



**GUIDANCE FOR IMPLEMENTING SFFAS 64:
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Staff Implementation Guidance 64.1

Exposure Draft

Written comments are requested by March 13, 2026

January 13, 2026

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guides the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at www.fasab.gov:

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
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January 13, 2026

TO: ALL WHO USE, PREPARE, AND AUDIT FEDERAL FINANCIAL INFORMATION

FASAB staff requests your comments on the exposure draft of proposed Staff Implementation Guidance 64.1, *Guidance for Implementing SFFAS 64: Management's Discussion and Analysis*. Specific questions for your consideration appear on pages 3-4, but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response will be most helpful to staff if you explain the reasons for your position and any alternatives you propose.

Responses are requested by **March 13, 2026**.

All comments received by FASAB are considered public information. Those comments may be posted to [FASAB's website](#) and will be included in the project's public record.

Please provide your comments by email to mda@fasab.gov. We will confirm receipt of your comments. If you do not get a confirmation, please contact our office at (202) 512-7350 to determine if your comments were received. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements.

Sincerely,

Monica R. Valentine

Monica R. Valentine
Executive Director

EXECUTIVE SUMMARY

On September 27, 2024, the Federal Accounting Standards Advisory Board issued Statement of Federal Financial Accounting Standards (SFFAS) 64, *Management's Discussion and Analysis*. SFFAS 64 updates the guidance for management's discussion and analysis (MD&A), providing a principle-based approach that merges and updates relevant content from SFFAC 3, *Management's Discussion and Analysis*, and SFFAS 15, *Management's Discussions and Analysis*.

After the issuance of SFFAS 64, staff provided training to over 35 federal reporting entities between February and May 2025 and collected implementation questions from those reporting entities.

This proposed Staff Implementation Guidance includes those questions, answers, and examples to assist with the implementation of SFFAS 64.

On September 4, 2025, staff held a public meeting to introduce the draft SIG and receive feedback to prepare SIG 64.1 for an exposure draft. Approximately 150 people attended the public meeting from over 50 reporting entities and the public. Attendees provided feedback to 14 polling questions. Staff updated the SIG with additional implementation guidance per the responses received from the public meeting.

This SIG does not establish new requirements; rather, it is intended to assist preparers with the implementation of SFFAS 64.

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QUESTIONS FOR RESPONDENTS

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) staff encourages you to become familiar with all the questions and responses proposed in the Staff Implementation Guidance (SIG) 64.1 before responding to the questions for respondents (QFR) in this section. In addition to the questions below, the staff also welcomes your comments on other aspects of the proposed SIG 64.1. Because staff may modify the proposals before issuing a final SIG 64.1, it is important that you comment on proposals that you favor as well as any that you do not favor. The staff especially appreciates comments that include the reasons for your views.

The staff believes that SIG 64.1 provides necessary guidance for implementing SFFAS 64. The questions in this section are available for your use at <https://www.fasab.gov/documents-for-comment/>. Your responses should be sent to mda@fasab.gov. If you are unable to respond by email, please contact us at (202) 512-7350.

All responses are requested by **March 13, 2026**.

- QFR1.** The proposed SIG 64.1 provides information on how to achieve a balanced, concise, integrated, and understandable MD&A.

Do you agree or disagree that the proposed SIG 64.1 provides information to implement a balanced, concise, integrated, and understandable MD&A? Please provide the rationale for your answer.

- QFR2.** The proposed SIG 64.1 provides information about how reporting entities may discuss mission and organization in MD&A.

Do you agree or disagree that the proposed SIG 64.1 provides information for how to discuss mission and organization in MD&A? Please provide the rationale for your answer.

- QFR3.** The proposed SIG 64.1 provides information about how reporting entities may discuss and analyze financial position and financial condition.

Do you agree or disagree that the proposed SIG 64.1 provides information for how to discuss and analyze financial position and condition in MD&A? Please provide the rationale for your answer.

- QFR4.** The proposed SIG 64.1 provides information about how reporting entities may discuss and analyze key performance results and associated costs.

Do you agree or disagree that the proposed SIG 64.1 provides information for how to discuss and analyze key performance results and associated costs in MD&A? Please provide the rationale for your answer.

- QFR5.** The proposed SIG 64.1 provides information about how reporting entities may discuss and analyze significant opportunities and risks in MD&A.

