

Federal Accounting Standards Advisory Board

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NEWS RELEASE

AAPC Issues a Management's Discussion and Analysis Best Practices Report

The Chairman of the Accounting and Auditing Policy Committee (AAPC or Committee), Wendy Payne, announced today that the AAPC has issued a *Management's Discussion and Analysis Best Practices Report*. The AAPC report is intended as a reference for those seeking to improve practices and does not establish authoritative guidance regarding generally accepted accounting principles. Ms. Payne noted that "the management's discussion and analysis section of agency reports is critical to communicating complex information regarding each entity's mission, efforts, accomplishments, and challenges. The committee's hope is this guide will be useful to those striving to raise the bar each year."

The management's discussion and analysis (MD&A) sections of federal reports are sometimes criticized for failing to effectively summarize and communicate entity performance and financial results. Some fail to provide significant analysis. The best practices report follows a review of MD&A standards by a task group established by the Federal Accounting Standards Advisory Board (FASAB). The task group concluded existing standards and concepts are satisfactory and identification of "best practices" may be useful to the community. The FASAB subsequently asked the AAPC to identify best practices found in agency reports.

The AAPC agreed and AAPC member Regina Kearney, Senior Advisory to the Deputy Controller at the Office of Management and Budget, volunteered to lead the effort on behalf of the Committee. An AAPC task group reviewed fiscal year 2009 MD&As and identify best practices aligning with existing standards, concepts, and OMB Circular A-136. Since the MD&A best practices are identified in a report from the AAPC rather than a technical release, public comment was not sought on the report. Therefore, the report does not establish GAAP and does not provide implementation guidance.

The report is available at <http://www.fasab.gov/reports.html>.

ABOUT AAPC

The Accounting and Auditing Policy Committee (AAPC) was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget (OMB), the Government Accountability Office (GAO) [formerly the General Accounting Office], the Chief Financial Officers' Council (CFOC), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [formally the President's Council on Integrity and Efficiency (PCIE)], as a body to research accounting and auditing issues requiring guidance.

The AAPC serves as a permanent committee established by the Federal Accounting Standards Advisory Board (FASAB). The mission of the FASAB is to develop accounting standards after considering the financial and budgetary information needs of congressional oversight groups, executive agencies, and the needs of other users of Federal financial information. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues as they relate to the specific application of existing authoritative literature.

The AAPC is intended to address issues that arise in implementation, which are not specifically or fully discussed in Federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

For more information on AAPC and FASAB, please visit our website: www.fasab.gov.