



April 11, 2018

Memorandum

To: Members of the Board

*Ross Simms*

From: Ross Simms, Assistant Director

*Wendy M. Payne*

Through: Wendy M. Payne, Executive Director

Subj: Education Session: Electronic Reporting – **TAB D**<sup>1</sup>

MEMBER ACTIONS REQUESTED:

- No actions required

## OBJECTIVES

The objective is to inform the Board on future reporting possibilities. As the Board considers a potential reporting model for the future, this session demonstrates innovations in presenting data and provides a preview of what lies ahead for financial reporting.

## BRIEFING MATERIALS

The briefing material includes this memorandum and the following attachment:

Attachment I: Speaker bios

## BACKGROUND

The Board completed the financial report project and issued Statement of Federal Financial Accounting Concepts (SFFAC) 8, *Federal Financial Reporting*. SFFAC 8 discusses the role of financial statements and required supplementary information (RSI)

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<sup>1</sup> The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

and provides a platform to address current and evolving reporting needs. The concepts also discuss reporting that permits users to drill-down from highly aggregated data to different levels of detail.

During the time when the Board discussed the development of SFFAC 8, members considered ongoing initiatives such as the Digital Accountability and Transparency Act of 2014 (DATA Act), the GPRA Modernization Act of 2010, and electronic reporting, and considered the benefits of summary level reporting for citizens. However, the Board determined that the concepts should be broad and not prescribe specific features and how the reporting model should look.

Upon completion of the concepts, the Board began discussing how to improve the content of financial reports through standards and decided to use a two-phased approach. During phase I, the Board will focus on areas that can be addressed in the near term and, in phase II, consider a model that could be developed over the long term.

Staff has engaged a task force to help address phase II and the discussions focused on the concept of digitized reporting expressed in SFFAC 8 and external user personas. Illustrative models are being developed to facilitate discussions regarding electronic reporting and the use of data visualizations to help users understand financial information.

During the February 2018 meeting, staff conducted an education session and noted that electronic reporting could help address concerns regarding the existing model—the need to enhance users’ understanding of financial information, the static nature of the presentations, and the high level of aggregation for reporting entities with diverse missions and programs. The education session included demonstrations of interactive data visualizations developed to address users’ needs for information about government spending and an interactive financial reporting model for a component reporting entity.

Subsequent to the February 2018 meeting, FASAB staff discussed the electronic reporting model effort with representatives of the American Institute of Certified Public Accountants (AICPA). The electronic reporting model integrates information required by generally accepted accounting principles (GAAP) and other information or non-financial information. Key items noted with respect to linking GAAP and other information:

- Users should know the boundaries around the financial report. Consider whether a user can distinguish audited from unaudited information.
- The standards-setter should be clear whether non-financial information is basic or required supplementary information (RSI).
- The standards-setter needs to provide criteria so the preparer is clear regarding what information should be presented and whether information is basic, RSI, or voluntary.

- With respect to the other information, auditors would consider [AU-C Section 720-Other Information in Documents Containing Audited Financial Statements](#)

The AICPA welcomed the opportunity to work with staff in addressing potential electronic reporting issues.

Also, a concern regarding federal financial reports is that users have challenges understanding the financial information presented. Deloitte assisted in the development of representations of the intended users (personas) of electronic reports, developed an approach for helping users understand the financial information being presented, and continued to develop wireframes of the model and interactive financial statements. During the April 2018 meeting, staff plans to discuss personas, present an approach for helping users better understand financial information, and present the updated wireframes and financial statements.

## **NEXT STEPS**

The next steps for the project will involve demonstrating and discussing electronic reporting and data visualizations with professional groups and at conferences and training sessions. By engaging the financial reporting community, staff intends to learn about the opportunities and challenges that should be considered in advancing the content of the model and the presentation of information.

## **MEMBER FEEDBACK**

If you have any questions or comments, please contact me by telephone at (202) 512-2512 or by email at [simmsr@fasab.gov](mailto:simmsr@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov) .

**Justin Marsico, Senior Policy Analyst, Department of the Treasury**

Justin Marsico is a senior policy analyst at the Treasury Department, where he is leading an analytics team as part of a federal spending transparency initiative called the DATA Act. Justin previously served as a senior advisor in Inspector General's office at the Department of Commerce, where he investigated ethics matters and employee misconduct. In addition, Justin worked as an analyst at the Consumer Financial Protection Bureau and previously at Treasury as an international economist. Before joining the government as a Presidential Management Fellow, Justin worked as a field manager for economic research projects in Malawi, and as a system analyst for Macy's Corporation in New York. Justin holds Masters degrees from the University of Michigan in applied economics and public policy. He now lives in Washington, D.C.