**Do you agree or disagree that the proposed SIG 64.1 provides information for how to discuss and analyze significant opportunities and risks?
Please provide the rationale for your answer.**

- QFR6.** The proposed SIG 64.1 provides information about how reporting entities may discuss and analyze management's assessment of the reliability of the reporting entity's financial information by explaining significant weaknesses in the financial management system, related systems, internal controls, or non-compliance with applicable laws.

**Do you agree or disagree that the proposed SIG 64.1 provides information for how to discuss and analyze management's assessment of the reliability of the reporting entity's financial information by explaining significant weaknesses in the financial management system, related systems, internal controls, or non-compliance with applicable laws?
Please provide the rationale for your answer.**

- QFR7. Do you wish to comment on any other aspects of this proposal?**

PROPOSED STAFF IMPLEMENTATION GUIDANCE

1. **What does *significant* mean when presenting information in management's discussion and analysis (MD&A)?**
2. The term significant is used throughout Statement of Federal Financial Accounting Standards (SFFAS) 64, *Management's Discussion and Analysis*. For example, significant is used in paragraphs 8, 12.b, c, e and f.
3. The intent of SFFAS 64 is for management to include information it believes is important for users to understand what factors (events, conditions, and/or trends) affected the financial position, financial condition, or key performance results of the reporting entity.
4. The determination of whether the effect is significant is a matter of professional judgment.
5. The following are examples of how management may discuss and analyze information that is considered significant in MD&A:
 - a. The balance in the impaired asset account increased due to a natural disaster that damaged a building. Management explains how the natural disaster had a significant negative effect on the reporting entity's financial position and operating performance.
 - b. Management also discusses and analyzes any significant opportunities or risks related to replacing or removing the impaired asset and how each could potentially affect the reporting entity's ability to achieve its key performance results going forward.

PRESENTING INFORMATION IN MD&A

6. **What is the recommended maximum number of pages or an anticipated page reduction for MD&A?**
7. SFFAS 64 does not recommend a maximum number of pages or anticipated page reduction for MD&As as a result of SFFAS 64.
8. SFFAS 64 is intended to guide management in streamlining its MD&A by applying the broad, principle-based standards of balanced, concise, integrated, and understandable found in *Presenting Information in MD&A* in paragraphs 8-11 of SFFAS 64. As reporting entities gain experience in preparing MD&As based on these principle-based standards, their MD&As will become streamlined. This will likely lead to fewer pages and reduced burden for preparers.
9. **How do reporting entities achieve a balanced MD&A?**
10. As noted in paragraph 8 of SFFAS 64 and explained further in paragraph A25 in the basis for conclusions, management should explain both significant positive

and negative effects of events, conditions, and trends on the reporting entity's financial position, financial condition, and key performance results.

11. The following are examples of how management may achieve a balanced MD&A:
 - a. Management explains that a supply chain delay postponed a rocket launch during the reporting period, which had a significant negative effect on the reporting entity's financial position.
 - b. Management explains why placing a nuclear reactor on the moon could save significant costs in the future and what significant positive effect that could have on the reporting entity's financial condition.
12. **How do reporting entities achieve a concise MD&A?**
13. As noted in paragraph 9 of SFFAS 64 and explained further in paragraph A26 in the basis for conclusions, management should emphasize the vital few matters, summarize and include only relevant information, limit duplicative content, and provide links to relevant detailed information to achieve a concise MD&A.
14. To limit duplicative content, management should consider including content once in the MD&A instead of repeating it in multiple places in the MD&A.
15. When summarizing the vital few matters in the MD&A, management may provide a link to details that can be found in other areas of the agency financial report (AFR), in other reports, or the agency's website.
16. The following are examples of how management may achieve a concise MD&A:
 - a. Management summarizes the organization and mission with a link to details, such as an organizational chart, list, or map of all the reporting entity's facilities, in the reporting entity's website.
 - b. Management summarizes the key performance results and associated costs with a link to the reporting entity's statement of net cost.
 - c. Management summarizes relevant information about the causes of significant changes and trends in assets, liabilities, net position, costs, revenues, budgetary resources, and financing sources with a link to the details in the notes in the AFR.
17. **How do reporting entities achieve an integrated MD&A?**
18. As noted in paragraph 10 of SFFAS 64 and explained further in paragraphs A27 and A28 in the basis for conclusions, management should combine financial, nonfinancial, qualitative and quantitative information to present a comprehensive and unified MD&A for a meaningful, transparent, and cohesive story.

