposed standards.

Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #4 – Staff Response #6

FPCB (Ref #6) and **Commerce** (Ref # 14) believe it will be difficult to determine the potential effect of risk mitigation and opportunities on financial and budgetary results. [Paragraphs 12 d. and e.]

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #4 – Staff Response #7

AGA (Ref #1) noted that 12.d and 12.e refer to “performance results” rather than “key performance results.”

Staff recommends the following minor changes to 12.d and 12.e.

- d. the significant opportunities¹² identified by management to enhance **key** performance results, plans to leverage such opportunities, and the potential effect on financial and budgetary results of carrying out those plans;¹³
- e. the significant risks¹⁴ identified by management that have a potentially negative effect on **key** performance results, plans to mitigate such risks, and the potential effect on financial and budgetary results of carrying out those plans.

QFR #4 – Staff Response #8

Virginia Society of CPAs (Ref #9) recommended referencing *Standards for Internal Control in the Federal Government*, (the "Green Book") in paragraph 13.

Staff does not recommend any changes to the MD&A ED. Paragraph A28 in the basis for conclusions further explains the paragraph 13 guidance.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #4 – Staff Response #9

Commerce (Ref #17) wants to know what "summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems" ...means in paragraph 13.

Staff - Paragraph A25. a – b in the basis for conclusions discusses key performance results and costs and includes an example. [See also QFR #1- Staff Response #7 and 8]

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

In conclusion, staff provided nine responses in *Staff Analysis and Recommendations for QFR #4*.

Staff recommends the following three minor updates:

1. Remove footnote to eliminate the examples of what is or is not RSI (QFR #4 – Staff Response #1)
2. clarify the Board's intent for short term plans in footnote 12. (QFR #4 – Staff Response #3); and
3. update to 12.d and 12.e. by adding “key” before performance results. (QFR #4 – Staff Response #7).

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Question #4 for the Board - Do members agree with staff's analysis and recommendations to QFR #4 responses?

Please provide your answer and comments in the Board Member Comment Form.

V. Question for Respondents #5:

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 and 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 Statement (see par. A47-A53). Two members provided an alternative view on tiered reporting (see par. A54).

Please refer to paragraphs A47 – A55 to review the alternative views as presented.

**Do you agree, partially agree, or disagree with the alternative views?
Please provide the rationale for your answer.**

A. QFR #5 – Total Respondents

Table 1 QFR#5 –Total Responses

Agree		Partially agree		Disagree		All
%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	Total Respondents
26%	5	58%	11	16%	3	19

B. QFR #5 - Responses and Staff Notes

SUMMARY

There are five concerns discussed in the alternative view in paragraphs A46 – A55. 1) to amend and not rescind SFFAS 15; 2) there are only minor differences from SFFAS 15; 3) the ED is more prescriptive than SFFAS 15; 4) tiered reporting for MD&A should be considered; and 5) training might address the streamlining issue.

Staff reviewed a total of 66 comments from 19 respondents for QFR #5. Respondents may have addressed some or all of these concerns. Please see staff notes below in *Table 2: QFR #5 – Responses and Staff Notes*.

Staff recommends only one minor update to add content to the [executive] summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15. (QFR #1 - Staff Response #1 and QFR #5 – Staff Response #2)

Staff does not recommend any changes in response to the alternative view as paragraph A15 provides the Board’s basis for conclusions about developing broad, principle-based standards, i.e., removing the prescriptive sections in SFFAS 15. Paragraphs A33 – A43 provides the Board’s basis for conclusions about rescinding instead of amending SFFAS 15.

Table 2: QFR #5 - Responses and Staff Notes				
Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
1	SSA	Agree	<p>SSA agrees with the alternative view that rescission of SFFAS 15 may not be necessary since the overall changes to the MD&A guidance in the ED do not significantly deviate from the existing standard.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>We also agree that the perception of significant changes resulting from the ED may also result from the fact that the ED does not state explicitly that it leaves the contents and characteristics of the MD&A largely unchanged, which could make the preparation process more labor-intensive, as preparers transition to interpretation and implementation of a “new” standard.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>However, if the goal is to remove barriers to agencies’ ability to structure their MD&A in ways that avoid segregating information, as seems to be the concern with SFFAS 15, then the proposed standards are probably needed to avoid potential issues with financial statement auditors.</p> <p>No staff response required because respondent does</p>	10

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			not agree with this aspect of the alternative view and provides no recommendations.	
2	HHS	Agree	<p>HHS agrees with the alternative views since most of the requirements under the new proposal and SFFAS 15 appear to be quite similar. While HHS believes that continuous improvements/enhancements should be sought, the current SFFAS 15 requirements appear clear and concise (i.e., Board's alternative opinion).</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p>	5
3	Energy	Agree	<p>The new proposed standard is not that different than what was previously covered by SFFAC 3 and SFFAS15.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>Agency savings, if realized, may vary agency to agency. Much smaller agencies may not need to have as an extensive of an MD&A as cabinet level agencies so a tier reporting may make sense.</p> <p>See QFR #5 - Staff Response #4 below.</p> <p>Finally, it does seem that the minimal actual changes for MD&A could possibly be made just as well by amending SFFAS15 rather than rescinding it and replacing with a new standard.</p> <p>See QFR #5 - Staff Response #1 below.</p>	11

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
4	EPA	Agree	<p>In general, we see that Agencies' MD&As are becoming longer and harder to read for the general public. We agree with the alternative views that the new standards could make the compilation of the information more burdensome with its more prescriptive requirements.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #3 below.</p>	15
5	NASA	Agree	<p>The Board has determined that their proposed updates are improvements over SFFAS 15; I would have to leave that decision up to the Board.</p> <p>Agree with the Alternative Views of Ms. Johnson and Mr. McNamee. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new terms, we do not agree that the new standards would significantly impact our development and presentation of the MD&A.</p> <p>No staff response required because respondent agrees with the alternative view with no recommendations.</p>	19
6	DOJ	Partially agree	<p>First concern (Paragraphs A48-A49, A55) - DOJ agrees with Ms. Johnson's first concern. The Department believes that the ED does not introduce enough new concepts to warrant the replacement of SFFAS 15. Instead, it suggests amending SFFAS 15.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>Second concern (Paragraphs A50-A51) - DOJ disagrees with the second concern expressed. The Department</p>	7

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>doesn't think the ED would result in a more labor-intensive process in the short or near term. Even if it causes some agencies to take time to review the standard and reflect on their current MD&A, the Department believes it would be beneficial. The proposed ED does not differ significantly from SFFAS 15 to cause a heavy burden.</p> <p>No staff response required because respondent agrees with the alternative view with no recommendations.</p> <p>Third concern (Paragraphs A52-A53) - DOJ agrees with the third concern. It believes that the unclear text in MD&As results more from a lack of understanding or resources than SFFAS 15's guidance.</p> <p>See QFR #5 - Staff Response #5 below.</p> <p>Fourth concern (Paragraph A54) - DOJ disagrees with the fourth concern expressed. The guidance proposed in the ED is broad enough for government entities to determine the level of brevity of their MD&A.</p> <p>While removing the requirement to produce an MD&A for entities below a certain size/significance level would reduce the burden of preparation, the MD&A has value for users of the financial reports, as noted in A11-ii of Appendix A.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p>	
7	Treasury	Partially agree	<p>The Department of the Treasury partially agrees with Ms. Johnson's alternative view in paragraph A51.</p> <p>See QFR #5 - Staff Response #3 below.</p> <p>We anticipate that changes in the checklists used by</p>	17

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>preparers and auditors will lead to an increase in length, posing an additional burden during the transition to the updated standard.</p> <p>Nevertheless, we expect that in the long run, this adjustment will streamline the process of adhering to authoritative standards and assist in alleviating internal training burdens associated with researching and implementing standards.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p>	
8	Interior	Partially agree	<p>OS- Partially agree: We can see FASABs point of view. Disagree that this isn't a big change to the requirements for MD&A and that the new standard, if adopted, wouldn't simplify things for the readers. We believe it would simplify things quite a bit and think that those in the alternative are looking at the existing MD&A from an accountant's point of view. To us, things may not have changed much. But words matter, and to someone without a decent understanding of accounting and FM principles, things could be misunderstood or just missed entirely.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p> <p>BLM- Agree IA- Agrees</p> <p>See QFR #5 - Staff Response #1 below. See QFR #5 - Staff Response #2 below. See QFR #5 - Staff Response #3 below. See QFR #5 - Staff Response #4 below. See QFR #5 - Staff Response #5 below.</p>	8

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>USGS- Agree: with paragraph A50 and A51. The initial implementation will be more of a burden on the preparers in the near term and possibly beyond.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>See QFR #5 - Staff Response #3 below.</p> <p>Agree with paragraph A54. A tiered reporting requirement makes fiscal sense and will reduce burdens on smaller agencies.</p> <p>See QFR #5 - Staff Response #4 below.</p> <p>NPS- Partially Agree: Although SFFAS 15 and the ED are similar in nature, there would likely be an increase in initialization costs.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p> <p>Agree with Paragraph A.51 that the ED contains more prescriptive requirements than SFFAS 15 that will have the effect of lengthening the checklists used by preparers and auditors.</p> <p>See QFR #5 - Staff Response #3 below.</p> <p>As far as tiered reporting, size may not be the best determination of whether an MD&A should be prepared; however, expecting all requirements of SFFAS 15 to be met may be too stringent and not the best use of</p>	

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>resources.</p> <p>See QFR #5 - Staff Response #4 below.</p> <p>BOEM/BSEE- Partially agree: one standard is helpful and more concise. There is cost and burden having to refer to several standards and other guidance, i.e., OMB-136, in order to fulfill the requirement(s).</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p> <p>Reclamation- Partially agree. While SFFAS 15 and the ED do not have significant differences, the ED seems to provide more clarity. For example, the new SFFAS specifies the entity may provide the availability of additional information instead of reiterating the information in the MD&A (e.g., GPRA).</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p> <p>Only partially agree with A50 and the potential to “...make the preparation process more labor-intensive, at least in the near term, as preparers transition to a new Statement and together with their auditors interpret new guidance”. As with any new or updated guidance, the preparer burden will most likely increase temporarily as the guidance is studied and implemented.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p> <p>Ms. Johnson and Mr. McNamee bring up a valid point regarding imposing the same requirements on all entities</p>	

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>regardless of size. Reclamation defers to the smaller entities but thinks tiered reporting may be beneficial.</p> <p>See QFR #5 - Staff Response #4 below.</p> <p>OSMRE- Partially agree: although the ED and SFFAS 15 are similar in nature, the ED contains more descriptive requirements.</p> <p>See QFR #5 - Staff Response #3 below.</p>	
9	GWSCPA	Partially agree	<p>The FISC agrees that there are no significant changes between the proposed standards and SFFAS No. 15, Management's Discussions and Analysis.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>The FISC also agrees on the alternative view of tiered reporting for the reasons stated in the ED.</p> <p>See QFR #5 - Staff Response #4 below.</p>	16
10	HUD	Partially agree	<p>HUD's Office of the Chief Financial Officer Office of Accounting agrees with the alternative views stated in A47-A55. There is no significant difference between the current standard and the ED that warrants a complete rescinding of the previous standard. Rescinding a standard would give the impression that there is a major change that needs to be interpreted and implemented. In addition, it is not clearly apparent that this update will reduce preparer costs and burden. Many of the areas previously included in the department's MD&A will still be required based on the nature, relevance and importance</p>	2

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>to the overall financial position, condition, and results.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>See QFR #5 - Staff Response #3 below.</p> <p>See QFR #5 - Staff Response #4 below.</p> <p>See QFR #5 - Staff Response #5 below.</p> <p>HUD's Office of the Government National Mortgage Association (GNMA) partially agrees with the alternative views of Ms. Johnson and Mr. McNamee. GNMA agrees that (1) there are no significant differences between the required contents and characteristics of the MD&A under the exposure draft (ED) and under SFFAS 15.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>(2) The current MD&As are generally comprehensive and understandable and that any duplicative or unclear MD&A text may result from limited staff resources or knowledge.</p> <p>See QFR #5 - Staff Response #5 below.</p> <p>We agree that amending or rescinding SFFAS 15 may not address any concerns with clarity or redundancy of MD&As.</p> <p>(3) GNMA agrees with Ms. Johnson and Mr. McNamee that since the ED imposes the same requirements on all entities regardless of entity size it misses an opportunity to explore "tiered" reporting in the federal environment. While the boards believes that "the improvements include reducing preparer burden and adopting broad principle-based guidance to assist agencies in presenting a balanced, concise, integrated, and understandable MD&A", GNMA believes that the proposal will increase preparer costs and burden, at least initially, as discussed in Q2 above.</p>	

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>See QFR #5 - Staff Response #4 below.</p> <p>HUD's Office of the Federal Housing Administration (FHA) agrees with the alternative views on both the need of this Statement and the tiered reporting approach.</p> <p>However, FHA does not see major differences between the existing SFFAS15 and the ED, thus does not understand the rationale for the rescinding and the replacing of SFFAS15.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>FHA agrees that neither SFFAS 15 nor ED adequately address tiered reporting. The absence of a comprehensive approach to tiered reporting may lead to challenges in addressing the varying needs and complexities faced by different entities. A tiered approach to reporting the MD&A would reduce the reporting burden on smaller agencies and could result in a reduction in preparer costs and burden for smaller agencies, which have fewer available resources than larger agencies.</p> <p>See QFR #5 - Staff Response #4 below.</p>	
11	NLRB	Partially agree	<p>Agree with A.47; A.48; A.55 - MD&A project has been worthwhile. We agree that the contents and characteristics of the MD&A as specified in SFFAS 15 remain appropriate more than 20 years after it was written. There are no significant differences between the required contents and characteristics of the MD&A under the ED and under SFFAS 15 as both require information the same information.</p>	3

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>Disagree with A54 – Disagree with tiered reporting proposal as that may cause some confusion on the guidance for the information being reported. It would be beneficial if the MD&A was only required for the CFO Act entities or entities that are significant at the governmentwide level as that would reduce the reporting burden for smaller and component entities that may have limited resources.</p> <p>See QFR #5 - Staff Response #4 below.</p>	
12	FPCB	Partially agree	<p>I do not think that one can argue the merits of a principals-based MD&A. The real issue is going to be consistency and comparability of financial reports for different entities. I agree with the alternative views. Many of the issues that were addressed in the alternative views are valid. The bottom line is that this does not fundamentally change the requirements of the MD&A.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>I do not however agree that this standard should not apply to all federal agencies based on their size. I think that comparability between agencies is important. Many of the overall risk are shared across many agencies. Climate change could impact the Department of Agriculture, FEMA, HHS and others. This comparability would allow readers concerned about such issues to get a better overall understanding of common risks among agencies.</p> <p>See QFR #5 - Staff Response #4 below.</p>	6

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
13	Virginia Society of CPAs	Partially agree	<p>First • The issuance of the new standard is more practical since several SFFAC have been revised, and the new standard is more principles-based and can more readily address subsequent changes in the financial, operating, legal or regulatory environments. • The use of the word integrated is appropriate.</p> <p>Second The proposal is streamlining, consolidating, and clarifying existing guidance. This is sufficiently explained in the proposal and is not confusing or burdensome.</p> <p>Third Our experience is that clarifying and streamlining the requirements will improve the process and require less staff time in the medium term.</p> <p>Fourth We don't see any significant benefit from creating a tiered approach based on size. The more relevant differences may relate to the complexity or the significance of any agency's objectives to the public at a certain time. In any event, this should be addressed after the results of the implementation are reviewed.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p>	9
14	State	Partially agree	<p>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.</p> <p>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?</p>	10

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			<p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>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.</p> <p>See QFR #5 - Staff Response #5 below.</p>	
15	Commerce	Partially agree	<p>Ms. Johnson makes several good points: -Upon DOC's review of the exposure draft, we agree that the ED is not extensively changing the MD&A requirements but could potentially place additional burden on preparers.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p> <p>Agree that the ED misses an opportunity for tiered reporting. (Why are smaller agencies or sub-components of agencies choosing to prepare a PAR or AFR spending the same amount of time and resources on MD&A as CFO Act agencies and Departments)? With smaller staffs, this is a larger burden for smaller agencies. -Agree that this could result in additional and more complex review procedures as part of the financial statement audit process.</p> <p>See QFR #5- Staff Response #4 below.</p>	14

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
16	VA	Partially agree	<p>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.</p> <p>See QFR #5 - Staff Response #1 below.</p> <p>See QFR #5 - Staff Response #2 below.</p>	12
17	DoD	Disagree	<p>DoD doesn't support the proposed tiered approach for development of the MD&A as discussed in the two Alternative Opinions contained in the Exposure Draft. The guidance is not very clear or definitive on which agencies must present a MD&A section in the AFR. Smaller agencies may be confused on their requirements of completing the MD&A section.</p> <p>No staff response required because respondent disagrees with the alternative view with no recommendations.</p>	13
18	Homeland Security	Disagree	<p>DHS supports the Board's decision to rescind and replace rather than to amend. By replacing the existing standard, FASAB will be able to present the revised requirements in one standard.</p> <p>No staff response required because respondent partially agrees with the alternative view with no recommendations.</p>	4

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
19	AGA	Disagree	<p>While we agree with the sentiment of paragraph A48 that there are no significant differences between the current and proposed guidance for MD&A, we disagree with the suggestion in paragraph A55 to simply amend SFFAS 15.</p> <p>On the contrary, we see the following benefits in the proposed standard:</p> <ol style="list-style-type: none">1) Elevating certain details from a concept statement to a standard.2) Presenting information requirements directly rather than indirectly as prescribed sections.3) Consolidating guidance into a single standard. <p>As we have expressed in previous comment letters, we remain concerned about the accessibility of standards to the next generation of learners. Therefore, we are supportive of efforts to better organize standards and ensure they are concise, clearly expressed, and stand on their own to maximize the ability for new learners to find, understand and apply them.</p> <p>We also disagree with the notion of a tiered approach suggested in paragraph A54. We believe all agencies can and should be able to discuss and analyze the information described in paragraph 12-13. If an agency or component is smaller, then the burden should naturally be reduced since they would have less complexity or activity to discuss or analyze.</p> <p>We would further point out that MD&A is Required Supplementary Information, rather than basic information. This means that if a preparer concludes that the MD&A is overly burdensome, not valuable, or not applicable for a component entity, management could choose not to report MD&A and still receive a clean audit opinion on its basic financial statements. We think these choices are more appropriate and more flexible to meet agency and user needs than attempting to create a tiered reporting model in standards.</p>	1

Table 2: QFR #5 - Responses and Staff Notes

Count	Organization Name	Response	Rationale and Staff Notes	Attach 2 – ref #
			No staff response required because respondent partially agrees with the alternative view with no recommendations.	

