

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

Comments Due December 7, 2023

#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

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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	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

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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