19. The structure of a reporting entity, such as whether there are key organizational components¹ or not, may determine how information is integrated in MD&A.
20. **A reporting entity that does not have key organizational components** may integrate information about its organization and mission; cause(s) of significant changes and trends to financial position and condition; and significant opportunities and risks, and key performance results and associated costs that affect the entire reporting entity.
21. This reporting entity MD&A should assess the effectiveness of its internal controls and financial management systems. The MD&A should also summarize compliance with applicable laws, regulations, contracts, and grant agreements that are relevant to financial reporting.
22. **A reporting entity with many key organizational components** may integrate information at both the reporting entity level and for each key organizational component as follows:
 - a. For the reporting entity level, the MD&A may address organization and mission, cause(s) of significant changes and trends to financial position and condition, and significant opportunities and risks that affect the entire reporting entity.
 - b. For the reporting entity level, MD&A may discuss key performance results and associated costs that affect the entire reporting entity. Management may discuss and analyze which key organizations contributed to the key performance result and what each key organization contributed in terms of associated costs to the key performance result.
 - c. For the reporting entity level, MD&A should assess the effectiveness of the reporting entity's internal controls and financial management systems. At the reporting entity level MD&A should also summarize compliance with applicable laws, regulations, contracts, and grant agreements that are relevant to financial reporting.
 - d. For each key organizational components, MD&A may also integrate information about its mission; event(s) that caused a significant change (positive or negative) to the reporting entity's financial position and condition; key performance results and associated costs; any cost savings; and significant opportunities and risks related to each key organizational component.

23. **How do reporting entities achieve an understandable MD&A?**

¹ Reporting entities may define key organizational components by a different name, such as responsibility segments or major programs.

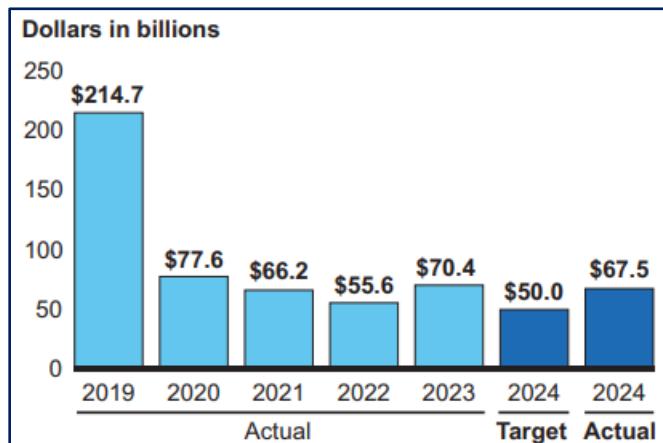
24. As noted in paragraph 11 of SFFAS 64 and explained further in paragraph A29 in the basis for conclusions, management should provide an MD&A that all users, including those who are not experts in federal government financial matters, can easily understand.
25. Management should present MD&A content in plain language.
26. Management has the flexibility to combine different methods of presenting information that appeal to a variety of users.
27. For example, information can be organized
 - a. by related content with headers, sub-headers, and bullet points, and
 - b. with charts, tables, and graphs, when appropriate, to explain quantitative information.

INFORMATION DISCUSSED AND ANALYZED IN MD&A

28. **What information should reporting entities discuss about mission and organization in MD&A?**
29. As noted in paragraph 12.a of SFFAS 64 and explained further in paragraph A31 in the basis for conclusions, management provides a brief description of the reporting entity's organization and mission to explain key organizational components.
30. SFFAS 64 does not require an organizational chart, list, or map of all the reporting entity's facilities.