C. Staff Analysis and Recommendations for QFR #5

Respondent suggestions are summarized below [the full comments are available in table 2 above or in Attachment 2] with staff's recommendations.

QFR #5 - Staff Response #1

Fifteen respondents agreed or partially agreed that a rescission and replacement of SFFAS 15 was not necessary.

Staff does not recommend any change to the MD&A ED. Paragraphs A33 – A43 provide the Board's extensive basis for conclusions about rescinding and replacing SFFAS 15 with this proposed Statement.

QFR #5 - Staff Response #2

Fourteen respondents agreed or partially agreed that there are no significant differences between the required contents and characteristics of the MD&A from SFFAS 15 to the ED, and this is not explicitly stated in the proposed standards.

Staff recommends the following content be included in the [executive] summary: [same as QFR #1 – Staff Response #1]

While required information is similar to SFFAS 15, these updated standards are intended to provide more flexibility for reporting MD&A, reduce preparer burden and redundancy, and enhance transparency.

QFR #5 - Staff Response #3

Seven respondents agree that the MD&A ED contains more prescriptive requirements.

Staff does not recommend any changes to the MD&A ED. Paragraphs A33 - A43 in the basis for conclusions discusses the Board's broad, principle-based standards approach.

QFR #5 - Staff Response #4

Twelve respondents agreed with a tiered approach.

Staff does not recommend any changes to the MD&A ED. If the Board addresses a tiered approach, it will be through a broader future technical project, not just addressing MD&A.

QFR #5 - Staff Response #5

Six respondents agreed that additional staff training would benefit streamlining the MD&A.

Staff Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

In conclusion, staff provided five responses in *Staff Analysis and Recommendations for QFR #5*.

Staff recommends one minor update to the [executive] summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15. (QFR #1 - Staff Response #1 and QFR #5 – Staff Response #2)

Staff does not recommend any changes in response to the five concerns in the alternative view, paragraph A15 in the basis for conclusions explains the Board's broad, principle-based standards approach; and paragraphs A33 – A43 in the basis for conclusions explains why the Board decided to rescind SFFAS 15 instead of amending it.

Question #5 for the Board - Do members agree with staff's analysis and recommendations to QFR #5 responses?

Please provide your answer and comments in the Board Member Comment Form.

VI. Question for Respondents #6

QFR #6: Are there any other aspects of this proposal that you wish to provide comments on?

Please provide the rationale for your answer.

A. QFR #6 - Additional Comments and Staff Notes

SUMMARY

Staff analyzed ten additional comments received from the 19 respondents.

Of the ten comments staff did not note a response to four comments because no suggestions were made. Please see staff notes below in *Table 2: QFR #6 – Responses and Staff Notes*.

Of the ten comments staff responded to six comments in *Staff Analysis and Recommendations for QFR #6*.

Table 1: QFR #6 - Additional Comments

Count	Organization Name	Comment and Staff Notes	Attach 2 – Ref #
1	Energy	<p>We have concerns that OMB may not be agreeable with forward looking information or trends in information in the AFR and the short AFR “clearance” timeframe and process in the new/revised standard.</p> <p>No staff response required because respondent did not include any recommendations.</p>	11
2	DOJ	<p>DOJ believes that consolidating SFFAC 3 and SFFAS 15 is the most significant benefit provided by this ED.</p> <p>The Department does not anticipate this will materially change the way our agency prepares the MD&A or the content contained in the MD&A. The Department believes the success in reducing the length of the entities’ MD&A noted in Appendix A was more the result of FASAB staff working directly with agencies and providing guidance to agency staff, as suggested by Ms. Johnson in paragraph A52, and that the impact could likely be replicated through FASAB reach-out and training as well as by sharing the results of the pilot (agency MD&As before and after the pilot to use as guides) without the need for an entirely new standard.</p> <p>The Department believes there is value in the guidance provided by the ED but agrees with Ms. Johnson that the changes could be made as amendments to SFFAS 15 instead of a brand-new standard.</p> <p>No staff response required because respondent did not include any recommendations. Comments concerning the alternative view are addressed above in QFR #5.</p>	7
3	Treasury	<p>The Department of the Treasury has a concern about rescinding, rather than revising, SFFAS No. 15 that relates to footnote 6, on page 9. The footnote reminds us that a</p>	17

Table 1: QFR #6 - Additional Comments

Count	Organization Name	Comment and Staff Notes	Attach 2 – Ref #
		<p>SFFAC can only be rescinded by another SFFAC; meaning that the issuance of a new SFFAS for MD&A cannot rescind SFFAC No. 3.</p> <p>Given that there may be more than a full fiscal year lapse in the rescission of SFFAC No. 3 and the implementation of a new SFFAS for MD&A the concern is that there is no guidance in the exposure draft for this interim period. The exposure draft mentions repeatedly that SFFAC No. 3 may be rescinded, and the relevant portions will be incorporated into the new SFFAS for MD&A.</p> <p>However, the rescission of SFFAC No. 3 is dependent upon the implementation of the Omnibus Concepts Amendments that is currently in process. Without guidance for any interim period a new SFFAS for MD&A could likely lead to the complications that have been expressed in the Alternative View of Ms. Johnson and Mr. McNamee.</p> <p>While the acceptance and implementation of the Omnibus Concepts Amendments may be inevitable, at this point these are not final amendments and nothing in the MD&A Exposure Draft considers the timing required or consequences of the status of the Omnibus Concepts Amendment when a new SFFAS for MD&A is issued.</p> <p>See QFR #6 – Staff Response #1 below.</p>	
4	Interior	<p>NPS- Footnote 6 seems a bit premature, "...given that the relevant content from SFFAC 3 has been adapted in this proposal..." especially as the proposal of rescinding and replacing SFFAS 15 has not been agreed to as of the issuance of the ED. November 27, 2023, is the due date for the Omnibus ED and December 7, 2023, is the due date for the MD&A ED. If there is a presumption that the MD&A proposed new Standard is adopted, perhaps seeking respondent feedback is unnecessary.</p>	8

Table 1: QFR #6 - Additional Comments

Count	Organization Name	Comment and Staff Notes	Attach 2 – Ref #
		See QFR #6 – Staff Response #1 below.	
5	GWSCPA	<p>The FISC provides the following additional comments: -</p> <p>Paragraph A15.b states “[...] the Board intends that the proposed standards will provide the effective integration of costs and performance results to provide a more complete picture of a reporting entity’s operating and financial performance”.</p> <p>To emphasize the Board’s view on integrating costs and performance results information, the FISC recommends the following edit to paragraph 10 (Proposed language revisions have been provided with added text underscored): “To achieve an integrated MD&A, management should combine financial and nonfinancial information and qualitative and quantitative information to present a comprehensive and unified discussion and analysis, such as linking costs and performance results.”</p> <p>See QFR #6 – Staff Response #2 below.</p> <p>The FISC recommends that the Board consider working with the Accounting and Auditing Policy Committee on developing illustrative examples of MD&A content to be used by Federal agencies. ***** The responses were reviewed by the members of FISC and represent the consensus views of our members.</p> <p>See QFR #6 – Staff Response #3 below.</p>	16
6	HUD	<p>HUD’s Office of the Federal Housing Administration states that for the MD&A to present balanced, concise, integrated, and understandable information, the focus should be to eliminate redundant and repetitive information. If the goal of the ED is to reduce preparer costs and burden, then the ED does not achieve that goal. It also will not result in a reduction in duplicative language.</p>	2

Table 1: QFR #6 - Additional Comments

Count	Organization Name	Comment and Staff Notes	Attach 2 – Ref #
		<p>To reduce duplicative language, the standard would need to include language stating that if required information is presented elsewhere outside of the MD&A, agencies may reference the location of that information rather than repeating it in the MD&A.</p> <p>See QFR #6 - Staff Response #4</p>	
7	FPCB	<p>I think that in the first few years of the implementation of this new standard there will be some major changes to the MD&A for some federal agencies. As agencies become more experienced with this change, I am sure that there will be at least some standardization that will emerge in the future. I think it would be worthwhile to update this standard when best practices emerge.</p> <p>No staff response required because respondent agreed with updating the MD&A Standards.</p>	6
8	VA	<p>FASAB should make the requirements in paragraph 12 optional for agencies that can provide greater details could do so without penalizing those who cannot.</p> <p>See QFR #6 - Staff Response #5</p>	12
9	Homeland Security	<p>DHS is concerned that the audit community may push back against agencies' changes in their MD&A and be resistant to the possible reduction of information presented in the MD&A.</p> <p>No staff response required because respondent did not include any recommendations.</p>	4
10	AGA	<p>We see Management's Discussion & Analysis as an important communication method that is particularly valuable for users.</p>	1

Table 1: QFR #6 - Additional Comments

Count	Organization Name	Comment and Staff Notes	Attach 2 – Ref #
		<p>Therefore, we affirm the Board’s decision to maintain extant requirements without significant changes in the proposed standard.</p> <p>We also affirm the principles-based approach in the hopes that this will help agencies to prepare more meaningful MD&A that accomplishes the intended purpose for users and avoid redundant, overwhelming, or boilerplate information that does not serve users.</p> <p>While the changes in the proposed standard can help, we believe that real improvement will only come from agencies thoughtfully re-evaluating the contents of their MD&A. Any change in standards brings with it a risk of misunderstanding – but we see the risk of misunderstanding as being particularly acute for this proposed standard due to the move to principles as well as the heavy reliance on judgment. We agree this is necessary due to the nature and purpose of MD&A, but it means the inherent risk of misunderstanding is higher.</p> <p>As discussed in paragraph A53, there may be a need for additional training by FASAB staff similar to what was provided to pilot agencies. We also want to emphasize the importance of OMB Circular A-136 and AGA’s Certificate of Excellence in Accountability Reporting (CEAR) program in achieving positive change through guidance, feedback, and training. Footnote 17 describes how these resources were not included in the MD&A pilot, which we presume was to appropriately allow pilot agencies to focus solely on the proposed standard. However, we would encourage outreach and close communication with these groups at this juncture to ensure a shared understanding and a concrete game plan on how to help agencies with implementation. We appreciate the opportunity to Comment -- Scott DeViney - Chair, AGA's Financial Management Standards Board - and Ann Ebberts, AGA CEO.</p> <p>See QFR #6 - Staff Response #6</p>	

B. Staff Analysis and Recommendations for QFR #6

Respondent suggestions are summarized below [the full comments are available in table 2 above or in Attachment 2] with staff's recommendations.

QFR #6 - Staff Response #1

Treasury (ref #17) and **Interior – NPS** (Ref #8) are concerned about the timing of implementation of the new MD&A SFFAS and rescission of SFFAC 3 and footnote 6 on page 9 of the ED.

Staff – Does not recommend any changes to the MD&A ED. Upon Board approval on both the Omnibus Concepts Amendments and MD&A standards, both pronouncements will be released as final at the same time.

QFR #6 - Staff Response #2

GWSCPA (ref #16) recommended an update to paragraph 10 to include an example about linking costs and performance results

Staff – Does not recommend any changes to the MD&A ED. Paragraph A20 in the basis for conclusions provides an example for achieving an integrated MD&A. Linking costs and performance results can be found in paragraph 12c.

QFR #6 - Staff Response #3

GWSCPA (ref #16) recommended for the Board to work with the Accounting and Auditing Policy Committee on developing illustrative examples of MD&A content.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #6 - Staff Response #4

HUD – FHA (ref #2) recommends additional content to ensure that duplicative language is reduced.

Staff does not recommend any changes to the MD&A ED. The Board provides guidance in paragraph 9.c. about developing a concise MD&A and indicating the availability of additional information. Paragraph A.19 in the basis for conclusions further discusses summarizing detailed information through references to information found outside of MD&A.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #6 - Staff Response #5

VA (ref #12) requested that FASAB make the requirements in paragraph 12 optional for agencies that can provide greater details without penalizing those who cannot.

Staff does not recommend any changes to the MD&A ED. Paragraph 12 includes requirements for what information to include in MD&A. Paragraphs 9a. – 9d. guides management on how to achieve a concise MD&A for the types of information management should include in MD&A. Paragraph A19 in the basis for conclusions provides examples for achieving a concise MD&A.

Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

QFR #6 - Staff Response #6

AGA (ref #1) recommends additional training by FASAB staff similar to what was provided to pilot agencies.

Staff does not recommend any changes to the MD&A ED. Implementation training/guidance will be considered after the final release of the *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*.

In conclusion, Staff provided six responses in *Staff Analysis and Recommendations for QFR #6*. Staff did not recommend any changes.

Other comments or suggestions may be addressed through training or implementation guidance which will be considered after release of the final standard.

Question #6 for the Board - Do members agree with staff's analysis and recommendations to QFR #6 responses?

Please provide your answer and comments in the Board Member Comment Form.

