

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

Comments Due December 7, 2023

#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

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

Comments Due December 7, 2023

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?

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

Comments Due December 7, 2023

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	<p>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.</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. 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.</p> <p>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</p>	Virginia Society of CPAs

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

Comments Due December 7, 2023

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