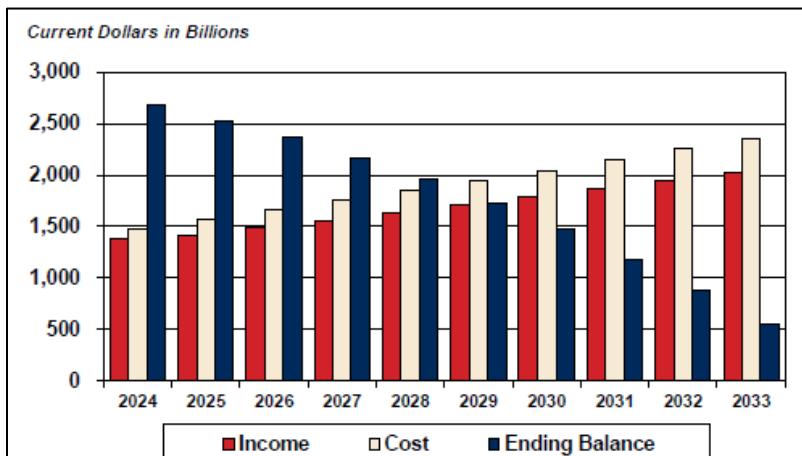
For example, management may provide a brief description about the reporting entity and each key organization's mission with reference to relevant details in the reporting entity's webpage.
31. **What information should reporting entities discuss and analyze about financial position in the MD&A?**
32. As noted in paragraph 12.b of SFFAS 64 and explained further in paragraph A32 in the basis for conclusions, management should discuss and analyze the causes of significant changes and trends in assets, liabilities, net position, costs, revenues, budgetary resources, and financing sources.
33. Management may include information about events and conditions that had a significant positive or negative effect on financial statement balances during the reporting period to increase the understandability and usefulness of the MD&A.
34. For example, an increase or decrease in funding or financing sources, new laws or executive orders, infrastructure damage, regulatory shifts, or operational changes could cause a significant positive or negative effect on financial statement balances.

35. When analyzing causes of significant changes and trends in financial position, reporting entities compare current year beginning balances with ending balances, regardless of whether comparative statements are required in AFRs.
36. Management may include information about beginning year balances in quantitative and qualitative information in accordance with the principle on integration found in paragraph 10 of SFFAS 64, and charts, graphs, or tables in accordance with the principle on understandability found in paragraph 11 of SFFAS 64.
37. The following are examples of how management may explain the cause of a significant change to financial position:
- Support of pandemic-related efforts led to a significant decrease of stockpile materials of vaccines by \$\$\$.
 - Disaster recovery efforts from a natural disaster in X area of the country during 20XX significantly increased the cost of X by \$\$\$.
38. **Does SFFAS 64 require a specific number of years for reporting trends?**
39. No, SFFAS 64 does not require a specific number of years for reporting trends. However, management has the flexibility to determine how many past years to report for a trend to best explain when a significant change occurred and why.
40. For example, management may provide a chart, as shown below, with trend information over multiple past reporting periods that may help users understand positive or negative effects on amounts reported in the financial statements or key performance results.



41. **What information should reporting entities discuss and analyze about financial condition in the MD&A?**

42. As noted in paragraph 12.c of SFFAS 64 and explained further in paragraph A32.b in the basis for conclusions, financial condition is broader and more forward-looking than financial position.
43. For financial position, management discusses and analyzes the causes of significant changes and trends only during the reporting period. Financial condition is broader because MD&A may go beyond the reporting period.
44. Management may discuss and analyze the causes of significant changes and trends for business-type activity, social insurance, long-term projections, and required supplementary information.
45. When analyzing causes of significant changes and trends for financial condition, reporting entities compare current year beginning balances with ending balances regardless of whether comparative statements are required in AFRs.
46. For example, management may provide a chart, as shown below, with possible positive or negative future effects on financial resources and include a summary discussion that explains what may cause significant changes going forward in income, cost, and ending balances.



47. **What are key performance results, associated costs, and how do reporting entities discuss and analyze them in MD&A?**
48. As noted in footnote 4 of paragraph 12.d in SFFAS 64 and explained further in paragraph A33 in the basis for conclusions, key performance results are both accomplishments and challenges.
 - a. Accomplishments may be achievements during the reporting period.
 - b. Challenges may be events that occurred during the reporting period that may have caused issues with accomplishing a key performance result in the original time frame or within budget, such as scheduling issues due to supply chain problems, reduction in funding, or a change in a law or regulation.

49. Management may use judgment to identify what performance results are key to the reporting entity and its key organizations.
50. When determining what is a key performance result, management should emphasize the vital few matters and present only information that is relevant for the current reporting period.
51. The reporting entity's statement of net cost is a good starting point for management to determine what are key performance results and associated costs. As noted in paragraph 12.d of SFFAS 64 and explained further in paragraph A33.a in the basis for conclusions, management may organize key performance results based on the reporting entity's statement of net cost, such as by responsibility segment, major program, mission, or component agencies.
52. As noted in paragraph 12.d.ii of SFFAS 64 and explained further in paragraph A33.b in the basis for conclusions, management should explain what actual costs were incurred by the reporting entity to accomplish key performance results during the current reporting period. If actual costs are not available, management may explain using obligations incurred or associated outlays to provide an understanding of the affected budgetary or financing resources needed during the reporting period.
53. The following are examples of how management may explain accomplishments or challenges:
 - a. Management discusses and analyzes what was accomplished for key performance Y during the reporting period and the associated costs.
 - b. Management discusses and analyzes what was accomplished during the reporting period for key performance result Z, the associated costs, and how much money this accomplishment might save in the future and why.
 - c. Management discusses and analyzes what and why there were challenges with key performance result ABC, the associated costs, and whether it went over budget and why. The explanation includes how management is mitigating this challenge to get key performance results back on track.
54. **Does SFFAS 64 require a forward-looking section?**