MD&A

February 2024

Topic A - Attachment 2

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#1 - AGA

Organization Type	Organization Name	First name	Last name	Email
Nonprofit organization/foundation	AGA	Ann	Ebberts	Aebberts@agacgfm.org

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
Agree	We do not see any significant changes to the purpose or content of MD&A in the proposed standard. Regarding the concern expressed in paragraph A50, we would encourage the Board to add a sentence to the executive summary that explicitly states that no substantial changes were made to the overall purpose, characteristics, and information to be discussed and analyzed. We think this clarification in the executive summary would be helpful to preparers in understanding the intended effects of the proposed standard.	AGA

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
Partially agree	Our answer is actually "Unsure". Given that requirements did not significantly change, we speculated that improvements seen in the pilot group had more to do with thoughtful and careful re-evaluation of the MD&A contents by agency staff and guidance from FASAB staff. While the pilot group achieved an amazing reduction in the number of pages in the MD&A, we are unclear as to whether it took less time to prepare. In our experience, it can sometimes require more effort from the preparer to produce a well-written and concise 15-page MD&A than to put together a 100-page one that is compiled from multiple sources. Of course, we think that consolidating guidance will be helpful to preparers. Also, moving from prescribed sections to a principle-based list of information requirements may help agencies to focus on the purpose of MD&A rather than making it a lengthy "box-filling" exercise. In other words, we would expect that management is already discussing and analyzing this information for their own internal purposes – so perhaps there will be a burden reduction to the extent the proposed standard helps agencies focus on presenting management's actual (and presumably existing) discussion and analysis, rather than performing a separate reporting exercise. That said, we would emphasize that since the purpose of MD&A is to "increase the understandability and usefulness of a reporting entity's GPFFR" that the focus for burden reduction from overly long, duplicative, dense, and complex MD&A should be evaluated from the perspective of the user rather than the preparer. The user is the customer for the MD&A; therefore, waste needs to be evaluated from the customers' view.	AGA

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
Agree	No comment needed. The information is clear and accurate.	AGA

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	<p>We observe that preparers can struggle with providing meaningful information related to operating performance. We see an opportunity to provide more clarification on this in the standard. For example, paragraph 8 might reference Concept Statement 1 paragraph 14 for a definition of operating performance. Or as another example, further detail might be given regarding key performance results similar to the Board's expectations in paragraph A25. We also noticed the heavy use of footnotes used to define key terms or add requirements, especially for paragraph 12. While footnotes are a helpful means of referencing related standards or providing reminders, definitions and requirements might be better incorporated into the standard itself rather than as a footnote. For example, footnote 7 appears to be creating a new requirement to notate any unaudited information that is referenced in MD&A – this may be easier for readers to recognize if it were a numbered paragraph instead.</p> <p>Finally, we noticed that paragraph 12.d and e and the associated footnotes refer to “performance results” rather than “key performance results.” We were unsure whether this difference was intentional or not.</p>	AGA

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
Disagree	<p>While we agree with the sentiment of paragraph A48 that there are no significant differences between the current and proposed guidance for MD&A, we disagree with the suggestion in paragraph A55 to simply amend SFFAS 15. On the contrary, we see the following benefits in the proposed standard: 1) Elevating certain details from a concept statement to a standard. 2) Presenting information requirements directly rather than indirectly as prescribed sections.</p> <p>3) Consolidating guidance into a single standard. As we have expressed in previous comment letters, we remain concerned about the accessibility of standards to the next generation of learners. Therefore, we are supportive of efforts to better organize standards and ensure they are concise, clearly expressed, and stand on their own to maximize the ability for new learners to find, understand and apply them. We also disagree with the notion of a tiered approach suggested in paragraph A54. We believe all agencies can and should be able to discuss and analyze the information described in paragraph 12-13. If an agency or component is smaller, then the burden should naturally be reduced since they would have less complexity or activity to discuss or analyze. We would further point out that MD&A is Required Supplementary Information, rather than basic information. This means that if a preparer concludes that the MD&A is overly burdensome, not valuable, or not applicable for a component entity, management could choose not to report MD&A and still receive a clean audit opinion on its basic financial statements. We think these choices are more appropriate and more flexible to meet agency and user needs than attempting to create a tiered reporting model in standards.</p>	AGA

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
<p>We see Management's Discussion & Analysis as an important communication method that is particularly valuable for users. Therefore, we affirm the Board's decision to maintain extant requirements without significant changes in the proposed standard. We also affirm the principles-based approach in the hopes that this will help agencies to prepare more meaningful MD&A that accomplishes the intended purpose for users and avoid redundant, overwhelming, or boilerplate information that does not serve users. While the changes in the proposed standard can help, we believe that real improvement will only come from agencies thoughtfully re-evaluating the contents of their MD&A. Any change in standards brings with it a risk of misunderstanding – but we see the risk of misunderstanding as being particularly acute for this proposed standard due to the move to principles as well as the heavy reliance on judgment. We agree this is necessary due to the nature and purpose of MD&A, but it means the inherent risk of misunderstanding is higher. As discussed in paragraph A53, there may be a need for additional training by FASAB staff similar to what was provided to pilot agencies. We also want to emphasize the importance of OMB Circular A-136 and AGA's Certificate of Excellence in Accountability Reporting (CEAR) program in achieving positive change through guidance, feedback, and training. Footnote 17 describes how these resources were not included in the MD&A pilot, which we presume was to appropriately allow pilot agencies to focus solely on the proposed standard. However, we would encourage outreach and close communication with these groups at this juncture to ensure a shared understanding and a concrete game plan on how to help agencies with implementation. We appreciate the opportunity to Comment -- Scott DeViney - Chair, AGA's Financial Management Standards Board - and Ann Ebberts, AGA CEO.</p>	AGA

#2 - HUD

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Other)	HUD	Ashley	Jenkins	Ashley.N.Jenkins@hud.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	HUD's Office of the Chief Financial Officer (OCFO) Office of Accounting and the Government National Mortgage Association offices agree that the proposed standards provide adequate guidance and improve readability and understandability. HUD's Office of the Federal Housing Administration partially agrees stating that agency personnel may need to reexamine their current approach to address the proposed revisions, further burdening already over-extended personnel. Agencies will require more guidance to implement the new guidance effectively and efficiently. The OCFO Office of Budget partially agrees, stating that while some helpful information was provided, there is no guidance to help agencies, or their auditors, establish whether the draft MD&A qualifies as "concise" or not. The preference would be for the Board to establish some sort of range or ceiling for the number of pages that an MD&A should contain.	HUD

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
Partially agree	<p>HUD's Office of the Federal Housing Administration partially agrees, noting that it is difficult to distinguish the differences between SFFAS 15 and the exposure draft, making it difficult to understand the rationale and effectively execute.</p> <p>HUD's Office of the Chief Financial Officer Office of Accounting disagrees, stating that because many of the areas previously included in the Department's MD&A will still be required based on the nature, relevance, and importance of the overall final position, condition, and results, there is no clear indication that preparer costs and burden will be reduced. HUD's Office of the Government National Mortgage Association also disagrees, stating that in the initial phase of the adoptions, costs and burden will increase due to the required additional topics, trend analyses, and year-over-year comparisons required for a comprehensive disclosure. This will incur more FTE hours.</p>	HUD

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	<p>HUD's Office of the Government National Mortgage Association and Office of the Chief Financial Officer Office of Accounting agree that the proposed standards provide adequate guidance on how management should present information. Both offices believe the language is adequately specific about both financial and non-financial, as well as qualitative and quantitative information and graphics. HUD's Office of the Federal Housing Administration partially agrees, but states that additional flexibility in presenting financial and non-financial information will allow more useful information to be presented and easier to understand.</p>	HUD

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
Agree	HUD's Offices of the Government National Mortgage Association, Federal Housing Administration, and Office of the Chief Financial Officer Office of Accounting all agree that the proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in the MD&A. These offices agree that the language clearly and specifically outlines what to include in the MD&A.	HUD

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	<p>HUD's Office of the Chief Financial Officer Office of Accounting agrees with the alternative views stated in A47-A55. There is no significant difference between the current standard and the ED that warrants a complete rescinding of the previous standard. Rescinding a standard would give the impression that there is a major change that needs to be interpreted and implemented. In addition, it is not clearly apparent that this update will reduce preparer costs and burden. Many of the areas previously included in the department's MD&A will still be required based on the nature, relevance and importance to the overall financial position, condition, and results.</p> <p>HUD's Office of the Government National Mortgage Association (GNMA) partially agrees with the alternative views of Ms. Johnson and Mr. McNamee. GNMA agrees that (1) there are no significant differences between the required contents and characteristics of the MD&A under the exposure draft (ED) and under SFFAS 15. (2) The current MD&As are generally comprehensive and understandable and that any duplicative or unclear MD&A text may result from limited staff resources or knowledge. We agree that amending or rescinding SFFAS 15 may not address any concerns with clarity or redundancy of MD&As. (3) GNMA agrees with Ms.</p>	HUD

Response	Rationale	Organization Name
	<p>Johnson and Mr. McNamee that since the ED imposes the same requirements on all entities regardless of entity size it misses an opportunity to explore “tiered” reporting in the federal environment. While the boards believes that “the improvements include reducing preparer burden and adopting broad principle-based guidance to assist agencies in presenting a balanced, concise, integrated, and understandable MD&A”, GNMA believes that the proposal will increase preparer costs and burden, at least initially, as discussed in Q2 above.</p> <p>HUD’s Office of the Federal Housing Administration (FHA) agrees with the alternative views on both the need of this Statement and the tiered reporting approach. However, FHA does not see major differences between the existing SFFAS15 and the ED, thus does not understand the rationale for the rescinding and the replacing of SFFAS15. FHA agrees that neither SFFAS 15 nor ED adequately address tiered reporting. The absence of a comprehensive approach to tiered reporting may lead to challenges in addressing the varying needs and complexities faced by different entities. A tiered approach to reporting the MD&A would reduce the reporting burden on smaller agencies and could result in a reduction in preparer costs and burden for smaller agencies, which have fewer available resources than larger agencies.</p>	

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
<p>HUD’s Office of the Federal Housing Administration states that for the MD&A to present balanced, concise, integrated, and understandable information, the focus should be to eliminate redundant and repetitive information. If the goal of the ED is to reduce preparer costs and burden, then the ED does not achieve that goal. It also will not result in a reduction in duplicative language. To reduce duplicative language, the standard would need to include language stating that if required information is presented elsewhere outside of the MD&A, agencies may reference the location of that information rather than repeating it in the MD&A.</p>	HUD

#3 - National Labor Relations Board (NLRB)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (User)	NLRB	Ava	Lun	ava.lun@nlrb.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
Agree	The Exposure Draft is well structured in how information should be presented in the MD&A and what information should be included in the MD&A. The ED emphasized that only the vital few matters are required.	NLRB

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	The requirements in SFFAS 15 and the Exposure Draft are not that much different and would not have that much of an impact on cost. Like the Exposure Draft, SFFAS 15 requires "MD&A should provide a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition. MD&A should provide a balanced presentation that includes both positive and negative information about these	NLRB

Response	Rationale	Organization Name
	topics”. The only requirement difference between the two documents is the need for integration required in the Exposure Draft.	

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	Incorporating the clarifications in Appendix A18 – A21 would help the preparer have a better understanding of how information should be presented as required in paragraph 8 – 11.	NLRB

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
Agree	The proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in MD&A. Paragraphs 12 -13 were specific enough on the type of information required in MD&A.	NLRB

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	Agree with A.47; A.48; A.55 - MD&A project has been worthwhile. We agree that the contents and characteristics of the MD&A as specified in SFFAS 15 remain appropriate more than 20 years after it was written. There are no significant differences between the required contents and characteristics of the MD&A under the ED and under SFFAS 15 as both require information the same information. Disagree with A54 – Disagree with tiered reporting proposal as that may cause some confusion on the guidance for the information being reported. It would be beneficial if the MD&A was only required for the CFO Act entities or entities that are significant at the governmentwide level as that would reduce the reporting burden for smaller and component entities that may have limited resources.	NLRB

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
None	National Labor Relations Board

#4 - Department of Homeland Security (DHS)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	DHS	Barbara	Vetter	barbara.vetter@hq.dhs.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	DHS agrees with MD&A being balanced, integrated, and understandable. DHS agrees with the detail set of standards to guide management in how to present MD&A so that it is consistent throughout the government. However, some of the words used in the exposure draft are subjective such as concise, few, and vital.	DHS

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
Partially agree	Since the existing standard has been in effect since FY2000, there is a potential for an initial increase in cost and burden as the MD&A is revised to meet the new standard. Once DHS has prepared the new MD&A for a few fiscal years, DHS may have costs and burden reduced. However, it is difficult to predict since there may not be a significant difference between the required contents and characteristics of MD&A under the current requirements and the exposure draft.	DHS

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	DHS agrees with the Board on proposing a detail set of standards to guide management in how to present MD&A for consistency throughout the government. DHS agrees with the proposal of directing the reader to other areas of the general purpose federal financial reports (GPFFR) and indicating the availability of additional information in other documents. DHS is concerned that the identification of users of the GPFFR as citizens, Congress, executives, and program managers is so broad that preparers will struggle between being concise and sufficiently explaining concepts for someone who may not have an extensive knowledge of the U.S. Government.	DHS

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
Agree	DHS recommends that FASAB incorporate some of the footnote language into the bullets in paragraph 12. For example, using performance accomplishments and performance challenges instead of performance results with a footnote statement that these results refer to both performance accomplishments and performance challenges. DHS recommends using an overarching statement about management using judgement instead of repeating that statement in footnotes. DHS recommends adding clarification such as "as currently required" to paragraph 12.b.ii.2, "other relevant required supplementary information." With the clarification, the footnote could be deleted.	DHS

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
Disagree	DHS supports the Board's decision to rescind and replace rather than to amend. By replacing the existing standard, FASAB will be able to present the revised requirements in one standard.	DHS

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
DHS is concerned that the audit community may push back against agencies' changes in their MD&A and be resistant to the possible reduction of information presented in the MD&A.	DHS

#5 - Department of Health and Human Services (HHS)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	HHS	Carla	Mewborn	carla.mewborn@hhs.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	HHS partially agrees with the proposed amendments to SFFAS 15. HHS believes these updates are beneficial but not significant enough to issue a new standard and would recommend making these amendments to SFFAS 15 and/or leveraging OMB A-136, Financial Reporting Requirements.	HHS

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
Partially agree	HHS agrees with the alternative view that this new standard may require additional efforts and potentially increase the length of the MD&A rather than shorten. This was not the original intent of the MD&A project.	HHS

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
Agree	HHS generally agrees that the proposed standards in paragraphs 8-11 may provide adequate guidance, as long as these requirements align with OMB Circular A-136 updates.	HHS

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	HHS partially agrees that the proposed standards in paragraphs 12-13 may provide adequate guidance, as long as these requirements align with OMB Circular A-136 updates and do not cause duplicative narratives/language.	HHS

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
Agree	HHS agrees with the alternative views since most of the requirements under the new proposal and SFFAS 15 appear to be quite similar. While HHS believes that continuous improvements/enhancements should be sought, the current SFFAS 15 requirements appear clear and concise (i.e., Board's alternative opinion).	HHS

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
HHS has no additional comments/concerns.	HHS

#6 - USDA Farm Production and Conservation (FPAC)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	FPAC	Colin	Humphrey	colin.humphrey@gmail.com

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
Agree		FPAC

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
Agree		FPAC

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

Agree		FPAC
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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	I do have some concern about the possible impact of financial and budgetary impacts of significant risks. I know this is an unaudited part of the AFR but I also see issues with these sort of projections. For example, I think that for USDA the risk associated with climate change will impact financial statements for many of the agencies. Projecting dollars to such broad based risk would present a challenge to create but would also be subject to large swings. This sort of information would have to be heavily qualified to the point where it may not be meaningful in assessing future risks. Also, how would you provide risks associated with the political process. For example, if a party wanted to eliminate an executive branch agency. The outcome would depend upon the political climate, whether law makers would in fact go through with these proposals etc. It would be very difficult to quantify these types of risk in an MD&A document and be meaningful for a reader to fully understand. This is difficult question to answer. Potentially there will be less uniformity between financial statements between or even within agencies. Although I feel the principals are sound it may be more difficult to ensure consistency between financial statements in the future.	FPAC

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	I do not think that one can argue the merits of a principals-based MD&A. The real issue is going to be consistency and comparability of financial reports for different entities. I agree with the alternative views. Many of the issues that were addressed in the alternative views are valid. The bottom line is that this does not fundamentally change the requirements of the MD&A. I do not however agree that this standard should not apply to all federal agencies based on their size. I think that comparability between agencies is important. Many of the overall risk are shared across many agencies. Climate change could impact the Department of Agriculture, FEMA, HHS and others. This comparability would allow readers concerned about such issues to get a better overall understanding of common risks among agencies.	FPAC

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
I think that in the first few years of the implementation of this new standard there will be some major changes to the MD&A for some federal agencies. As agencies become more experienced with this change I am sure that there will be at least some standardization that will emerge in the future. I think it would be worthwhile to update this standard when best practices emerge.	FPAC

#7 – DOJ (combined responses) (DOJ)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	DOJ (combined responses)	Corvada	Washington	Corvada.Washington@usdoj.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
Agree	DOJ has reviewed the proposed standards and confirmed that they contain adequate information for agencies to cover essential topics consistently. Moreover, the standards offer enough flexibility to customize the discussion to an agency's specific risks, transactions, events, etc. The proposed topics align with the areas covered in the Department's current MD&A for FY 2023. Implementing these standards will make the MD&A more beneficial for the end-user.	DOJ

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
Partially agree	DOJ does not anticipate a significant decrease in the effort required to develop and report the MD&A topics, but reporting redundant information may be reduced.	DOJ

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
Agree	Agree. DOJ believes that the guidance provided in paragraphs 8 through 11 is sufficient for presenting the MD&A more beneficially for the end user.	DOJ

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
Agree	Agree. DOJ believes that paragraphs 12 and 13 provide adequate guidance for topics to be included in the MD&A, making it more informative.	DOJ

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	First concern (Paragraphs A48-A49, A55) - DOJ agrees with Ms. Johnson's first concern. The Department believes that the ED does not introduce enough new concepts to warrant the replacement of SFFAS 15. Instead, it suggests amending SFFAS 15. Second concern (Paragraphs A50-A51) - DOJ disagrees with the second concern expressed. The Department doesn't think the ED would result in a more labor-intensive process in the short or near term. Even if it causes some agencies to take time to review the standard and reflect on their current MD&A, the Department believes it would be beneficial. The proposed ED does not differ significantly from SFFAS 15 to cause a heavy burden. Third concern (Paragraphs A52-A53) - DOJ agrees with the third concern. It believes that the unclear text in MD&As results more from a lack of understanding or resources than SFFAS 15's guidance. Fourth concern (Paragraph A54) - DOJ disagrees with the fourth concern expressed. The guidance proposed in the ED is broad enough for government entities to determine the level of brevity of their MD&A. While removing the requirement to produce an MD&A for entities below a certain size/significance level would reduce the burden of preparation, the MD&A has value for users of the financial reports, as noted in A11-ii of Appendix A.	DOJ

