

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

Comments Due December 7, 2023

#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

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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?

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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