SFFAS 64 does not require a forward-looking section. Paragraphs 12.e and f of SFFAS 64 require a discussion and analysis about significant opportunities and risks and their potential effect on key performance results and financial and budgetary results. Information on significant opportunities and risks could be similar to those reported in a previous AFR that did have a forward-looking section.
55. **What information should reporting entities discuss and analyze about significant opportunities in MD&A?**

56. As noted in paragraph 12.e. of SFFAS 64 and explained further in paragraph A34 in the basis for conclusions, management should explain what significant opportunities the reporting entity is managing to enhance key performance results and how those plans could potentially have a positive effect on the financial position/condition and budgetary results.
57. For example, management discusses and analyzes significant opportunities and how it could enhance key performance result Y. Management explains how it is leveraging this significant opportunity and what the positive effect on financial and budgetary results could be.
58. **What information should reporting entities discuss and analyze about significant risks in MD&A?**
59. As noted in paragraph 12.f of SFFAS 64 and explained further in paragraph A35 in the basis for conclusions, management should explain what significant risks the reporting entity is mitigating to reduce any negative effects on key performance and financial and budgetary results and how those plans could potentially affect financial and budgetary results.
60. For example, management discusses and analyzes a significant risk and how it could have a negative impact on key performance result Z. Management explains how it plans to mitigate this risk and the potential negative effect on the financial position/condition and budgetary results if it is not mitigated.
61. **Does SFFAS 64 require a systems, controls, and legal compliance section?**
62. No, SFFAS 64 does not require a systems, controls, and legal compliance section.
63. However, as noted in paragraph 13 of SFFAS 64 and explained further in paragraph 36 in the basis for conclusions, MD&A should provide a discussion and analysis about management's assessment of the reliability of the reporting entity's financial information by explaining significant weaknesses in the financial management system, related systems, internal controls, or non-compliance with applicable laws.
64. Management should explain if the reporting entity executed and recorded transactions in accordance with budgetary laws, financial laws, and federal accounting standards to prepare the AFR.
65. Management should explain how it plans to address significant weaknesses in the financial management system, related systems, internal controls, or non-compliance with applicable laws, regulations, contracts, and grant agreements to maintain integrity and reliability of the reporting entity's financial information.
66. Management should apply the principles of balanced, concise, integrated, and understandable when determining how to present information required by paragraph 13 of SFFAS 64 in tandem with other administrative requirements.

67. **Does SFFAS 64 change requirements about the statement of social insurance (SOSI) in MD&A?**
68. As noted in footnote 3 of paragraph 5 in SFFAS 64 and explained further in paragraph A43 of the basis for conclusions, SFFAS 64 does not eliminate or otherwise affect the requirements of SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*, to avoid duplication of information already required in MD&A.

EFFECTIVE DATE

69. This guidance is effective upon issuance.

The provisions of this Staff Implementation Guidance need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

APPENDIX A: BASIS FOR CONCLUSIONS

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) has authorized its staff to prepare a SIG to provide timely guidance on implementing SFFAS 64 in accordance with the Board’s Rules of Procedures, as amended and restated in August 2023.

This appendix discusses some factors considered significant by staff in reaching the conclusions in this SIG. It includes the reasons for accepting certain approaches and rejecting others. Some factors were given greater weight than other factors. The guidance enunciated in the proposed technical guidance section, not the material in this appendix, would govern the accounting for specific transactions, events, or conditions.

This SIG may be affected by later Statements or pronouncements. The FASAB Handbook is updated annually and includes a status section directing the reader to any pronouncement that affects this SIG. Within the text of the SIG, the authoritative sections are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of amending Statements or other pronouncements for the rationale for each amendment.