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
DOJ believes that consolidating SFFAC 3 and SFFAS 15 is the most significant benefit provided by this ED. The Department does not anticipate this will materially change the way our agency prepares the MD&A or the content contained in the MD&A. The Department believes the success in reducing the length of the entities' MD&A noted in Appendix A was more the result of FASAB staff working directly with agencies and providing guidance to agency staff, as suggested by Ms. Johnson in paragraph A52, and that the impact could likely be replicated through FASAB reach-out and training as well as by sharing the results of the pilot (agency MD&As before and after the pilot to use as guides) without the need for an entirely new standard. The Department believes there is value in the guidance provided by the ED but agrees with Ms. Johnson that the changes could be made as amendments to SFFAS 15 instead of a brand-new standard.	DOJ (combined responses)

#8 – Department of Interior (Interior)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	Interior	DaCari	Graham	dacari_graham@ios.doi.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
Agree	<p>Office of the Secretary (OS)- Agree: Consolidating both the form and content in a conceptual way will make formulating and presenting the MD&A much easier and much clearer for the reader.</p> <p>Indian Affairs (IA)- Agree: This gives the agencies more flexibility.</p> <p>Bureau of Ocean Energy Management (BOEM)/Bureau of Safety and Environmental Enforcement (BSEE)- Agree: Outlining what is required in the MD&A in one standard is helpful and more concise, while giving agencies the discretion to identify the MD&A sections titles and content.</p> <p>Bureau of Reclamation (Reclamation)- Agree: The footnotes provide additional clarity.</p> <p>National Park Service (NPS)- Partially agree: While the ED provides guidance, the guidance appears to be very prescriptive in detailing what information should be included (Paragraph 12) and seems to conflict with Footnote 3 that states a principled-based approach refers to relying on high-level, broadly stated principles rather than detailed, prescriptive rules. Paragraph 12 should</p>	Interior

	reiterate "emphasizing the vital few matters", which could be overlooked from where it is placed in 9.a.	
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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
Partially agree	<p>OS-Agree: Limiting the source of guidance to one standard will reduce the burden by reducing the time needed to research what information should be reported and how it should be reported. Further, streamlining the information to be presented reduces duplication and the extra effort spent on producing that duplicative information.</p> <p>BLM - Partially Agree: In the long run it would reduce preparer cost and burden but could potentially increase costs initially to interpret and implement standard with the requirement changes and it is unknown at this time if additional resources would be needed. IA-Agree: this will result in less time researching issues.</p> <p>US Geological Survey (USGS) - Partially agree: implementing a new standard will initially increase the cost and burden.</p> <p>NPS - Disagree: initialization will not be a cost neutral effort. Costs will decrease over time from the initial inception, but not likely go below what we are currently expending. Additionally, an expanded checklist will increase reporting burden (Para 12 and 13). Resources (time and labor) are limited from when the financial statements are "final" and when the MD&A is prepared and finalized given the concurrent nature of these activities. Prescribing the analysis requirements does not reduce cost or burden.</p> <p>BOEM/BSEE - Partially agree: initially the cost/burden might be more and not reduced, but in time might become less of a cost/burden. Any updated or new guidance takes resources to review and implement.</p> <p>Office of Surface Mining Reclamation and Enforcement (OSMRE)- Agree: reduction of duplication.</p> <p>Reclamation- Partially agree. Preparer burden (and costs) will initially be increased temporarily due to interpreting and implementing the new statement.</p>	Interior

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
Agree	<p>OS- Agree: the guidance provided in 8-11 is general enough to be useful to the wide array of agencies, missions and needs; but it is also specific enough to be actionable by those responsible for financial reporting. Previous guidance was at too deep a level to be fully understood by the general public. The updated guidance strikes the right balance.</p> <p>BLM- Agree IA- Agree: paragraphs 8-11 provide sufficient guidance.</p> <p>USGS- Agree</p> <p>NPS- Agree: this is explained adequately in the ED and further justifications would be listed in other sections. Clarification of Footnote 7 is recommended, i.e., what explanation is anticipated - is it the difference between the types of information, e.g., "audited" and "unaudited" or something else?</p> <p>BOEM/BSEE- Agree: paragraphs 8-11 provide adequate guidance as to what should be included. Combining related data and referencing where more information can be found related to the data/information gives the reader the opportunity to delve in more or not.</p> <p>OSMRE- Agree: summarizing and simplifying data being presented will enhance the understanding of the MD&A. Reclamation- Agree</p>	Interior

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
Agree	<p>OS- Agree: While not providing the specific wording, this guidance provides a pretty complete list of the topics the Board wants to see included in a high-quality MD&A discussion. Reclamation- Agree: The footnotes provide additional clarifying information.</p> <p>OSMRE- Agree</p> <p>BOEM/BSEE- Agree: paragraphs 12-13 adequately outline what needs to be included in the MD&A.</p> <p>NPS- Agree: this is explained adequately in the ED and further justifications would be listed in other sections. Please clarify Footnote 8 that references "heritage assets" as RSI (perhaps this pertains to the Deferred Maintenance and Repairs for heritage assets or to the estimated Stewardship Land acres). Also, Heritage assets are reported as Basic per SFFAS No. 29). Item 12.c. "Key performance results and the associated costs" - it may be difficult to isolate specific costs to the performance results as costs may be shared across multiple activities. Observation of Footnote 12 content: as the financial reports are generally prepared at the end of the reporting period, "actions the reporting entity expects to execute during the current reporting period" would have already occurred, wouldn't they? Is it necessary to report on short-term plans? In Paragraph 13, Is there justification for including "contracts and grant agreements" as separately listed items? Aren't these covered under applicable laws and regulations?</p> <p>USGS- Agree IA- Agree: paragraphs 12-13adequately explains the requirements for what should be included in the MD&A.</p> <p>BLM- Agree</p>	Department of the Interior

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	<p>OS- Partially agree: We can see FASABs point of view. Disagree that this isn't a big change to the requirements for MD&A and that the new standard, if adopted, wouldn't simplify things for the readers. We believe it would simplify things quite a bit and think that those in the alternative are looking at the existing MD&A from an accountant's point of view. To us, things may not have changed much. But words matter, and to someone without a decent understanding of accounting and FM principles, things could be misunderstood or just missed entirely.</p> <p>BLM- Agree IA- Agrees</p> <p>USGS- Agree: with paragraph A50 and A51. The initial implementation will be more of a burden on the preparers in the near term and possibly beyond. Agree with paragraph A54. A tiered reporting requirement makes fiscal sense and will reduce burdens on smaller agencies.</p> <p>NPS- Partially Agree: Although SFFAS 15 and the ED are similar in nature, there would likely be an increase in initialization costs. Agree with Paragraph A.51 that the ED contains more prescriptive requirements than SFFAS 15 that will have the effect of lengthening the checklists used by preparers and auditors. As far as tiered reporting, size may not be the best determination of whether an MD&A should be prepared; however, expecting all requirements of SFFAS 15 to be met may be too stringent and not the best use of resources.</p> <p>BOEM/BSEE- Partially agree: one standard is helpful and more concise. There is cost and burden having to refer to several standards and other guidance, i.e., OMB-136, in order to fulfill the requirement(s).</p> <p>Reclamation- Partially agree. While SFFAS 15 and the ED do not have significant differences, the ED seems to provide more clarity. For example, the new SFFAS specifies the entity may provide the availability of additional information instead of reiterating the information in the MD&A (e.g., GPRA). Only partially agree with A50 and the potential to “..make the preparation process more labor-intensive, at least in the near term, as preparers transition to a new Statement and together with their auditors interpret new guidance”. As with any new or updated guidance, the preparer burden will most likely increase</p>	Interior

Response	Rationale	Organization Name
	<p>temporarily as the guidance is studied and implemented. Ms. Johnson and Mr. McNamee bring up a valid point regarding imposing the same requirements on all entities regardless of size. Reclamation defers to the smaller entities but thinks tiered reporting may be beneficial.</p> <p>OSMRE- Partially agree: although the ED and SFFAS 15 are similar in nature, the ED contains more descriptive requirements.</p>	

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
NPS- Footnote 6 seems a bit premature, "...given that the relevant content from SFFAC 3 has been adapted in this proposal.." especially as the proposal of rescinding and replacing SFFAS 15 has not been agreed to as of the issuance of the ED. November 27, 2023 is the due date for the Omnibus ED and December 7, 2023 is the due date for the MD&A ED. If there is a presumption that the MD&A proposed new Standard is adopted, perhaps seeking respondent feedback is unnecessary.	Interior

#9 - Virginia Society of CPAs

Organization Type	Organization Name	First name	Last name	Email
Nonprofit organization/foundation	Virginia Society of CPAs	Emily	Walker	ewalker@vscpa.com

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
Agree	We believe the proposal achieves the Board's objectives to provide a principle-based approach which merges and updates relevant content from SFFAC 3 and SFFAS 15 and is consistent with FASAB's reporting objectives for budgetary integrity, operating performance, stewardship, and systems and controls.	Virginia Society of CPAs

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
Partially agree	As with any new standard, there will be some costs of the initial implementation to understand sufficiently the new standard, the amendments to SFFAC 2, and the rescission of SFFAC 3. Please note that we are assuming that the proposed OMNIBUS CONCEPTS AMENDMENTS, AMENDING SFFAC 2 WITH NOTE DISCLOSURES AND MD&A CONCEPTS AND RESCINDING SFFAC 3, is approved as proposed. There will be a return of these initial start-up costs with the streamlining and consistency of the more precise principle-based requirements.	Virginia Society of CPAs

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	<ul style="list-style-type: none"> • Paragraph 9(c) indicating the availability of additional information, such as from other audited documents or unaudited federal government documents. The inclusion of paragraph 9 (c) can be misleading or unintentionally imply audit level assurance (reasonable, limited, or otherwise) by incorporating by reference “unaudited federal government documents.” This is similar to the previous issue of including in the MD&A the Government Performance and Results Modernization Act (GPRAMA) reporting, which might contain inconsistent content with respect to the timing, definitions, and context. It would be more prudent only to incorporate by reference audited information, and, to the extent possible, provide a high-level summary of the most relevant audited information directly in the MD&A. If the information is that relevant, users of the GPFFR should not have to surf across multiple websites to locate the data. Also, merely identifying the information as ‘unaudited’ in the MD&A would not generally mitigate the risk of mis-reliance by users. • Paragraph 11 To achieve an understandable MD&A, management should present content in plain language, organize information by related content, and, as appropriate, include charts, tables, graphs, or any combination thereof to enhance the understanding of the MD&A for those who may not have an extensive knowledge of U.S. government operations nor an extensive financial or accounting background. It would be better to define the knowledge level expected of the users, e.g., reasonable understanding of Federal Government activities and is willing to study the information with reasonable diligence. 	Virginia Society of CPAs

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	MD&A should provide management's summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems, the reporting entity's compliance with applicable laws, regulations, contracts, and grant internal control weaknesses, systems deficiencies, and instances of non-compliance that have a significant effect on the reporting entity's financial and performance. It would be better to reference the specific Internal control framework in place, operating and under evaluation. That is, Standards for Internal Control in the Federal Government, (the "Green Book"), which sets the standards for an effective internal control system for federal agencies. This language is preferable to other language we have seen in agency GPFFR, such as the GAO requires entities to assess whether their agency's internal controls support five components and seventeen principles of internal control.	Virginia Society of CPAs

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	First • The issuance of the new standard is more practical since several SFFC have been revised, and the new standard is more principles-based and can more readily address subsequent changes in the financial, operating, legal or regulatory environments. • The use of the word integrated is appropriate. Second The proposal is streamlining, consolidating, and clarifying existing guidance. This is sufficiently explained in the proposal and is not confusing or burdensome. Third Our experience is that clarifying and streamlining the requirements will improve the process and require less staff time in the medium term. Fourth We don't see any significant benefit from creating a tiered approach based on size. The more relevant differences may relate to the complexity or the significance of any agency's objectives to the public at a certain time. In any event, this should be addressed after the results of the implementation are reviewed. First • The issuance of the new standard is more practical since several SFFC have been revised, and the new standard is more principles-based and can more readily address subsequent changes in the financial, operating, legal or	Virginia Society of CPAs

Response	Rationale	Organization Name
	regulatory environments. • The use of the word integrated is appropriate. Second The proposal is streamlining, consolidating, and clarifying existing guidance. This is sufficiently explained in the proposal and is not confusing or burdensome. Third Our experience is that clarifying and streamlining the requirements will improve the process and require less staff time in the medium term. Fourth We don't see any significant benefit from creating a tiered approach based on size. The more relevant differences may relate to the complexity or the significance of any agency's objectives to the public at a certain time. In any event, this should be addressed after the results of the implementation are reviewed.	

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
We have no other comments at this time.	Virginia Society of CPAs

#10 - Social Security Administration (SSA)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	SSA	Jeff	Broglie	jeffrey.broglie@ssa.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
Agree	SSA agrees that the proposed standards will provide sufficient guidance to prepare the required MD&A in our AFR. This proposed standard uses a broader and more principle-based approach that we believe will allow agencies to tailor their AFR to those agencies' specific circumstances and mission to meet the needs of their readers and stakeholders. We appreciate that the proposed standards continue to give management discretion on what is included in the MD&A.	SSA

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
Partially agree	SSA is uncertain whether these changes will reduce the cost or burden related to the preparation of our MD&A, as our reporting processes for this section of the AFR have been established. If we eliminate certain areas of the MD&A as a result, it could provide some cost and burden reduction; however, there will still be the overall MD&A guidance that will need to be reviewed and adopted. Thus, the elimination of some requirements could reduce burdens, but the imposition of others may increase them in a non-offsetting manner. Also, there may be significant short-term burdens upon implementation when agencies analyze their financial reporting processes as a result of this forthcoming standard and later work with their financial statement auditors on its implementation. In addition, including some of the cost and/or budgetary information may impose a burden at first as agencies work through how to provide that information.	SSA

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
Agree	SSA agrees. The use of broad, principle-based guidance is adequate for management to determine how to present MD&A information. We believe it's better to have broad principle-based guidance to allow agencies to tailor their MD&A to their unique mission, goals, structures, operating environment, etc., and to meet the needs of the users of that particular agency's AFR.	SSA

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
Agree	SSA agrees these paragraphs are sufficient. They appear to track many of the requirements of SFFAC 3 and SFFAS 15. SFFAC 3 was much more in-depth, perhaps overly so. This proposed standard uses a broader principle-based approach, but	SSA

	we believe the way it's written still captures the intent behind an informative MD&A, while still providing flexibility.	
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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
Agree	SSA agrees with the alternative view that rescission of SFFAS 15 may not be necessary since the overall changes to the MD&A guidance in the ED do not significantly deviate from the existing standard. We also agree that the perception of significant changes resulting from the ED may also result from the fact that the ED does not state explicitly that it leaves the contents and characteristics of the MD&A largely unchanged, which could make the preparation process more labor-intensive, as preparers transition to interpretation and implementation of a “new” standard. However, if the goal is to remove barriers to agencies’ ability to structure their MD&A in ways that avoid segregating information, as seems to be the concern with SFFAS 15, then the proposed standards are probably needed to avoid potential issues with financial statement auditors.	SSA

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
SSA has no other comments.	SSA

#11 Department of Energy (Energy)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	Energy	Jeffrey	Carr	jeffrey.carr@hq.doe.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
Agree	OMB examiners have typically questioned the ability of DOE to present performance and priorities of the Department with a forward-looking view of programs. This challenges us to provide a balanced MD&A while recognizing that some information may be pre-decisional.	Energy

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
Partially agree	Until we go through a year of preparing the MD&A under the new standard and seeing if OMB will approve/clear a more concise /limited MD&A, we can't be certain if there will be reduced costs/burdens. It also might take some time before and reduced costs/burden would be realized.	Energy

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	Trends and any forward-looking information could cause clearance delays from OMB during the short turnaround AFR timeframe.	Energy

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	The guidance is adequate, but DOE is concerned about trends and judgment of priorities. DOE is limited in ability to discuss the plans/future activities. Trends and any forward-looking information could cause clearance delays from OMB during the short turnaround AFR timeframe.	Energy

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
Agree	The new proposed standard is not that different than what was previously covered by SFFAC 3 and SFFAS15. Agency savings, if realized, may vary agency to agency. Much smaller agencies may not need to have as an extensive of an MD&A as cabinet level agencies so a tier reporting may make sense. Finally, it does seem that the minimal actual changes for MD&A could possibly be made just as well by amending SFFAS15 rather than rescinding it and replacing with a new standard.	Energy

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
We have concerns that OMB may not be agreeable with forward looking information or trends in information in the AFR and the short AFR “clearance” timeframe and process in the new/revised standard.	Energy

#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?