**Tasha Austin, CFE, AMLP, CDFM  
Senior Manager, Deloitte & Touche LLP**

Tasha Austin is a Senior Manager in Deloitte's Federal practice and has more than 16 years of professional services experiences involving commercial and federal financial statement audits, fraud, dispute analysis and investigations, and data analytics. Tasha leads the DATA Act offering for the Risk and Financial Advisory practice, where she introduces innovative insight-driven solutions to her clients to help them transform financial management. Most of Tasha's time is spent providing strategic direction to executives and management across the federal community to help them solve their agencies' most complex and unique data challenges. Tasha delivers innovative data solutions to drive business process reengineering, internal controls assessments, financial statement account reconciliations, and implementation of corrective actions to help agencies create a repeatable, sustainable, and auditable environment. Tasha has moderated panel discussions with executives across the federal community and facilitated agency-level training to demonstrate the value in leveraging data as a strategic asset to deliver key insights and to inform strategic decision-making. She serves as a STEM Ambassador on behalf of Deloitte and the community.

Tasha also develops rising STEM Talent across Greater Washington by serving as a Professor at the Northern Virginia Community College, where she teaches a combination of advance mathematics and statistics courses. Tasha has a BS and MS in Mathematics from North Carolina Central University in Durham, NC and an Executive MBA from Howard University in Washington, DC.

### **Daniel Shorstein, Manager, Deloitte & Touche LLP**

Daniel Shorstein is a manager at Deloitte & Touche LLP in its Federal Risk and Financial Advisory practice. Daniel has more than 12 years of experience providing accounting, auditing, tax, and consulting services, specializing in developing data analyses around financial and related operational data for audit readiness, audit remediation, and business process reengineering. Mr. Shorstein has spoken at the national Association for Governmental Accounting (AGA) conference, and has had an article published as the cover story in Florida CPA Today. Daniel is growing financial reporting and analytic capabilities of Deloitte practitioners through developing and teaching a Federal Accounting Learning Program, and developing and delivering a series of Python courses. Daniel creates innovative data-driven insights using open data made available through the DATA Act, with the goal of providing agencies and the public with new and interesting ways to benefit from the DATA Act.

### **Tanya Bagheri Business Technology Analyst, Deloitte & Touche LLP**

Tanya Bagheri is a Business Technology Analyst specializing in User Experience design for analytics solutions in Deloitte's InsightStudio, a center of excellence focused on analytics and visualization to create data-driven insights. She has led multiple design sessions with executive-level management to address the underlying needs for executive dashboard creation. She leads the design of prototype wireframes using an agile, user-centric requirements gathering approach for multiple, large federal clients. Tanya has a dual degree in Finance in International Business from the University of Maryland in College Park, MD and is skilled in numerous software packages to create wireframe prototypes including Sketch, Balsamiq, InVision, and Adobe Illustrator.

### **Reem El Seed Consultant, Deloitte & Touche LLP**

Reem is a Consultant in Deloitte's Federal Practice. She is a certified User Experience Designer with more than 4 years' experience providing clients in the Federal sector the insight and knowledge to managing financial risk and experience designing products revolving around emerging technology.

Her ability to leverage design thinking principles and analytical background enables her to deliver a human-centric approach to designing innovative, data-driven solutions. Reem has a B.S. in Finance from Virginia Polytechnic Institute and State University in Blacksburg, VA and a certification in User Experience and Interface Design from General Assembly. She is skilled in numerous software packages to design and create digital prototypes including Adobe Creative Cloud, Sketch, Balsamiq, InVision, and Marvel.

**Dai Tran**  
**Specialist Master, Deloitte & Touche LLP**

Mr. Tran is an Analytics manager in Deloitte's Risk and Financial Advisory practice with over 15 years of experience across a wide range of data and analytics tasks. Mr. Tran has performed cleansing, transforming, and querying data with computer languages (e.g. SQL) and data management tools (e.g. SAP's Business Objects).

In addition, he has built decisions support tools using stochastic simulations (e.g. ExtendSim), statistical regression models (e.g. Alteryx), and financial cost models (e.g. SAS's Enterprise Miner). Finally, Mr. Tran has leveraged cleansed data and/or modeling output to create interactive dashboards (e.g. Tableau) to report, translate, and operationalize the analytic results for both business users and senior leaders.