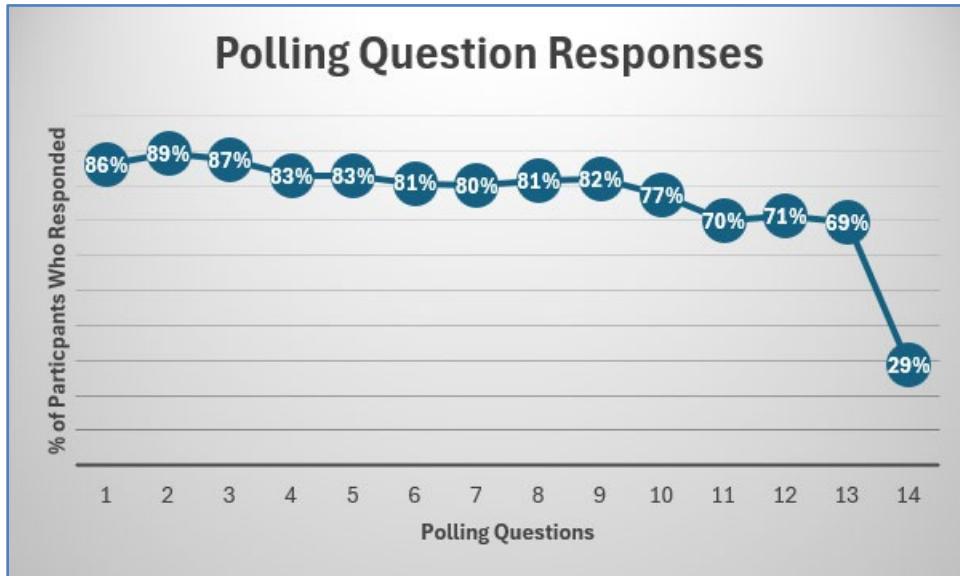
Development of SIG 64.1 Exposure Draft

- A1. After the issuance of SFFAS 64, staff provided implementation training to more than 35 reporting entities from February through May 2025. During these training courses, staff collected questions from reporting entities about what was necessary to help them implement SFFAS 64. Staff drafted the proposed SIG 64.1 based on the questions collected from implementation training.
- A2. In compliance with FASAB’s Rules of Procedures for due diligence in developing a SIG, three FASAB staff members peer reviewed the proposed SIG 64.1. Upon completion of the peer review, the FASAB chair and executive director approved the exposure draft (ED).
- A3. Staff then held a public meeting on September 4, 2025, to introduce the draft and receive feedback to prepare proposed SIG 64.1 for public comment.

Analysis of Public Meeting Feedback

- A4. Approximately 150 people attended the public meeting on September 4, 2025, from over 50 federal reporting entities and the public.
- A5. Staff collected feedback through 14 polling questions. Thirteen polling questions required a yes or no response to the question of whether the proposed draft guidance was clear. For respondents who responded no, staff requested information on what additional information would assist them in implementing SFFAS 64. Staff analyzed these responses to determine if any additional implementation guidance was necessary for the SIG 64.1 ED.

- A6. The final polling question asked if there was any additional information not covered in the previous polling questions that would be helpful for implementation of SFFAS 64.
- A7. The following chart shows the percentage of attendees, out of the 150 total attendees, that responded to each of the 14 polling questions.



- A8. The following table shows the total yes and no responses and the related percentages to the total attendees that responded. The yes responses validated that the proposed SIG 64.1 provides adequate implementation guidance. The no responses requested additional implementation information.

Polling Question	Total Responses	YES Responses	% of Yes Responses	NO Responses	% of No Responses	Total %
1	129	123	95%	6	5%	100%
2	134	130	97%	4	3%	100%
3	131	123	94%	8	6%	100%
4	124	117	94%	7	6%	100%
5	124	122	98%	2	2%	100%
6	121	118	98%	3	2%	100%
7	120	109	91%	11	9%	100%
8	122	109	89%	13	11%	100%
9	123	112	91%	11	9%	100%
10	116	105	91%	11	9%	100%
11	105	99	94%	6	6%	100%
12	107	101	94%	6	6%	100%
13	104	96	92%	8	8%	100%

- A9. The following is staff's analysis of the no responses to determine if any additional implementation guidance was necessary for the ED.
- A10. Polling question #1 – *Does the draft SIG 64.1 help explain significant in the context of presenting information in MD&A?*
- Polling question #1 received six no responses (5% of respondents). One no response was a comment and did not request additional implementation guidance.
 - Five respondents requested additional implementation guidance related to materiality and examples.
 - Staff determined that the ED does not need additional implementation guidance because SFFAS 64 focuses on significance and not materiality.
 - Implementation guidance explains that the intent of SFFAS 64 is for management to include information it believes is important for users to understand what factors (events, conditions, and/or trends) affected the financial position, financial condition, or key performance results of the reporting entity.
 - The determination of whether the effect is significant is a matter of professional judgment.
 - Staff included two examples related to significance in the ED.
- A11. Polling question #2 – *Does the draft SIG 64.1 help explain how to achieve a balanced MD&A?*