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

	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

#13 - Department of Defense (DoD)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	DoD	Kim	Laurance	kim.r.laurance.civ@mail.mil

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
Agree	DoD agrees combining the Statement of Federal Financial Accounting Concepts (SFFAC) 3 (how to report information) and Statement of Federal Financial Accounting Standards (SFFAS) 15 (what information to report), which allows MD&A preparers to save time by referring to one standard, instead of two. The consolidated standard helps the preparers to have a clearer understanding of MD&A requirements.	DoD

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
Agree	DoD agrees the exposure draft provides preparers with a more effective MD&A preparation while potentially reducing the time and cost associated with the reporting process. It may require additional resources or time for individual agencies to update internal financial guidance based on the new SFFAS.	DoD

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
Agree	DoD doesn't believe anything was missed regarding "how" management should present information in MD&A. Proposed instructions are clear and identifies the proper requirements.	DoD

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
Agree	DoD doesn't believe anything was missed regarding "what" information management should include in MD&A. Proposed instructions are clear and identifies the proper requirements.	DoD

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
Disagree	DoD doesn't support the proposed tiered approach for development of the MD&A as discussed in the two Alternative Opinions contained in the Exposure Draft. The guidance is not very clear or definitive on which agencies must present a MD&A section in the AFR. Smaller agencies may be confused on their requirements of completing the MD&A section.	DoD

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
DoD doesn't have any additional comments or concerns for this Exposure Draft.	DoD

#14 – Dept of Commerce (Commerce)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	Commerce	Kristin	Salzer	ksalzer@doc.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
Agree	The paragraphs clearly lay out what is expected of agencies to provide in their MD&A portions of the AFR.	Commerce

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
Partially agree	The required elements of the MD&A are nearly identical to what the Department of Commerce is already providing. Therefore, the level of effort to prepare the Department's MD&A will remain similar. For other agencies who provide a great deal of information that is not required, they may see a decrease if they choose to remove the unnecessary information.	Commerce

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
Disagree	Paragraph 9 (item b) - this is a very vague bullet. What does this mean? What is the relevant detailed information from other areas of the GPFFR? It doesn't provide useful guidance to the preparer without doing significant additional research. Paragraph 8 - This includes a wide potential area of trends/information. It could potentially result in increasing the financial analysis and associated burden on agencies. Some additional guidance and clarification should be added to this paragraph.	Dept of Commerce

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 12: Item C - what is meant by associated costs related to key performance results? This should be clarified. Is this Costs by Strategic Goal or costs associated with tracking and identifying performance results? Paragraph 12: Item D/E: Additional burden is placed on agencies by requiring that the potential effect on financial and budgetary results of carrying out risk mitigation and opportunities to enhance performance be included. If this is included, how will agencies show that this was estimated? There is an additional workload and burden involved.	Commerce

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	<p>Ms. Johnson makes several good points: -Upon DOC's review of the exposure draft, we agree that the ED is not extensively changing the MD&A requirements, but could potentially place additional burden on preparers.</p> <p>-Agree that the ED misses an opportunity for tiered reporting. (Why are smaller agencies or sub-components of agencies choosing to prepare a PAR or AFR spending the same amount of time and resources on MD&A as CFO Act agencies and Departments)? With smaller staffs, this is a larger burden for smaller agencies. - Agree that this could result in additional and more complex review procedures as part of the financial statement audit process.</p>	Commerce

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.	Commerce

#15 – EPA

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	EPA, OCFO	Christopher	Osborne	osborne.christopher@epa.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	The standards included provide only a broad stroke of the requirements for the MD&A to meet the needs. By setting standards at the broad stroke, it is difficult for the agency to assess the depth that is required to comply. Much of the information is left to agency discretion, which could lead to varying interpretations by either OMB in their reviews or OIG.	EPA, OCFO

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
Partially agree	Much of the information provided in the MD&A by the agencies tends to be factual information that is provided to allow regular citizens to understand the mission and actions of the agency. With the Board’s desire to include more performance-oriented data in the MD&A, EPA would suggest linking its Annual Performance Report to the MD&A. This can be done by including a link to the performance data once it is made available. This information is	EPA, OCFO

	available in February annually.	
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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	The guidance is broad and generic and gives agencies a lot of latitude on what details should be included in the MD&A. Much is open to interpretation, by agency leadership, and the tendency is for leadership to provide significant context to events, which could increase the level of information that is included. More clarity is needed, or examples provided, as to what are significant events, performance results, and risks. The use of the term “financial condition” requires more context as to what information the Board wants regarding financial condition.	EPA, OCFO

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	The guidance is again too broad to be able to determine what must be incorporated into the MD&A. The term significant is used multiple times but does not adequately define for agencies what should be reported. As performance data is not available until February of the following fiscal year, we recommend linking the performance results to the MD&A through a web link when the data is available.	EPA, OCFO

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
Agree	In general, we see that Agencies' MD&As are becoming longer and harder to read for the general public. We agree with the alternative views that the new standards could make the compilation of the information more burdensome with its more prescriptive requirements.	EPA, OCFO

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
None at this time. Thank you.	EPA, OCFO

#16 - Greater Wash Soc of CPAs (GWSCPA)

Organization Type	Organization Name	First name	Last name	Email
Association/industry organization	GWSCPA	Sherif	Ettefa	settefa@kpmg.com

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
Agree	The Federal Issues and Standards Committee (FISC) believes the proposed standards provide useful guidance to Federal reporting entities for preparing MD&A information that meets the needs of the Federal financial reports' users.	GWSCPA

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
Partially agree	The FISC believes that the proposed standards provide the preparers of financial reports with the guidance needed to review the content of their MD&A and identify opportunities to streamline the information presented and reduce redundancy.	GWSCPA

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
Agree	The FISC agrees the proposed standards provide useful principle-based guidance on how management should present information in the MD&A.	GWSCPA

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
Agree	The FISC agrees the proposed standards provide useful principle-based guidance on what information management should include in the MD&A.	GWSCPA

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	The FISC agrees that there are no significant changes between the proposed standards and SFFAS No. 15, Management's Discussions and Analysis. The FISC also agrees on the alternative view of tiered reporting for the reasons stated in the ED.	GWSCPA

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
<p>The FISC provides the following additional comments: - Paragraph A15.b states “[...] the Board intends that the proposed standards will provide the effective integration of costs and performance results to provide a more complete picture of a reporting entity’s operating and financial performance”. To emphasize the Board’s view on integrating costs and performance results information, the FISC recommends the following edit to paragraph 10 (Proposed language revisions have been provided with added text underscored): “To achieve an integrated MD&A, management should combine financial and nonfinancial information and qualitative and quantitative information to present a comprehensive and unified discussion and analysis, such as linking costs and performance results.” - The FISC recommends that the Board consider working with the Accounting and Auditing Policy Committee on developing illustrative examples of MD&A content to be used by Federal agencies. ***** The responses were reviewed by the members of FISC, and represent the consensus views of our members.</p>	<p>GWSCPA</p>

#17 - Department of the Treasury (Treasury)

Organization Type	Organization Name	First name	Last name	Email
Federal entity (Preparer)	Treasury	Shawn	Mickey	Shawn.Mickey@treasury.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
Agree	The Department of the Treasury agrees the proposed set of standards will consolidate SFFAC No. 3 and replace the current SFFAS No. 15 into one authoritative standard.	Treasury

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
Partially agree	The Department of the Treasury partially agrees with Ms. Johnson's alternative view in paragraph A51. We anticipate that changes in the checklists used by preparers and auditors will lead to an increase in length, posing an additional burden during the transition to the updated standard. Nevertheless, we expect that in the long run, this adjustment will streamline the process of adhering to authoritative standards and assist in alleviating internal training burdens associated with researching and implementing standards.	Treasury

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
Agree	The Department of the Treasury agrees the proposed standards in paragraphs 8-11 provide adequate guidance on how management should present information in MD&A as it will provide streamlined information for preparers of the MD&A.	Treasury

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
Agree	The Department of the Treasury agrees the proposed standards in paragraphs 12-13 provide adequate guidance on what information management should include in MD&A as it will provide streamlined information for preparers of the MD&A.	Treasury

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	The Department of the Treasury partially agrees with Ms. Johnson's alternative view in paragraph A51. We anticipate that changes in the checklists used by preparers and auditors will lead to an increase in length, posing an additional burden during the transition to the updated standard. Nevertheless, we expect that in the long run, this	Treasury

	adjustment will streamline the process of adhering to authoritative standards and assist in alleviating internal training burdens associated with researching and implementing standards.	
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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
<p>The Department of the Treasury has a concern about rescinding, rather than revising, SFFAS No. 15 that relates to footnote 6, on page 9. The footnote reminds us that a SFFAC can only be rescinded by another SFFAC; meaning that the issuance of a new SFFAS for MD&A cannot rescind SFFAC No. 3. Given that there may be more than a full fiscal year lapse in the rescission of SFFAC No. 3 and the implementation of a new SFFAS for MD&A the concern is that there is no guidance in the exposure draft for this interim period. The exposure draft mentions repeatedly that SFFAC No. 3 may be rescinded, and the relevant portions will be incorporated into the new SFFAS for MD&A. However, the rescission of SFFAC No. 3 is dependent upon the implementation of the Omnibus Concepts Amendments that is currently in process. Without guidance for any interim period a new SFFAS for MD&A could likely lead to the complications that have been expressed in the Alternative View of Ms. Johnson and Mr. McNamee. While the acceptance and implementation of the Omnibus Concepts Amendments may be inevitable, at this point these are not final amendments and nothing in the MD&A Exposure Draft considers the timing required or consequences of the status of the Omnibus Concepts Amendment when a new SFFAS for MD&A is issued.</p>	Treasury

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

	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?

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

#19 - NASA

Organization Type	Organization Name	First name	Last name	Email
Federal entity (User)	NASA OCFO	Laurese	Hale	Laurese.H.Hale@nasa.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	NASA have 3 different responses: Partially agree, some of the suggested information is presently being submitted in the MD&A. #8 should be clearer as to whether the information is for a positive or negative effect on financial position or both? Also, the #10, please be specific on the type of qualitative information is being requested. Disagree. We agree with the Alternative View of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new terms, we do not agree that the new standards would significantly impact our MD&A. We're seeking clarification. In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful. However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR. If they have examples from these pilot agencies or others, please ask for those as well.	NASA OCFO

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
Partially agree	NASA has 3 different responses: Partially agree, the proposed standards will still take time to prepare and review to ensure compliance, not sure of costs reduction. Disagree. While there are a few new terms, we do not agree that the new standards would significantly impact preparation our MD&A. We agree with the Alternative View provided in ¶A53 that additional staff training and guidance provided to the pilot agencies may have been a substantial benefactor to the streamlined MD&A and should be pursued prior to rescinding and replacing SFFAS 15. If performance reporting is removed/significantly cut from the AFR, burden will be saved and the information will not be duplicated and published in two places. The performance reporting within the AFR is preliminary anyway, and the Annual Performance Report that is published each Spring, includes comprehensive results from the fiscal year.	NASA OCFO

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	NASA has 3 different responses: Partially agree, the information is not totally clear in all respects; there are presently charts and various graphs in the AFR for all aspects to explain to the public. Not sure what's being requested, please specify current charts/graphs/tables that should change based on this proposal. Disagree. We agree with the alternative view of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current SFFAS 15. For example, the new language in ¶11 for "plain language" is an overall publication requirement for all federal government and is not simply relevant for the MD&A. The statement does not provide useful guidance that is not already contained in other regulation and SFFAS 15. Another new term introduced in the section is "qualitative" but does not alter the current Standard as the MD&A requires discussions that are not simply qualitative. While there are a few new terms, we do not agree that the new standards would significantly impact our MD&A. We're seeking clarification. In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful. However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR.	NASA OCFO

	If they have examples from these pilot agencies or others, please ask for those as well.	
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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	NASA has 2 different responses: Disagree. We agree with the alternative view of Ms. Johnson. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new terms, we do not agree that the new standards provide significantly different approach that would impact our development and presentation of the MD&A. We're seeking clarification. In A3 (Appendix A, pg. 14) FASAB indicates that performance reporting is dense and not useful. However, in 12c (pg. 11) FASAB indicates that the MD&A should include performance results. Please ask FASAB to verify exactly the type of GPRAMA information they would like to see in the AFR. If they have examples from these pilot agencies or others, please ask for those as well.	NASA OCFO

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
Agree	The Board has determined that their proposed updates are improvements over SFFAS 15; I would have to leave that decision up to the Board. Agree with the Alternative Views of Ms. Johnson and Mr. McNamee. The proposed new standards appear to be slight adjustments to the current Standard 15. While there are a few new	NASA OCFO

	terms, we do not agree that the new standards would significantly impact our development and presentation of the MD&A.	
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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
No other comments.	NASA OCFO

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESCINDING AND REPLACING SFFAS 15

Statement of Federal Financial Accounting Standards

~~Exposure Draft~~

WORKING DRAFT

~~Written comments are requested by December 7, 2023~~

September 7, 2023 July XX, 2024

Public comments are not requested on this draft

Commented [GR1]: Staff has accepted certain standard changes to convert the ED document to final pronouncement. Examples include removing the transmittal and question for respondents.

Commented [GR2]: The date takes into account the 90 day submission to Sponsors: OMB, GAO and Treasury

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or "the Board") in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at www.fasab.gov:

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [FASAB newsletters](#)

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EXECUTIVE SUMMARY

WHAT IS THE BOARD PROPOSING?

The Federal Accounting Standards Advisory Board (FASAB or "the Board") is proposing to This Statement updates the guidance for management's discussion and analysis (MD&A). ~~This proposal would provide 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.~~

HOW WOULD THIS PROPOSAL IMPROVE FEDERAL FINANCIAL REPORTING AND CONTRIBUTE TO MEETING THE FEDERAL FINANCIAL REPORTING OBJECTIVES?

In 1999, the Board first published conceptual guidance and standards for preparing the MD&A in Statement of Federal Financial Accounting Concepts (SFFAC) 3, *Management's Discussion and Analysis*, and in Statement of Federal Financial Accountant Standards (SFFAS) 15, *Management's Discussions and Analysis*.

The Board intended for management to refer to both SFFAC 3 and SFFAS 15 to prepare the MD&A because together they contained complete guidance pertaining to both form (how to report information) and content (what information to report). However, reporting entities predominantly referred only to SFFAS 15 because ~~concepts~~ (SFFAC 3) ~~are~~ was not authoritative.¹ This resulted in segregating information into sections that often resulted in duplicating content throughout MD&A, which was difficult for users to follow and understand.

~~The Board is proposing that these Statement standards to provide~~ a principle-based² approach that merges and updates relevant content from SFFAC 3 and SFFAS 15 and is consistent with FASAB's reporting objectives for budgetary integrity, operating performance, stewardship, and systems and controls.

While required information is similar to SFFAS 15, this proposal would these updated standards are intended to provide more flexibility for reporting MD&A, reduce preparer burden and redundancy, and enhance transparency.

This statement is 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

¹ See basis for conclusions, paragraphs A1-A4, for a complete history.

² Principle-based approach refers to relying on high-level, broadly stated principles rather than detailed, prescriptive rules.

Commented [GR3]: Minor update recommended per QFR 1 - Staff Response 1 and QFR #5 - Staff Response #2

***Footnote numbers might differ from ED due to track changes

performance, opportunities, and risks; and systems, internal controls, and compliance with applicable³ laws and regulations.

WORKING DRAFT

³ Applicable laws may include the Federal Managers Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), and the Federal Information Security Management Act (FISMA).

MATERIALITY

The provisions of this Statement need not be applied to information if the effect of applying the provision(s) is immaterial.⁴ A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.

⁴ Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

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~~PROPOSED~~ STANDARDS

SCOPE

1. This Statement applies to federal entities that present general purpose federal financial reports (GPFFRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP), as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
2. A GPFFR in conformance with federal accounting principles should include a management's discussion and analysis (MD&A) of the financial statements and related information.
3. MD&A is required supplementary information (RSI).⁵

RESCISSION AND REPLACEMENT OF SFFAS 15

4. This Statement ~~proposes to rescind~~ SFFAS 15, *Management's Discussions and Analysis*.
5. This Statement ~~proposes to replace~~ SFFAS 15 with the ~~proposed~~ management's discussion and analysis (MD&A) standards in this Statement.⁶

PURPOSE OF MD&A

6. The purpose of MD&A is to increase the understandability and usefulness of a reporting entity's GPFFR by summarizing management's insights about its organization and mission; financial position and condition; operating performance, opportunities, and risks; and systems, internal controls, and compliance with applicable laws and regulations. This ~~proposed~~ Statement presents guidance in two categories: 1) *Presenting Information in MD&A* and 2) *Information Discussed and Analyzed in MD&A*.
7. *Presenting Information in MD&A* explains **how** management should present a balanced, integrated, concise, and understandable MD&A. *Information Discussed*

⁵ See paragraph 73 of SFFAC 6, *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*, for concepts about RSI.

⁶ The *Omnibus Concepts Amendments* exposure draft proposes to rescind Statement of Federal Financial Accounting Concepts (SFFAC) 3 given that the relevant content from SFFAC 3 has been adapted in this proposal and only another SFFAC can rescind an existing SFFAC. In addition, this Statement does not eliminate or otherwise affect SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*.

and Analyzed in MD&A explains **what** types of information management should include in MD&A.

