

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

Comments due December 7, 2023

#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

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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	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. 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.	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	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.	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?

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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

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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
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.	HUD