- a. Polling question #2 received four no responses (3% of respondents). One no response did not provide any additional information.
 - b. Three no responses requested additional implementation guidance.
 - i. One respondent asked if a balanced MD&A means a 1:1 ratio for a positive and negative comment. Staff updated implementation guidance to explain that SFFAS 64 does not prescribe a ratio.
 - ii. One respondent requested that SFFAS 64 include both positive and negative examples. Staff did not add additional implementation guidance because the ED provides an example of both positive and negative effects on financial position.
 - iii. One respondent requested that SFFAS 64 include language about comparative reporting in MD&A and noted that Office of Management and Budget Circular A-136, *Financial Reporting Requirements*, requires single year presentation.
 - iv. Staff added implementation guidance in multiple paragraphs, to clarify that reporting entities compare current year beginning balances with ending balances, regardless of whether comparative statements are required in AFRs.
- A12. Polling question #3 – *Does the draft SIG 64.1 help explain how to achieve a concise MD&A?*
- a. Polling question #3 received eight no responses (6% of respondents).
 - b. Five respondents asked how to link costs with performance results. Staff updated the example to address this.
 - c. Three respondents requested additional implementation guidance to avoid duplicating information, to use links to detailed information, and to better understand the terms vital and relevant. Staff updated implementation guidance and examples to address this.
- A13. Polling question #4 – *Does the draft SIG 64.1 help explain how to achieve an integrated MD&A?*
- a. Polling question #4 received seven no responses (6% of respondents). One no response did not provide any additional information.
 - b. Four respondents asked how to link costs with performance results. Staff updated the example to address this.
 - c. Two respondents requested another example applicable to a smaller entity that is organized by major programs. Staff added an example for a small reporting entity organized by major programs.

A14. Polling question #5 – *Does the draft SIG 64.1 help explain how to achieve an understandable MD&A?*

- a. Polling question #5 received two no responses (2% of respondents). One respondent did not include a comment, and one respondent did not request additional implementation guidance.
- b. Staff, therefore, made no updates to implementation guidance about achieving an understandable MD&A.

A15. Polling question #6 – *Does the draft SIG 64.1 help explain how to discuss mission and organization in MD&A?*

- a. Polling question #6 received three no responses (2% of respondents).
- b. One respondent was unclear about what the structure should be for mission and organization. Staff determined that updating implementation guidance was not necessary because preparers can review the available examples for an integrated MD&A in proposed SIG 64.1.
- c. One respondent asked that while organizational and office charts are not needed, what about a count of offices and divisions? Staff determined that updating implementation guidance was not necessary because it already includes examples for a concise MD&A.
- d. One respondent asked about the elements of a brief description.
- e. Staff determined that updating implementation guidance was not necessary because the elements are already provided in the principle-based guidance regarding *concise*. For example, management may emphasize the vital few matters by summarizing and including only relevant information, limiting duplicative content, and providing links to relevant detailed information.

A16. Polling question #7 – *Does the draft SIG 64.1 help explain how to discuss and analyze financial position in MD&A?*

- a. Polling question #7 received 11 no responses (9% of respondents).
- b. Nine respondents asked how to discuss changes within the reporting period when comparative statements are not required to be presented.
- c. Staff added implementation guidance in multiple paragraphs to clarify that reporting entities compare current year beginning balances with ending balances, regardless of whether comparative statements are required in AFRs.
- d. One respondent requested guidance about whether to discuss and analyze executive orders that affected financial position.