PRESENTING INFORMATION IN MD&A

8. To achieve a balanced MD&A, management should include information about events, conditions, trends, or a combination of the three that had or might have a significant positive or negative effect on the reporting entity's financial position, financial condition, or operating performance.
9. To achieve a concise MD&A, management should **summarize-only include** information that is sufficient to meet the needs of its users by
 - a. emphasizing the vital few matters related to the information required in paragraphs 12 and 13;
 - b. summarizing and referring to relevant detailed information from other areas of the GPFFR;
 - c. **summarizing and referring to additional detailed information from other federal government documents outside of the GPFFR with an explanation as to whether and what level of audit assurance there is; indicating the availability of additional information, such as from other audited documents or unaudited federal government documents;⁷** and
 - d. limiting the use of boilerplate language by only presenting information that is relevant to the reporting entity's current financial report.
10. To achieve an integrated MD&A, management should combine financial and nonfinancial information and qualitative and quantitative information to present a comprehensive and unified discussion and analysis.
11. To achieve an understandable MD&A, management should present content in plain language, organize information by related content, and, as appropriate, include charts, tables, graphs, or any combination thereof to enhance the understanding of the MD&A for those who may not have an extensive knowledge of U.S. government operations nor an extensive financial or accounting background.

Commented [GR4]: Minor update recommended per QFR 3 - Staff Response #1

⁷ ~~Management should provide a note that explains when referenced information is unaudited.~~

INFORMATION DISCUSSED AND ANALYZED IN MD&A

12. MD&A should discuss and analyze the following information about the reporting entity:

- a. the organization and mission;
- b. the causes of significant changes and trends in
 - i. financial position as explained by the composition or balances of assets, liabilities, net position; costs, revenues, budgetary resources, and financing sources; and
 - ii. financial condition as explained by
 1. business-type activity, social insurance, long-term fiscal projections; and
 2. other relevant required supplementary information;⁸
- c. the key performance⁹ results¹⁰ and the associated costs;
- d. the significant opportunities¹¹ identified by management to enhance **key** performance results, plans to leverage such opportunities, and the potential effect on financial and budgetary results of carrying out those **plans**;¹²

Commented [GR5]: Minor update recommended per QFR #4 - Staff Response #1

Commented [GR6]: Minor update recommended per QFR #4 - Staff Response #7

Commented [GR7]: Minor update recommended per QFR #4 - Staff Response #3

⁸ ~~GAAP includes reporting of RSI for items such as heritage assets or federal oil and gas resources; however, this may change periodically.~~

⁹ Key "performance results" refers to both performance accomplishments and performance challenges. Management uses judgment in identifying what performance results are **key** to the reporting entity.

¹⁰ The consolidated financial report of the U.S. Government (CFR) is not required to provide an analysis of consolidated government-wide performance results but may refer to the availability of performance information in agency financial reports.

¹¹ For the purposes of MD&A, "significant opportunities" are anything that may have a significant positive effect on a reporting entity's ability to achieve its performance results. Management should use judgment in determining significant opportunities.

¹² "Plans" are actions the reporting entity expects to execute during the current-next reporting period (short term) and expects to into the future (long term).

- e. the significant risks¹³ identified by management that have a potentially negative effect on **key** performance results, plans to mitigate such risks, and the potential effect on financial and budgetary results of carrying out those plans.

Commented [GR8]: Minor update recommended per QFR #3 - Staff Response #1

13. MD&A should provide management's summary assessment of the effectiveness of the reporting entity's internal controls and financial management systems, the reporting entity's compliance with applicable laws, regulations, contracts, and grant agreements that are relevant to financial reporting. Such reporting should address internal control weaknesses, systems deficiencies, and instances of noncompliance that have a significant effect on the reporting entity's financial and performance reporting and its plans to address them.

EFFECTIVE DATE

14. The requirements of this Statement are effective for reporting periods beginning after September 30, **20242025**. Early implementation is permitted.

Commented [GR9]: With the 90 sponsor review, staff does not think it is reasonable to update the implementation period.

The provisions of this Statement need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.

¹³ For the purposes of MD&A, "significant risks" are the effect of significant uncertainty on a reporting entity's ability to achieve its performance results. Management should use judgment in determining significant risks.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. The authoritative sections of the Statements are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

PROJECT HISTORY

- A1. On June 8, 1999, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) published Statement of Federal Financial Accounting Concepts (SFFAC) 3, *Management’s Discussion and Analysis*. Although SFFAC 3 was a concepts statement, it included standards-like content¹⁴ to guide reporting entities on what to report in management’s discussions and analysis (MD&A), along with concepts to guide the Board on developing standards for MD&A. However, SFFACs are nonauthoritative and, therefore, not required by generally accepted accounting principles (GAAP). To require MD&A in the general purpose federal financial report (GPFFR), the Board needed authoritative guidance in a Statement of Federal Financial Accounting Standards (SFFAS).
- A2. On August 12, 1999, FASAB published SFFAS 15, *Management’s Discussions and Analysis*, which was merely an outline of SFFAC 3 standards-like content, to require MD&A as part of the GPFFR. The expectation was that preparers would use both SFFAC 3 and SFFAS 15 to prepare the reporting entity’s MD&A. However, given that this concepts statement is nonauthoritative *other accounting information* as noted in the GAAP hierarchy,¹⁵ agencies relied primarily on SFFAS 15 to prepare MD&As.

¹⁴ According to the Forward in the *FASAB Handbook*, “[C]oncepts are more general than statements on standards and do not contain specific authoritative requirements for federal agencies.” According to the Preamble to Statements of Federal Financial Accounting Concepts in the *FASAB Handbook*, concepts provide “guiding principles” for the Board to develop accounting standards. However, many of the concepts in SFFAC 3 contain standards-like language such as (1) MD&A should address; (2) MD&A should inform, and (3) MD&A should concisely explain...

¹⁵ SFFAS 34: *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

- A3. During 2017 and 2018, staff conducted an online survey and in-person round tables for both the risk reporting and reporting model phase I: MD&A and stewardship investments improvements projects.¹⁶ Round table feedback informed the Board that financial statement users found federal entity MD&As to be dense, duplicative, and complex. Round table participants wanted to understand the financial performance in the context of the reporting entity's financial position and condition. The MD&A included dense statistical information repeated from the Government Performance and Results Modernization Act (GPRAMA) reporting. This did not provide the financial information about performance that users wanted.
- A4. In June 2019, the Board added the MD&A project to its agenda to merge work completed by the risk reporting and reporting model phase I: MD&A and stewardship investments improvements projects. The goals of the MD&A project are to
- a. consolidate standards-like content from SFFAC 3 and standards from SFFAS 15 into one principle-based SFFAS for preparing the MD&A;
 - b. reduce preparer burden by streamlining the MD&A;
 - c. require information about a reporting entity's financial position and condition for a financial focus instead of a statistical focus based on GPRAMA reporting; and
 - d. update guidance to discuss and analyze risk plans and mitigation to explain how the reporting entity will respond to opportunities and uncertainties.

DEVELOPMENT OF ~~PROPOSED~~ MD&A STANDARDS

- A5. The Board developed ~~the proposed~~ MD&A standards by first identifying objectives for what it believes management should report in MD&A.
- A6. The Board identified 11 MD&A objectives by analyzing the four FASAB reporting objectives from SFFAC 1, *Objectives of Federal Financial Reporting*: budgetary integrity, operating performance, stewardship, and systems and controls. The Board also considered the application of those objectives to SFFAC 3. See Appendix B: MD&A Objectives.
- A7. The Board then drafted an MD&A vision framework based on the 11 MD&A objectives. See Appendix C: MD&A Draft Vision Framework.

¹⁶ The project managers for the risk reporting and reporting model phase I: MD&A and stewardship investments improvements projects received the same feedback while conducting their own round tables in 2018.

- A8. The Board launched a pilot to test the MD&A objectives and framework, whereby agencies voluntarily followed both to prepare a sample MD&A.
- A9. Staff recruited 14 agency pilot participants—including 11 Chief Financial Officer (CFO) Act agencies and three significant consolidation agencies—using the following FASAB listserv call:

Is your MD&A long, burdensome, and/or duplicative? Are you copying and pasting information from other reports that does not match up with the timing of the financial report? If you answered yes to any of these questions, please consider joining the FASAB MD&A pilot.

- A10. Staff also recruited three additional agencies from the Small Agency Audit Pilot Working Group (hosted by Fiscal Service) to assess application of the vision framework across reporting entities of varying sizes for a total of 17 pilot agencies.
- A11. Staff conducted the pilot from January through March 2021.
- a. The 17 pilot agencies created sample MD&As based on their fiscal year (FY) 2020 financial statements, using only the MD&A objectives and framework.¹⁷ As a result, the pilot agencies were able to reduce the length of their MD&A between 50–80%. For example, the United States Department of Agriculture reduced its MD&A from 77 to 12 pages (84%) and the FTC reduced its MD&A from 46 to 13 pages (70%).

The Board believes the pilot results were a good indicator of the potential benefits of applying principle-based guidance to MD&A preparation. The main effects were producing more effective content and reducing preparer burden.

- i. At the conclusion of the pilot, one pilot agency gave the following feedback: “This approach is refreshing and on point for the Agency Financial Report (AFR). The MD&A currently pulls attention AWAY from the financial statements and note disclosures by muddying the waters with too much other program and miscellaneous information. The changes will allow us to frame the agencies mission in the context of the financial statements and adds value to financial statement presentation rather than detracting from it.”
- ii. Staff did not receive any negative feedback from the smaller pilot agencies about MD&A reporting burden. In fact, these agencies highlighted the importance of producing an MD&A that focused on transparency and providing users with comprehensive content about the entity’s mission and accomplishments, as related to their financial position.

¹⁷ Requirements from the Office of Management and Budget Circular A-136, *Financial Reporting Requirements*, and AGA’s Certificate of Excellence in Accountability Reporting were not included in the MD&A pilot to allow agencies to test if the MD&A could be streamlined with only the draft MD&A objectives and framework.

A12. The pilot included 16 user reviewers, including members of the public, academia, federal workforce, and other specialties, to assess four sample MD&As against the Board's framework and objectives.

A13. In April 2021, agency pilots and user reviewers recommended that a streamlined MD&A could be accomplished by

- a. providing a comprehensive connection between performance, non-financial and financial information, and systems information while avoiding a silo effect of putting information in separate sections;
- b. focusing on key drivers (for example, COVID-19) that affected performance goals, significant changes in financial statement lines, and management's decisions during the reporting period;
- c. providing concise and tangible examples about the magnitude of risks and current and planned actions to address them;
- d. including high-level performance goals that support the current leadership agenda instead of low-level metrics;
- e. including well labeled trend graphs that integrate performance, financial, and budgetary resource information, and written summaries; and
- f. including more hyperlinks to detailed performance data and other important documents.

A14. Based on the results of the MD&A pilot, the Board concluded that the MD&A objectives and framework provided a sound foundation for developing the ~~se~~ ~~proposed~~-principle-based MD&A standards.

~~PROPOSED~~ MD&A STANDARDS

A15. The Board developed the ~~proposed~~ broad principle-based MD&A standards based on four years of staff work and extensive Board deliberations, including the development of objectives and a vision framework and their application through an agency pilot. While both SFFAS 15 and the ~~se~~ ~~proposed~~ standards require similar information, the Board believes that the ~~proposed~~ standards improve the effectiveness and efficiency of MD&A reporting in the following ways:

- a. ~~These is proposal standards~~ eliminates the prescriptive MD&A sections ~~from~~ ~~SFFAS 15~~, thereby enhancing flexibility, eliminating redundancy, and reducing burden.
- b. ~~These standards does proposal does~~ not include references to GPRAMA, further mitigating agency burden stemming from redundant budget and financial reporting. Instead, the Board intends that the ~~se~~ ~~proposed~~ standards will provide the effective integration of costs and performance results to

provide a more complete picture of a reporting entity's operating and financial performance.

- c. ~~These standards. The proposal~~ provides for more effective and informative analysis of financial position by requiring information about the underlying causes "of significant changes and trends in financial position as explained by the composition or balances of assets, liabilities, net position; costs, revenues, budgetary resources, and financing sources."¹⁸ Alternatively, SFFAS 15 only requires "forward-looking information regarding the possible future effects of the most important existing, currently-known ... trends."¹⁹
- d. ~~These standards. The proposal~~ provides broad, principle-based guidance for how to present a balanced (par. 8, A18), concise (par. 9, A19), integrated (par. 10, A20), and understandable (par. 11, A21) MD&A. This proposal represents an improvement over SFFAS 15 by providing a more complete, definitive, and organized discussion of "how" an agency should approach preparing MD&A content. This includes: (1) explicitly referencing the importance of "integrated" presentation to form a complete discussion (see par. A20) and (2) more effectively organizing and presenting the comparative information as opposed to the scattered and disconnected approach in SFFAS 15. For example, the following references are made in SFFAS 15:
 - 1. "MD&A should provide a clear and concise description of..." (par. 1)
 - 2. "Because MD&A must be concise if it is to be useful..." (par. 5)
 - 3. "MD&A should deal with the 'vital few' matters..." (par. 6)

A16. The Board presents the ~~se proposed~~ standards in two categories to leverage these improvements and facilitate preparation of MD&A: 1) Presenting Information in MD&A and 2) Information Discussed and Analyzed in MD&A.

PRESENTING INFORMATION IN MD&A

- A17. The Board intends for the broad, principle-based standards in Presenting Information in MD&A to guide management in how to present a balanced, integrated, concise, and understandable MD&A—the four characteristics of an MD&A.
- A18. The Board believes that a balanced MD&A explains both positive and negative effects to help users understand the important reasons for changes to the reporting entity's financial position, financial condition, and operating performance.

¹⁸ ED, paragraph 12.b.ii.

¹⁹ SFFAS 15, pa. 3.

- a. A balanced MD&A also includes trend information over multiple prior reporting periods to help users understand possible positive or negative future effects on amounts reported in the financial statements or supplementary information.
- b. For example, management may discuss and analyze performance results during the current reporting period or over multiple reporting periods that had a significant (1) positive effect (for example, accomplishments that resulted in reduced costs); or (2) negative effect (for example, challenges that resulted in increased costs) on financial position and financial condition.

A19. The Board believes that to achieve a concise MD&A, management should emphasize the vital few matters for information required in paragraphs 12 and 13, summarize detailed information found outside of MD&A with references to that information, and limit boilerplate language and only presenting information that is current to the reporting entity.

a. For example:

- i. MD&A summarizes information necessary to understand the reason(s) for significant changes in net cost.

ii. ~~MD&A provides a brief discussion about the reporting entity's operating performance with reference to the additional detailed information found within the GPFER or in another federal government document in the GPRAMA report and what, if any, level of audit assurance there is for that report.~~

Commented [GR10]: Minor update recommended per QFR 3 - Staff Response #1

A20. The Board believes an integrated MD&A incorporates quantitative, qualitative, financial, and non-financial information across various elements. For example, MD&A may include the interrelationship of budgetary, financial, and operating performance results for "major" programs, as presented in the reporting entity's statement of net cost. An integrated presentation is complementary to one that is balanced and concise but is a distinct quality that emphasizes effectively linking or coordinating various parts into a complete, cohesive discussion.

A21. The Board's intent is that an MD&A be understandable to any user who may not have an extensive knowledge of U.S. government operations nor an extensive financial or accounting background.

- a. MD&A is understandable when written in plain language to explain management's insights about its financial position, financial condition, operating performance, opportunities, risks, and systems, internal controls, and compliance.

- b. To achieve an understandable MD&A, management has the flexibility to combine different methods of presenting information that appeal to a variety of users. For example, an understandable MD&A may need to include organizational tools, such as headers, sub-headers, bullet points, or crosswalks to financial reports, and visual aids, such as charts, tables, or graphs, to help explain quantitative information.

