

Responses to FASAB 64.1 Implementation guidance

Q1. Yes, I agree that SIG 64.1 provides valuable information on how to effectively enhance the MD&A. The proposed guidance delves into greater detail regarding what should be discussed and offers ways to streamline information within the MD&A by including links to additional details that may be covered elsewhere in the AFR (Annual Financial Report). Furthermore, this new guidance helps establish that significant accomplishments and negative effects should be the primary focus of the MD&A.

Q2. Yes, I believe that SIG 64.1 is helpful in guiding entities on how to discuss their mission and organization in the MD&A. The proposed guidance clarifies that it is not required to include an organization chart or map of facilities within the MD&A. Instead, entities have the option to provide a link within the AFR to their agency's website where such information can be accessed. This approach ensures that the MD&A remains focused and concise, while still providing stakeholders with easy access to additional relevant information.

Q3. Yes, I agree that the proposed SIG 64.1 offers valuable guidance on how agencies can effectively discuss and analyze their financial position and condition within the MD&A. This includes providing detailed instructions on how to discuss and analyze the causes of significant changes and trends in key financial elements such as assets, liabilities, net position, costs, revenues, budgetary resources, and financing sources. The guidance emphasizes the importance of addressing both positive and negative impacts, which may be influenced by various factors including executive orders, operational changes, or regulatory shifts.

Q4. Yes, I agree that the proposed SIG 64.1 provides valuable guidance for discussing and analyzing key performance results and associated costs in the MD&A (Management's Discussion and Analysis). The guidance suggests that management can use the Statement of Net Cost as a starting point to identify the actual costs incurred. It further advises tying these costs to specific accomplishments or risks that the agency is mitigating, thereby providing a clear link between expenditures and outcomes.

SIG 64.1 also specifies that the costs to be discussed are those incurred during the current reporting period. If actual costs are not available, the guidance allows management to discuss obligations incurred or associated outlays. This approach helps stakeholders understand the resources needed during the reporting period, ensuring a comprehensive and transparent analysis.

Q5. Yes, I agree that the proposed SIG 64.1 provides guidance on how to discuss significant opportunities and risks within the agency. For opportunities, the guidance advises that the agency should state how these opportunities will have positive impacts on the financial position. For risks, the guidance suggests agencies discuss the potential negative impacts on the financial statements and the overall financial condition. Additionally, the proposed SIG 64.1 includes an example to illustrate these points, which helps in providing clear and practical direction.

Q6. Yes, I agree that SIG 64.1 provides guidance on how to discuss and analyze management's assessment of the reliability of the reporting entity's financial information. The guidance advises that the agency should discuss whether its transactions were recorded in compliance with financial, budgetary, and federal financial accounting standards when preparing the Annual Financial Report (AFR).

Additionally, SIG 64.1 emphasizes the importance of reporting any plans to correct significant weaknesses in the financial management system, internal controls, or instances of non-compliance with applicable laws and regulations. This approach ensures transparency and accountability, providing stakeholders with a clear understanding of the agency's efforts to maintain the integrity of its financial reporting.

Q7. No Additional Questions.