- e. One respondent noted that implementation guidance was too vague to determine how to present financial position and that more concrete terms would be helpful.
 - f. To address A16.c-d, staff added examples of possible causes of significant changes, like resource increase/decrease, new laws, executive orders, and supply chain shortages.
- A17. Polling question #8 – *Does the draft SIG 64.1 help explain how to discuss and analyze **financial condition** in MD&A?*
- a. Polling question #8 received 13 no responses (11% of respondents).
 - b. Six respondents asked how to discuss changes within the reporting period when comparative statements are not required to be presented.
 - c. Staff added implementation guidance in multiple paragraphs to clarify that reporting entities compare current year beginning balances with ending balances, regardless of whether comparative statements are required in AFRs.
 - d. Three respondents provided comments but did not request additional implementation guidance.
 - e. Two respondents requested implementation guidance on the difference between financial position and condition and why financial condition is broader and more forward-looking. Staff updated implementation guidance to address this.
 - f. Two respondents requested more examples related to financial condition. Staff updated the implementation guidance to add an example for financial condition.
- A18. Polling question #9 – *Does the draft SIG 64.1 help explain how to discuss and analyze **trends** in MD&A?*
- a. Polling question #9 received 11 no responses (9% of respondents).
 - b. Nine respondents provided comments about the difficulty of providing trends if additional administrative requirements only require single year financial statements as opposed to comparative statements.
 - c. Staff added implementation guidance in multiple paragraphs to clarify that reporting entities compare current year beginning balances with ending balances, regardless of whether comparative statements are required in AFRs.
 - d. Two respondents requested an example related to trends. Staff added an example about trends to the implementation guidance.

A19. Polling question #10 – *Does the draft SIG 64.1 help explain how to discuss and analyze **key performance results and associated costs** in MD&A?*

- a. Polling question #10 received 11 no responses (9% of respondents).
- b. One respondent did not include a comment.
- c. One respondent requested real integration examples. Staff updated implementation guidance using examples for integration and for key performance results and associated costs.
- d. Four respondents wanted implementation guidance on what a key performance result is and what associated costs are.
- e. Staff updated content to better explain how management should apply the principle of *concise* as part of its judgment to decide what a key performance result is. Staff updated the ED to encourage use of the statement of net cost for this information.
- f. Two respondents wanted to better understand accomplishments and challenges. Staff updated the ED to better explain accomplishments and challenges.
- g. Three respondents were concerned about systems and timing that do not support key performance results. Staff updated the example for how management may link key performance results to associated costs. However, management should address any necessary system updates that address timing issues.

A20. Polling question #11 – *Does the draft SIG 64.1 help explain how to discuss and analyze **significant opportunities** in MD&A?*

- a. Polling question #11 received six no responses (6% of respondents).
- b. One respondent asked *what if the reporting entity does not identify any significant opportunities?* Staff determined that updating implementation guidance was not necessary because management will need to determine whether significant opportunities exist.
- c. Two respondents said it would be difficult if agencies cannot link performance results to costs.
- d. Staff updated the example for how management could link key performance results to associated costs. However, management should address any necessary system updates to address linking key performance results with associated costs.
- e. One respondent asked how an agency should incorporate forward-looking information that will be dependent on future appropriations in a report that is focused on a past performance/finance report.
- f. Staff believes that the proposed SIG 64.1 does not need additional implementation guidance because SFFAS 64 does not require a

- discussion about specific numbers related to future appropriations. It asks for the potential effect on financial and budgetary results of carrying out management's plans to address significant opportunities.
- g. Two respondents requested an updated example. Staff updated the example to address a significant opportunity.
- A21. Polling question #12 – *Does the draft SIG 64.1 help explain how to discuss and analyze **significant risks** in MD&A?*
- Polling question #12 received six no responses (6% of respondents).
 - One respondent noted that *this standard replaces the requirement to provide a forward looking section*. Staff determined that updating implementation guidance was not necessary because this was a statement and not a request for a change.
 - Two respondents said it would be difficult if agencies cannot link performance results to costs.
 - Staff updated the example for how management could link key performance results to associated costs. However, management should address any necessary system updates to address linking key performance results with associated costs. Management's policies and procedures should determine what a significant risk to its key performance results is.
 - Three respondents asked to further explain significant risk. Staff updated the example to address a significant risk.
- A22. Polling question #13 – *Does the draft SIG 64.1 help explain how to discuss and analyze **systems, controls, and legal compliance** in MD&A?*
- Polling question #13 received eight no responses (8% of respondents) concerning what SFFAS 64 requires in relation to other administrative requirements.
 - Staff updated the implementation guidance to:
Management should apply the principles of *balanced, concise, integrated, and understandable* when determining how to present information required by paragraph 13 of SFFAS 64 in tandem with other administrative requirements.
- A23. Staff included polling question #14 to determine *if there were any additional comments not covered in polling questions 1-13.*
- Polling question #14 received 43 comments.
 - Staff determined that no additional implementation guidance was needed.

- i. 13 respondents thanked staff for the public meeting.
- ii. 30 respondents asked questions that were addressed in the 13 polling questions or would be addressed through implementation training.

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