INFORMATION DISCUSSED AND ANALYZED IN MD&A

- A22. The Board intends for the broad, principle-based standards in Information Discussed and Analyzed in MD&A to guide management in what information should be included in MD&A. For example, management should explain the organization's mission and how and why opportunities and risks, and systems, internal controls, and compliance significantly contributed to the improvement or deterioration of the reporting entity's financial position, financial condition, and key performance results.
- A23. The Board's intent is for MD&A to provide a brief description of the reporting entity's organization and mission to explain key organizational components.
 - a. Management has the flexibility to determine how much information to include about the mission(s) and organizational components in relation to the size and complexity of the reporting entity.
 - b. For example, a large reporting entity could briefly summarize the reporting entity as a whole as well as each significant component/agency entity, while a small reporting entity could focus on the entity as a whole.
- A24. The Board's intent is for MD&A to explain what caused significant changes in a reporting entity's financial position and condition.
 - a. Financial position is typically the account status of an entity's assets, liabilities, and equity positions as reflected on its financial statement. However, for the MD&A, the Board believes that users will better understand the reporting entity's financial position through management's explanations about significant changes in the composition or the balances of assets, liabilities, net position; as well as costs, revenues, budgetary resources, and financing sources. This would better address users' interest in the use of the reporting entity's budget and other revenue sources to support the accomplishment of its mission(s).
 - b. Appropriate examples include language such as:
 - i. "Support of pandemic-related relief efforts led to a significant decrease of stockpile materials of vaccines by \$\$\$" would be consistent with the

Board's intent, whereas "inventory decreased because of a decrease in stockpile materials" would not.

ii. "Disaster recovery efforts from natural disasters in X area of the country during 202X significantly increased the cost of X by \$\$\$" would be consistent with the Board's intent, whereas "an unexpected increase in costs deteriorated the financial position" would not.

c. Financial condition is broader and more forward-looking than financial position.²⁰ The Board believes that users will best understand the financial condition of reporting entities through management's explanation about significant changes in business-type activity, social insurance, long-term projections, and other relevant requirement supplementary information.

A25. The Board believes that MD&A explains what performance results are key to the reporting entity and the associated cost.

a. MD&A focuses on what it costs the agency and its key organizational components to pursue or to accomplish key performance results, as well as whether the accomplishment of key performance results resulted in cost savings for the agency.

b. For example, MD&A explains how key performance accomplishments and challenges affected budgetary or financing resources during the reporting period.

c. However, the reporting of consolidated government-wide key performance results is not required in the MD&A of the CFR based on the following:

i. Paragraph 6 of SFFAC 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*, states, "The 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, such as individual agency reports, agency websites, and the President's Budget.

ii. The Appendix on Reporting Entities in the CFR provides references to websites where users can review a reporting entity's MD&A discussion of key performance results and challenges.

A26. The Board's intent is for MD&A to explain significant opportunities the reporting entity is managing in relation to performance accomplishments and challenges. For example, what is the reporting entity implementing or what does it plan to

²⁰ SFFAC 1, par. 180.

implement to leverage opportunities and what are the effects on key performance or financial results?

- A27. The Board's intent is for MD&A to explain significant risks the reporting entity is managing in relation to performance accomplishments and challenges. For example, what is the reporting entity implementing or what does it plan to implement to address a significant risk that may have a negative effect on key performance or financial results?
- A28. The Board believes that MD&A provides 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, or non-compliance with applicable laws. MD&A should explain whether the reporting entity executed and recorded transactions in accordance with budgetary and financial laws and federal accounting standards to prepare the agency financial report.

STEWARDSHIP INVESTMENTS

- A29. On June 11, 1996, the Board issued SFFAS 8, *Supplementary Stewardship Reporting*, which included a requirement to report "required supplemental stewardship information" (RSSI). On September 27, 2019, the Board issued SFFAS 57, Omnibus Amendments 2019, which rescinded the remaining RSSI requirements of SFFAS 8, eliminating the requirement for reporting RSSI.
- A30. In the SFFAS 57 basis for conclusions, paragraphs A7–A10, the Board discussed the comment letters from the 11 respondents. The majority of those responders agreed with eliminating RSSI because users did not rely upon that information. The minority of respondents who wanted to continue including RSSI in a separate category believed that distinguishing stewardship information informed users on the extent of investments that provided long-term benefits for the nation.
- A31. SFFAS 57 basis for conclusions, paragraph A11, indicated that the Board would also consider whether to report stewardship investments in MD&A. This project considered the SFFAS 57 responses by reviewing agency financial reports. The Board found that practice indicates that most reporting entities have concluded that information about stewardship investment is not significant enough to warrant inclusion in the MD&A. Therefore, the Board chose not to add the requirement that reporting entities should include stewardship investments in MD&A.
- A32. This decision does not preclude preparers from reporting stewardship investment information in MD&A if management believes this information is relevant or significant to explaining the reporting entity's financial position or condition.

RESCISSION AND REPLACEMENT OF SFFAS 15

- A33. The Board ~~is proposing to rescind~~ the MD&A standards in SFFAS 15 and replace them with this proposal.
- A34. The Board extensively deliberated whether to amend or rescind and replace SFFAS 15. The Board believes that rescission and replacement is the better option as the proposal presents a broad, principle-based approach through a comprehensive set of standards. ~~These proposed~~ standards merge and update relevant content from SFFAC 3 and SFFAS 15, while maintaining consistency with SFFAC 1.
- A35. The Board believes ~~the proposed broad~~ this broad, principle-based approach addresses the concerns collected from 2017-2018 through an online survey and round table discussions, which precipitated the initiation of the MD&A project in 2019.
- A36. The 2017-2018 outreach activities revealed that agency MD&A content was typically very dense and redundant, affecting users' ability to easily understand the agency's financial position and condition.
- A37. One observed cause of redundancy was SFFAS 15's reliance on prescriptive section requirements (par. 2):
- MD&A should contain sections that address the entity's mission and organizational structure; performance goals, objectives, and results; financial statements; and systems, controls, and legal compliance.
- Consequently, agencies repeated the same, redundant information throughout the MD&A in the different sections to ensure sufficient coverage in each section.
- A38. By eliminating the SFFAS 15 requirement for prescriptive MD&A sections, the Board intends that this proposal will add clarity for the user, while providing flexibility and reducing burden for the preparer, regardless of a reporting entity's size or consolidation status for the CFR.
- A39. MD&A redundancy also occurred because of SFFAS 15's references to GPRAMA terminology, namely the section titled Performance Goals, Objectives, and Results. Consequently, agencies have included substantial GPRAMA performance information with little or no connection to budgetary or financial results.
- A40. By removing references to GPRAMA terminology, the Board believes this proposal will reduce redundancy by eliminating the need for reporting entities to prepare and coordinate redundant program performance content (for budgetary and financial reporting) subject to different timeframes.
- A41. The Board believes these ~~proposed~~ broad, principle-based standards will facilitate preparation of MD&A content that places greater emphasis on the relationship between the costs of an agency and its key organizational components and key

performance results, including whether these accomplishments resulted in cost savings for the agency.

- A42. The Board acknowledges the updates OMB has made to improve MD&A reporting in Circular A-136, *Financial Reporting Requirements*. However, FASAB establishes GAAP for the federal government through its pronouncements. This proposal will be level-A guidance in the GAAP hierarchy.
- A43. The Board believes rescinding and replacing SFFAS 15 provides broad principle-based, comprehensive standards to prepare MD&A content 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.
- A44. The Board believes that this ~~proposal~~ Statement has adapted all relevant standards-like content from SFFAC 3. Therefore, *Omnibus Concepts Amendments* will amend MD&A concepts in SFFAC 2 and rescind MD&A concepts in SFFAC 3 to consolidate MD&A concepts into one SFFAC.
- A45. The Board does not intend for this proposal to affect other Statements that require information in MD&A, such as SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*. The Board believes including the SFFAS 37 MD&A requirements in this proposal would cause duplication of information already required in MD&A.

ALTERNATIVE VIEW OF MS. JOHNSON AND MR. MCNAMEE

- ~~A46. Members sometimes choose to express an alternative view when they disagree with the Board's majority position on one or more points in a proposed standard. The alternative view discusses the precise point or points of disagreement with the majority position and the reasons therefore. The ideas, opinions, and statements presented in the alternative view are those of the two members alone. However, the two members' views may contain general or other statements that may not conflict with the majority position, and in fact may be shared by other members. The following material was prepared by the two members and is presented as an alternative view.~~
- ~~A47. Ms. Johnson believes that the MD&A project has been worthwhile because it has allowed the Board to reexamine the contents and characteristics of the MD&A and it has informed OMB's updates to its MD&A guidance in Circular A-136. Ms. Johnson agrees with the exposure draft (ED)'s conclusions regarding the contents and characteristics of the MD&A, but has four general concerns with the ED.~~
- ~~A48. First, Ms. Johnson believes that there are no significant differences between the required contents and characteristics of the MD&A under the ED and under SFFAS 15. Both require information about: (1) the entity's mission and organizational~~

structure; (2) entity level performance; (3) financial position and condition, including significant changes to financial position and/or condition and relevant prior period, current period, and forward-looking information; (4) financial and performance risks; and (5) an assessment of the entity's financial management systems, controls, and legal compliance. Both require the MD&A to be balanced, concise, and clear or understandable.²⁴

A49. Unlike SFFAS 15, the ED states explicitly that the MD&A should be "integrated."²² Ms. Johnson agrees with this requirement and notes that OMB amended A-136 in FY 2018 to stress that the MD&A should be integrated. In addition, Ms. Johnson believes that the concept of an integrated MD&A is integral to and implicit in the "concise" and "clear" requirements already included in SFFAS 15. Consequently, the explicit reference to "integrated" in the ED might not be critical to ensuring that MD&As are integrated. Also, Ms. Johnson notes that in FY 2021, OMB further amended A-136 to promote integrated MD&As by allowing management to choose section titles, which could, but do not need to, correspond to each type of information required by SFFAS 15.²³

A50. Second, Ms. Johnson is concerned that rescinding SFFAS 15 and issuing a new MD&A SFFAS, as proposed in the ED, might imply that the MD&A requirements are being changed extensively, which, as noted above, she does not believe is the case. Ms. Johnson believes that this perception of significant changes resulting from the ED may also result from the fact that the ED does not state explicitly that it leaves the contents and characteristics of the MD&A largely unchanged. Ms. Johnson is concerned that this perception could make the preparation process more labor intensive, at least in the near term, as preparers transition to a new Statement and together with their auditors interpret new guidance.

A51. In this regard, Ms. Johnson notes that even though the ED is not changing the MD&A requirements extensively, it could be more burdensome for preparers than SFFAS 15, not only in the near term as noted in the previous paragraph, but also in the long term. This is because, in her opinion, the ED contains more prescriptive requirements than SFFAS 15 (see ED par. 12 and 13) and because the ED includes the four characteristics of the MD&A (in par. 8-11) as discrete standards. Ms. Johnson believes that these changes will lengthen, rather than shorten, MD&A checklists used by preparers and auditors.

A52. Third, Ms. Johnson believes that current MD&As are generally comprehensive and understandable and does not believe that any duplicative or unclear text in MD&As

²⁴ SFFAS 15, par. 1 states that the MD&A needs to be "clear," "concise," and "balanced;" par. 5 states that the "MD&A must be concise if it is to be useful;" and par. 6 states that the "MD&A should deal with the vital few matters."

²² See paragraph 10 of the ED.

²³ As noted in A-136, Section II.2.1, one section title, "Analysis of Systems, Controls, and Legal Compliance," is required because of a requirement in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

is the result of SFFAS 15 or the fact that SFFAC 3 is not authoritative guidance. Rather, she believes that any duplicative or unclear MD&A text results from limited staff resources. Consequently, Ms. Johnson believes that amending or rescinding SFFAS 15 will not address any concerns with clarity or redundancy of MD&As.

A53. To the extent that MD&As could benefit from streamlining or editing, Ms. Johnson believes that, in the absence of additional resources being provided to agencies, the solution may require additional staff training (rather than amendments to SFFAS 15). The pilot conducted in the development of the ED resulted in improved MD&As largely because of FASAB staff guidance to agencies and because of the thorough and careful work of agency staff participating in the pilot.

A54. Fourth, Ms. Johnson and Mr. McNamee note that, like SFFAS 15, the ED imposes the same requirements on all entities regardless of entity size. Requiring the MD&A of only CFO Act entities or entities that are significant at the government-wide level could reduce reporting burden for smaller and component entities. Those smaller or component entities that would like to prepare an MD&A could do so at management's discretion. In this regard, Ms. Johnson and Mr. McNamee believe that the ED misses an opportunity to explore "tiered" reporting in the federal environment (for example, different reporting requirements for entities of different sizes).

As noted in paragraph A47, Ms. Johnson believes that the MD&A project has been worthwhile. It has confirmed that the contents and characteristics of the MD&A as specified in SFFAS 15 remain appropriate more than 20 years after it was written. If, however, the Board concludes that changes to MD&A standards are necessary, Ms. Johnson suggests that such changes be made with minimal amendments to SFFAS 15, paragraphs 1-4 and 7, rather than rescinding and replacing SFFAS 15 in its entirety.

SUMMARY OF OUTREACH EFFORTS AND RESPONSES

A46. FASAB issued the exposure draft (ED), Statement of Federal Financial Accounting Standards (SFFAS), Management's Discussion and Analysis Rescinding and Replacing SFFAS 15, on September 7, 2023, with comments requested by December 7, 2023.

A47.

A55. Upon release of the ED, FASAB notified constituents through the FASAB website and listserv, the Federal Register, and FASAB newsletter. FASAB also provided news releases to its press contacts, including various news organizations and committees of professional associations generally commenting on EDs in the past. Staff also provided copies of the ED directly to agencies that were directly impacted by the particular issue in prior years.

A48. To encourage responses, a reminder notice was provided to FASAB's listserv near the comment deadline.

A56-A49. FASAB received 19 comment letters from federal entity users, federal entity preparers, federal entities (other), a professional association, and nonprofit organizations. The Board considered responses to the ED at its February 2024 meeting. The Board did not rely on the number of respondents who agreed, partially agreed or disagreed to a given position.

A50. The Board considered each suggestion and weighed the merits of the points raised. Specific comments regarding respondent concerns and Board re-deliberations are noted in the following paragraphs as appropriate.

A51. In response to comment letters, the Board identified and agreed to the following changes to improve the clarity of the proposal.

- a. Added language to the summary to explain the similarity, as well as the new benefits of the proposed standards in comparison to SFFAS 15.
- b. Updated paragraph 9.c and removed its footnote to better explain that to achieve a concise MD&A, additional information found outside the GPFFR should be summarized and referred to and include whether and what level of audit assurance there is.
- c. Removed a confusing footnote in paragraph 12. B. ii. 2.
- d. Updated a footnote to explain that short term plans referred to those plans a reporting entity would implement in the next reporting period.

A52. The Board agreed that implementation training/guidance will be considered after the final release of this Statement.

Commented [GR11]: Subject to the meeting discussion, the below may change.

A53. The exposure draft was issued with an alternative view with concerns that SFFAS 15 could be amended instead of rescinded and replaced because there were only minor differences from SFFAS 15, and that the exposure draft was more prescriptive than SFFAS 15. The respondents' comments are summarized below.

A57.–

a. Most respondents agreed with these concerns. However, the comments were incongruent. For example, a respondent commented that it may not be necessary to rescind SFFAS 15 since there are no significant changes. -The respondent also said that the proposed standards were probably needed to avoid potential issues with segregating information in the MD&A. Another respondent in agreement with the alternative view, also noted that the new standards would be beneficial. Other respondents said the proposal seems to provide more clarity on how to provide information.

b. The Board recognizes the similarity between this standard and SFFAS 15. However, the Board decided to rescind and replace SFFAS 15 because the new Statement presents a broad, principle-based approach through a comprehensive set of standards. - This Statement provides flexibility and reduces preparer burden, regardless of a reporting entity's size and eliminates the SFFAS 15 requirement for prescriptive MD&A sections. This Statement also merges and consolidates standards-like content from SFFAC 3 and standards from SFFAS 15 into one principle-based MD&A standard.

c. Another concern noted in the alternative view was that tiered reporting for MD&A should be considered.

d. Many of the respondents agreed with a tiered approach.

i. The Board intends that this proposal will provide flexibility for preparing MD&A regardless of a reporting entity's size or consolidation status for the CFR.

ii. The Board also believes that a tiered approach would best be addressed through a broader future technical project and not a project addressing only MD&A.

e. The alternative view also noted that training might address streamlining the MD&A.

- f. Some respondents agreed that additional staff training might benefit in streamlining the MD&A. The Board will consider implementation training/guidance after the final release of this Statement.

BOARD APPROVAL

~~A58-A54.~~ The Statement of Federal Financial Accounting Standards (SFFAS), Management's Discussion and Analysis Rescinding and Replacing SFFAS 15 [TBD approved] for issuance by all members.

APPENDIX B: MD&A OBJECTIVES

The Board developed the ~~proposed~~ MD&A standards, by first identifying objectives for what it believes management should report in MD&A. The Board identified 11 MD&A objectives by analyzing the four reporting objectives found in SFFAC 1 and SFFAC 3: (1) budgetary integrity, (2) operating performance, (3) stewardship, and (4) systems, controls, and compliance.

The first objective was general and did not relate to any specific reporting objective.

1. MD&A should concisely explain—in plain language—any budget and financial terms used, such as but not limited to, unfunded, unobligated, and net cost of operations.

REPORTING BUDGET INTEGRITY IN MD&A

After analysis of the below budget integrity concepts found in SFFAC 1 and SFFAC 3, the Board agreed on these objectives for MD&A:

2. MD&A should concisely explain financing resources and the sources and status of budgetary resources.
3. MD&A should concisely explain why significant changes in budgetary and/or financing resources were needed during the reporting period.

