

Standards Watch

FASAB: Stepping up to the Plate to Inform Fiscal Debate

By: Tom L. Allen, CPA

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Financial information about the federal government may be more vital now than in any time in recent history. The nation is engaged in momentous debates on issues such as how to reduce the growing federal deficit and debt while providing health care for the poor, social insurance for the elderly and defending our country against the threat of terrorism. Anticipating the need to ensure that citizens, agency managers and executives, Congress and others have the information needed to inform these debates, the Federal Accounting Standards Advisory Board (FASAB) has been seeking views on enhancements to the federal reporting model.

FASAB is responsible for balancing the costs and benefits of its decisions and encourages public participation in all phases of the standards-setting process. To help FASAB determine how best to improve the reporting model, FASAB launched the reporting model project in mid-2008. The project involved: user needs studies to determine the information that users and potential users sought to learn about the federal government and how they obtained their information; and monitoring the work of the Chief Financial Officers (CFO) Council in developing a Statement of Spending for agencies.

In addition, as part of the project, FASAB organized a task force of well-regarded experts to study the financial reporting model and recommend enhancements to increase users' understanding, access and use of federal financial information while avoid-

ing costly requirements that do not add value. I would like to thank each of the following task force members for lending their time and expertise in federal financial reporting:

- Jonathan D. Breul, executive director, IBM Center for The Business of Government, and partner, IBM's Global Business Services, and former senior adviser to the Deputy Director for Management in the Office of Management and Budget (OMB)
- Patricia E. Healy, CGFM, executive consultant, CGI, and former deputy chief financial officer, U.S. Department of Agriculture
- Michael J. Hettinger, executive director of Practice Planning and Marketing, Global Public Sector, Grant Thornton LLP, and former staff director of the House Committee on Government Oversight
- John H. Hummel, CGFM, CPA, retired partner and federal segment leader, KPMG LLP, and chair, Certificate of Excellence in Accountability Reporting program sponsored by AGA
- Edward J. Mazur, CPA, senior adviser for Public Sector Services, Clifton Gunderson, LLP, and the first controller of the Office of Federal Financial Management, OMB
- Marvin Phaup, director, Federal Budget Reform Initiative, The Pew Charitable Trusts, former deputy assistant director, Congressional Budget Office
- Al Runnels, deputy chief financial officer, Department of the Treasury

- Jeffrey C. Steinhoff, CGFM, CPA, CFE, executive director, KPMG Government Institute, and managing director, KPMG LLP, and former managing director for Financial Management and Assurance, Government Accountability Office
- Sheila A. Weinberg, founder and CEO, Institute for Truth in Accounting

The task force members were carefully selected to ensure that we have perspectives from those with experience in preparing, auditing and using federal financial reports, and I am pleased to have such a respected group review the federal reporting model.

The task force began its efforts on April 14, 2010 and soon agreed that the method of delivering federal financial information needs to change. The public obtains much of its information through electronic, Web-based sources, and diverse groups are building their own websites to inform the key national debates taking place today. However, federal financial reports are primarily paper-based documents placed on various unlinked websites. Consequently, the public is not aware that financial information prepared in conformity with an established set of standards exists for their use in making comparisons and deciding among alternative approaches.

To help address this issue, the task force is recommending that a central website be developed to communicate the federal government's fiscal health to the public. Some of the features of the website would include:

- A central source for federal financial information permitting ease of access to information about departments and agencies as well as government-wide.
 - “Drill-down” capability to access the appropriate level of detailed material.
 - Machine-readable data so that users can conduct searches and download the data in different formats.
 - Multimedia to convey information so that citizens can understand its significance and how it affects them.
 - The ability to report the cost and accomplishments in a variety of ways based on user preferences
 - by function
 - by program
 - by region, state or local jurisdiction
 - in time series
 - The integration of financial and nonfinancial information important for assessing accountability and supporting decision-making.
 - Web pages targeted to the interests of particular users such as citizens, Congress and analysts.
- Program performance and accomplishments linked to financial results to help users assess the government’s effectiveness in achieving planned goals and the economy and efficiency of government operations.
 - A functional statement of net cost so that users can focus on the cost of programs rather than the agency that administers them.
 - A presentation of net cost by function and department or agency to help users identify the departments or agencies most relevant to the functions of interest to them.
 - Intergovernmental financial dependency information that helps users understand the significant relationships that exist among the federal, state and local governments. The fiscal health and policy decisions of these levels of government are becoming more interdependent as our nation faces near-term and long-term fiscal challenges.

The task force developed other recommendations to improve how existing information is being presented so that users can better understand its significance and how it may affect them.

The task force focused on the government-wide level because this is the level where individuals are likely to start their research. The task force identified the need for additional information that could be presented at the government-wide and/or agency level. The following items were included in the task force’s recommendations to FASAB:

While the task force’s recommendations would help improve the communication of federal financial information at this critical time in our nation’s history, they also strongly believed that ultimately, an awareness initiative needs to be implemented now to ensure that the public knows that the financial information exists for their use

and understands how the information may be used in their decision-making.

I look forward to discussing the input provided by the task force and potentially provided by the CFO Council and other key federal constituents. As FASAB reaches tentative conclusions on how to improve federal financial reporting, input will be sought from all FASAB constituents through its open due process. ¶



Tom L. Allen, CPA, is chair of the Federal Accounting Standards Advisory Board. Allen also serves as a visiting professor at Weber State University. Prior to joining FASAB,

Allen served as chair of the Governmental Accounting Standards Board and Utah state auditor.

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