

Q1	<p>Classified information is prohibited from public release and the Board is proposing an approach for protecting classified information from unauthorized disclosure. The proposed Statement would provide general guidance for protecting classified information and, when detailed guidance is needed, the Board proposes to provide classified Interpretations¹ of existing standards. GPFFR modified pursuant to this Statement and related Interpretations would be considered in accordance with generally accepted accounting principles.</p>
	<p>Do you agree or disagree with the Board's overall proposed approach for protecting classified information?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with the Board's overall proposed approach to protecting classified information. This approach protects classified information that may be revealed through a FASAB Interpretation, yet still allows the Board to weigh-in on the accounting treatment or presentation of that classified information. HUD is in agreement that classified information should always be protected from unauthorized disclosure.</p>
Q2	<p>The proposed Statement permits reporting entities to modify unclassified financial statement presentations, disclosures, and required supplementary information (RSI) to protect classified information. The modifications are (1) those that do not change the net results of operations and net position and (2) the inclusion of an organization in a manner that would not reveal classified information.</p>
	<p>a. Do you agree or disagree with permitting reporting entities to modify presentations to protect classified information when it does not change net results of operations and net position?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with permitting reporting entities to modify presentations to protect classified information when it does not change net results of operations and net position. This is the best possible scenario because it meets the objectives of EO 13526; by protecting classified information, yet "demonstrating a commitment to open government".</p>
	<p>b. Do you agree or disagree with permitting certain modifications when applying the provisions of SFFAS 47, <i>Reporting Entity</i>, when necessary to protect classified information?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>If an entity's identification would disclose there is classified information, it makes sense to include that organization in another entity. Financial information will be transparent without identifying classified information.</p>
	<p>c. Do you agree or disagree with permitting modifications to disclosures and required supplementary information?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with permitting modifications, including omissions, to RSI, if the alternative would lead to disclosure of classified information. To do otherwise, would potentially jeopardize classified information.</p>

¹ With respect to Interpretations, the Board would follow its due process and appropriate protections would be applied to classified information.

Q3	<p>In the future, the Board may issue classified Interpretations of existing standards. The Interpretations would permit other presentation and disclosure options as needed to produce unclassified GPFFR. The other options would protect specific financial statement elements from unauthorized disclosure in an unclassified GPFFR. The classified Interpretations would be developed following a due process involving:</p> <ol style="list-style-type: none">development of classified proposals,comment on the proposals from individuals and organizations holding appropriate clearances,consideration of comments, andissuance of Interpretations to individuals and organizations holding appropriate clearances. (See par. A9 and A10 for a more detailed discussion of the process.)
	<p>Do you agree or disagree with the proposed approach?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with the proposed approach. This approach balances the need to protect classified information, with the need for FASAB to provide guidance and due process.</p>
Q4	<p>The Board is proposing that recorded amounts related to classified information reconcile in aggregate to schedules or other documentation subject to audit. Documentation must be retained in the appropriate environment and/or domain to adequately support classified information.</p> <p>Do you agree or disagree with the conditions necessary to apply the proposed Statement?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with the proposed conditions. These conditions protect classified information through aggregation of data, yet allow properly cleared auditors to reconcile aggregated data to schedules and other documentation. This balances the need for protecting classified information, with accountability and openness of government. Adequate documentation must be maintained to support classified information.</p>

Q5	<p>The Board has considered how to inform readers of GPFFRs regarding the potential modifications given the classified nature of the modifications themselves.</p>
	<p>a. Do you agree or disagree with the disclosure requirements (see par. 10-14)?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees with the disclosure requirements in paragraphs 10 through 14 of the proposed standard. These proposed disclosure requirements allow reporting entities the flexibility to determine whether disclosing the fact that certain presentation may have been modified in accordance with the Statement or related Interpretations, will reveal the presence of classified information. The reporting entities in custody of this classified information are best suited to determine if the mere disclosure of the presence of such information, jeopardizes national security in some manner.</p> <p>b. Do you agree or disagree that component reporting entities may choose to consistently disclose that certain presentations may have been modified?</p> <p>Agree</p> <p>Please provide the rationale for your answer.</p> <p>HUD agrees that component entities may choose to consistently disclose that certain presentations may have been modified. The rationale for this answer is the same as that for “a” above; the component entity that is presenting the information, is best suited to determine whether the mere disclosure of the presence of such information, even at the aggregate level, either jeopardizes this information, or does not.</p> <p>c. Alternatively, do you believe every component reporting entity of the federal government should be required to disclose that certain presentations may have been modified?</p> <p>Please provide the rationale for your answer.</p> <p>HUD does not believe that every component reporting entity of the federal government should be required to disclose that certain presentations may have been modified. Revealing the mere presence of such information, in a particular reporting component, may compromise the classified information or the underlying reporting component entity that generated the classified information.</p>