Budget Integrity Reporting Objective Concepts from SFFAC 1	Budget Integrity Reporting Objective Concepts from SFFAC 3
<p>Paragraph 13: Federal financial reporting should assist in fulfilling the government's duty to be publicly accountable for monies raised through taxes and other means and for their expenditure in accordance with the appropriations laws that establish the government's budget for a particular fiscal year and related laws and regulations. Federal financial reporting should provide information that helps the reader to determine how budgetary resources have been obtained and used and whether their acquisition and use were in accordance with the legal authorization, the status of budgetary resources, and how information on the use of budgetary resources relates to information on the costs of program operations and whether information on the status of budgetary resources is consistent with other accounting information on assets and liabilities.</p> <p>Background and Rationale</p> <p>Paragraph 11: Questions this objective should</p>	<p>Paragraph 28: MD&A should concisely explain how budgetary resources have been obtained and used, instances in which their acquisition and use were not in accordance with legal authorization, the status of budgetary resources, and how information on the use of budgetary resources relates to information on the cost of program operations. MD&A should explain when major support for cost of a program or activity is provided outside the reporting entity's budget and when the entity's budget supports a program primarily reported by another entity. The discussion should describe major financing arrangements, guarantees, and lines of credit, including those not recognized in the basic financial statements.</p> <p>Paragraph 29: MD&A should explain major changes during the period to the budget originally approved, major failures to comply with finance-related laws, and other matters</p>

Budget Integrity Reporting Objective Concepts from SFFAC 1	Budget Integrity Reporting Objective Concepts from SFFAC 3
<p>address: What legal authority was provided for financing government activities and for spending the monies?</p> <p>Were the financing and spending in accordance with these authorities?</p> <p>Needs of Users of Federal Financial Reports</p> <p>Paragraph 89: All user groups need information about the budget ... for assurance that their elected and appointed representatives have fulfilled their most basic fiduciary responsibility...</p> <p>Paragraph 91: ...They [users] need periodic information about the status of budgetary resources, that is, the extent to which the resources have been used or remain available. They also want to know whether budgetary resources are available to be used for other purposes through reprogramming.</p> <p>Paragraphs 115: Federal financial reporting should provide information that helps the reader to determine:</p> <p>Paragraph 116: Sub-Objective 1A. How budgetary resources have been obtained and used and whether their acquisition and use were in accordance with the legal authorization.</p> <p>Paragraph 118: Sub-Objective 1B. The status of budgetary resources.</p>	<p>management believes necessary. These could include: unfunded liabilities that may require appropriations; assets that could be sold to augment future budgetary resources; amounts of payments that have not been matched with obligations; anticipated increases in the cost to complete long-term projects in progress that may require additional obligations or appropriations.</p>

REPORTING OPERATING PERFORMANCE IN MD&A

After analysis of the below operating performance concepts found in SFFAC 1 and SFFAC 3, the Board agreed on these objectives for MD&A:

4. MD&A should concisely explain if significant costs contributed to agency performance.
5. MD&A should concisely explain reasons for significant changes in net cost from the prior year and any significant cost trends over multiple years.
6. MD&A should provide an integrated discussion and analysis of the entity's mission, organization, budget, cost, and performance, for the entity's significant major program investments and the entity as a whole, including what types of resources the entity used and what the entity achieved during the reporting period.

7. MD&A should provide a concise/balanced discussion/summary of significant financial and non-financial operating performance information, including electronic references to legislative performance framework documents, such as GPRA-MA reporting, for the entity's major program investments and the entity as a whole.

Operating Performance Reporting Objective Concepts from SFFAC 1	Operating Performance Reporting Objective Concepts from SFFAC 3
<p>Paragraph 14: Federal financial reporting should assist report users in evaluating the service efforts, costs, and accomplishments of the reporting entity; the manner in which these efforts and accomplishments have been financed; and the management of the entity's assets and liabilities</p> <p>Paragraph 126: Sub-Objective 2A. The costs of providing specific programs and activities and the composition of, and changes in, these costs.</p> <p>Paragraph 128: Sub-Objective 2B. The efforts and accomplishments associated with federal programs and the changes over time and in relation to costs.</p>	<p>Paragraph 43: MD&A should objectively discuss the entity's program results and indicate the extent to which its programs are achieving their intended objectives. Efficiency and effectiveness are important elements of performance measurement, and measuring cost is an integral part of assessing the efficiency and effectiveness of programs ... Information about effectiveness is often combined with cost information to help assess "cost effectiveness."</p> <p>Paragraph 44: The entity's financial performance should be summarized to provide significant indicators of its financial operations for the reporting period ... Financial performance is only one aspect of performance for governmental entities. Financial performance should be discussed to the extent relevant for the entity, <u>in a way that appropriately balances the discussion of financial and nonfinancial performance relevant to the program or other reporting entity.</u></p> <p>Paragraph 45: The summary discussion of performance in MD&A should: discuss the strategies and resources the agency uses to achieve its performance goals...</p> <p>Paragraph 47: 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.</p> <p>Paragraph 49: Explanatory information helps report users understand reported indicators, assess the reporting entity's performance, and evaluate the significance of underlying factors that may have affected the reported performance. Explanatory information may include, for example, information about factors substantially outside the entity's control, as well as information about factors over which the entity has significant control.</p>

REPORTING STEWARDSHIP IN MD&A

After analysis of the below stewardship concepts found in SFFAC 1 and SFFAC 3, the Board agreed on these objectives for MD&A:

8. MD&A should concisely explain reasons for significant changes in assets, liabilities, costs, and/or revenues from the prior year and any significant trends.
9. MD&A should concisely describe planned agency actions to address current and prospective mission-related issues, challenges, and/or risks that could significantly affect assets, liabilities, costs, revenues, and budgetary resources.

Stewardship Reporting Objective Concepts from SFFAC 1	Stewardship Reporting Objective Concepts from SFFAC 3
<p>Paragraph 15: Federal financial reporting should assist report users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial conditions have changed and may change in the future.</p> <p>Paragraph 16: Federal financial reporting should provide information that helps the reader to determine whether the government's financial position improved or deteriorated over the period, future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due, and government operations have contributed to the nation's current and future well-being.</p> <p>Background and Rationale</p> <p>Paragraph 11: Current and potential users of federal financial information want information to help them assess how well the government is doing by answering questions regarding such topics as: ... Did the government's financial condition improve or deteriorate? What provision was made for the future?</p> <p>The Needs of Users of Federal Financial Reports</p> <p>Paragraph 99: Citizens, Congress, executives, and program managers need information to assess the effect of the government's activities on its financial condition and that of the nation. Information is needed about the financial outlook for both the short and the long term. <i>[Staff Notes: forward looking]</i></p> <p>Paragraph 100: Information is needed on the government's exposure and risks associated with deposit insurance, pension insurance, and flood insurance <i>[Staff Notes: Addressed in SFFAS 51]</i>. People need to know about likely future expenditures</p>	<p>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?⁵ How did this come about? What were the significant variations: from prior years? from the budget? from performance plans, long-term plans, or other relevant plans in addition to the budget?</p> <p>What is the potential effect of these factors, of changed circumstances, and of expected future trends? In other words, to the extent that it is feasible to project the effects of these factors, will future financial position, condition, and results, as reflected in future financial statements, probably be different from this year's and, if yes, why? (Any such discussion should acknowledge that the future is unpredictable and will be influenced by factors outside the reporting entity's control, including actions by Congress.)</p> <p>⁵ The traditional concepts of "financial position" and "financial condition" are typically applicable to revolving funds, Government corporations, and other reporting entities that are intended to be self-financing. The concepts may be less relevant, or may require some qualification or modification, for other kinds of Federal reporting entities.</p> <p>⁶ Management should use its judgment to decide what variances are relevant for MD&A. It will not always be essential or appropriate to discuss all variances.</p>

Stewardship Reporting Objective Concepts from SFFAC 1	Stewardship Reporting Objective Concepts from SFFAC 3
<p>for [example] cleaning up nuclear weapons sites and military bases. They want information that will help them assess the likelihood and amount of future claims that might arise from government-sponsored enterprises <i>[Staff Notes: risks identified and profiled]</i>.</p> <p>Paragraph 102: Users also need trend information on spending on investments in physical and human capital versus spending on consumption.</p> <p>Objective 3</p> <p>Paragraph 135: This objective is based on the federal government's responsibility for the general welfare of the nation in perpetuity. It focuses not on the provision of specific services but on the requirement that the government report the broad outcomes of its actions.</p> <p>Paragraph 135: <u>Federal financial reporting should provide information that helps the reader to determine:</u></p> <p>Paragraph 136: Sub-Objective 3A. Whether the government's financial position improved or deteriorated over the period.</p> <p>Paragraph 137: Assessing whether the government's financial position improved or deteriorated over the period is important not only because it has financial implications but also because it has social and political implications. This is because analysis of why financial position improved or deteriorated helps to explain whether financial burdens were passed on by current-year taxpayers to future-year taxpayers without related benefits.</p> <p>Paragraph 138: ... help to explain the issuance of new debt in relation to expenditures for activities with current benefits versus expenditures for investment-type activities that yield future benefits. <i>[Staff Notes: forward looking time horizons]</i></p> <p>Paragraph 139: Sub-objective 3B. Whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.</p> <p>Paragraph 140: Information about the results of past government operations is useful in assessing the stewardship exercised by the government. Users of financial reports also want help in assessing the likelihood that the government will continue to provide</p>	<p>Discussion and Analysis of the Financial Statements</p> <p>Paragraph 26: <u>Financial Results, Position and Condition</u>—MD&A should help those who read it to understand the entity's financial results and 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: the variations discussed in paragraph 14 in terms of major changes in types or amounts of assets, liabilities, costs, revenues, obligations and outlays; particular balances and amounts shown in the basic financial statements, including the notes, such as those dealing with funds from dedicated collections, if relevant to important financial management issues and concerns; and the entity's required supplementary stewardship information (because RSSI describes economic conditions that cannot be expressed in the basic financial statements).</p> <p>Paragraph 27: Only those variations, balances and amounts, and stewardship matters of potential interest to readers who are not part of agency management should be discussed. Not all changes that are material to the GPFFR are sufficiently important to be included in MD&A. A line-by-line analysis of the financial statements is not generally appropriate. Instead, MD&A should summarize the most important items, explain the relevant causes and effects, and place them in context.</p> <p>Paragraph 31: <u>Current Demands, Risks, Uncertainties, Events, Conditions, and Trends</u>—MD&A should describe important existing, currently-known demands, risks, uncertainties, events, conditions and trends—both favorable and unfavorable—that affect the amounts reported in the financial statements and supplementary information.</p> <p>Paragraph 32: <u>Future Effects of Current Demands, Risks, Uncertainties, Events, Conditions and Trends</u>—The discussion of these current factors should go beyond a mere description of existing conditions, such as</p>

Stewardship Reporting Objective Concepts from SFFAC 1	Stewardship Reporting Objective Concepts from SFFAC 3
<p>the current level of benefits and services to constituent groups, such as farmers, retirees, and the poor.</p> <p>Paragraph 141: Information relevant to this objective may include disclosures of financial risks that are likely or reasonably possible... <i>[Staff Notes: risks that have a significant financial impact]</i></p> <p>Paragraph 143: Sub-objective 3C. Whether government operations have contributed to the nation's current and future well-being.</p> <p>Paragraph 144: Objective 3, in general, and subobjective 3C, in particular, imply a concern with "financial condition," as well as "financial position." Financial condition is a broader and more forward-looking concept than that of financial position. Reporting on financial condition requires financial and nonfinancial information about the national economy and society, as well as about the government itself. For example, reports intended to help meet this objective might address users' needs for information about investments in (or expenditures for) research and development, military readiness, and education; changes in the service potential of infrastructure assets; spending for consumption relative to investments; opportunities for growth-stimulating activities; and the likelihood of future inflation.</p> <p>Paragraph 145: Indicators of financial <u>position</u>, measured on an accrual basis, are the starting point for reporting on financial <u>condition</u> ... Reports ... might disclose, among other things, the contribution that the government is making to national wealth by financing assets that are not federally owned, such as research and development, education and training, and state-owned infrastructure. Information on trends in total national wealth and income is also important.</p>	<p>demographic characteristics, claims, deferred maintenance, commitments undertaken, and major unfunded liabilities, to include a discussion of the possible future effect of those factors.</p>

REPORTING SYSTEMS, CONTROLS, AND COMPLIANCE IN MD&A

After analysis of the below systems, controls and legal compliance concepts found in SFFAC 1 and SFFAC 3, the Board agreed on these objectives for MD&A:

10. MD&A should concisely describe the conditions of data, systems, and controls that affect the ability to produce reliable financial information.
11. MD&A should include a summary discussion about ongoing and planned actions to address non-compliance and control weaknesses that may be causing material

weaknesses. This includes references to other sections that have a more in depth discussion of those items.

Systems and Control Reporting Objective Concepts from SFFAC 1	Systems and Controls Reporting Objective Concepts from SFFAC 3
<p>Paragraph 11: Current and potential users of federal financial information want information to help them assess how well the government is doing by answering questions regarding such topics as: ... Does the government have cost-effective systems and controls to safeguard its assets? Is it able to detect likely problems? Is it correcting deficiencies when detected?</p> <p>Paragraph 17: Federal financial reporting should assist report users in understanding whether financial management systems and 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 purpose authorized, and are recorded in accordance with federal accounting standards; assets are properly safeguarded to deter fraud, waste, and abuse; and performance measurement information is adequately supported.</p> <p>The Needs of Users of Federal Financial Reports</p> <p>Paragraph 103: Users at all levels need information on internal controls and the adequacy of financial management systems. Citizens want assurances that systems and controls are in place to protect the resources [taxes] they supply to the government. They want to know that operating procedures and processes provide reasonable assurance that those resources are used economically and efficiently for the purposes intended. Congress, executives, and program managers need to demonstrate to those to whom they are accountable that they have, in fact, protected those resources and used them well. Users want to know, for example, that agency heads have determined that internal controls are adequate, that basic financial statements are auditable, and that high-risk areas have been identified and addressed.</p> <p>Paragraph 149: Sound controls over internal processes are essential both to safeguard assets and to ensure economy, efficiency, and effectiveness in many governmental programs.</p>	<p>Paragraph 15: Regarding systems and controls, MD&A should tell the reader whether internal accounting and administrative controls (some authorities prefer the term "management 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.</p> <p>Paragraph 16: 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.</p> <p>Paragraph 17: 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. This information—like the information on performance—is presented in a discrete section of the GPFFR; alternatively it may be incorporated in the GPFFR by reference to separate reports such as those required by the Integrity Act. MD&A should therefore address the most important facets of this information on systems, controls and legal compliance, as well as the financial statements, supplementary information, and performance information.</p>

Systems and Control Reporting Objective Concepts from SFFAC 1	Systems and Controls Reporting Objective Concepts from SFFAC 3
<p>Paragraph 150: Information relevant to this objective helps financial report users to determine whether the entity has established reasonable, cost-effective programs to safeguard assets, prevent and detect waste and abuse, and reduce error rates. An example of information that would address this objective is management’s assertion about the effectiveness of the internal accounting and operational control system.</p>	<p>Discussion and Analysis of Systems, Controls and Legal Compliance</p> <p>Paragraph 41: ... Where relevant, management should describe the methods used to limit, detect, and recover improper payments; to assure that grantees and other nonfederal recipients of Federal funds use the funds as intended; and to assure that Federal and nonfederal entities comply with finance- related laws and regulations. MD&A should include a concise description of any major problems in these areas and of the corrective action taken or planned.</p>

APPENDIX C: DRAFT MD&A VISION FRAMEWORK

The Board drafted the following **MD&A vision framework** based on the MD&A objectives discussed in Appendix B.

- MD&A should summarize information about the financial position and condition of the reporting entity by discussing the entity's mission, organization, and key financial and performance results to inform users of its financial health and sustainability of major programs.
- Therefore, MD&A should be an objective, concise, and easily readable summary analysis of
 - the essential few matters causing significant changes to the entity's (1) financial statement amounts during the current reporting period and (2) financial, budgetary and key performance trends over past reporting periods;
 - the current and planned actions that will address the essential few opportunities, challenges, and risks that could significantly affect financial statement amounts and key performance results in the future; and
 - the essential few conditions related to systems and controls that could affect the entity's ability to produce reliable financial information.
- MD&A may also include references to websites or other areas of the agency financial report that provide additional information when applicable.

APPENDIX D: ABBREVIATIONS

CFO	Chief Financial Officer
CFR	Consolidated Financial Report of the United States Government
ED	Exposure Draft
FASAB	Federal Accounting Standards Advisory Board
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GPFFR	General Purpose Federal Financial Report
GPRAMA	Government Performance and Results Modernization Act
MD&A	Management's Discussion and Analysis
OMB	Office of Management and Budget
RSI	Required Supplemental Information
RSSI	Required Supplementary Stewardship Information
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards

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