

# MD&A PILOT

## ***WELCOME - INSTRUCTIONS - TRAINING***



## WELCOME

*FASAB is excited to partner with you to test drive the draft MD&A Vision Framework to help streamline the MD&A!*

## COHORT

***Here are your partners in helping to streamline the MD&A:***

Commerce  
Defense Health Program  
DHS  
DOD  
Interior  
Education  
Federal Trade Commission  
GSA  
HHS  
HUD  
IRS  
National Labor Relations Board  
Peace Corps  
USAID  
USDA  
U.S. Development Finance Corp  
VA

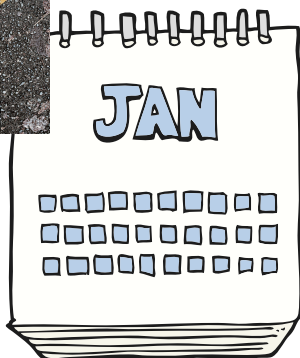


# INSTRUCTIONS

Create a streamlined MD&A  
based on the  
draft MD&A Vision  
Framework

Keep graphs  
& charts that  
help tell your org's  
financial story

Leave out  
A-136 & CEAR  
MD&A  
Requirements



DUE: February 28, 2021



# TOOLBOX

1

## 2020 INFORMATION

*The only information you need is your 2020 agency financial report*



2

## DRAFT MD&A VISION FRAMEWORK

**MD&A Vision Statement:** MD&A should summarize information about the financial position and condition of the reporting entity by discussing the entity's mission, organization, and key financial and performance results to inform users of its financial health and sustainability of major programs.

Therefore, **MD&A should be an objective, concise, and easily readable summary analysis of**

- I. the essential few matters causing significant changes to the entity's (1) financial statement amounts during the current reporting period, and (2) financial, budgetary and key performance trends over past reporting periods;*
- II. the current and planned actions that will address the essential few opportunities, challenges, and risks that could significantly affect financial statement amounts and key performance results in the future; and*
- III. the essential few conditions related to systems and controls that could affect the entity's ability to produce reliable financial information.*

*MD&A may include references to websites or other areas of the agency financial report that provide additional information when applicable.*



# 3

## 11 MD&A OBJECTIVES ARE THE FOUNDATION FOR DRAFT MD&A VISION FRAMEWORK

The Board identified  
11 MD&A Objectives  
based on the four  
objectives  
of federal financial  
reporting  
SFFAC #1: pgs 25-34

CATALOG OF MEMBER IDENTIFIED MD&A OBJECTIVES			
#	Code	MD&A Objective	Mtg
Key: G - General BI - Budgetary integrity OP - Operating performance ST - Stewardship S&C - Systems & controls			
1	G-1	MD&A should concisely explain—in plain language—any budget and financial terms used, such as but not limited to, unfunded, unobligated, and net cost of operations.	Aug 2019
2	BI-1	MD&A should concisely explain financing resources and the sources and status of budgetary resources.	Aug 2019
3	BI-2	MD&A should concisely explain why significant changes in budgetary and/or financing resources were needed during the reporting period.	Aug 2019
4	OP-1	MD&A should concisely explain if significant costs contributed to agency performance.	Oct 2019
5	OP-2	MD&A should concisely explain reasons for significant changes in net cost from the prior year and any significant cost trends over multiple years.	Oct 2019
6	OP-3	MD&A should provide an integrated discussion and analysis of the entity's mission, organization, budget, cost, and performance, for the entity's significant major program investments and the entity as a whole, including what types of resources the entity used and what the entity achieved during the reporting period.	Feb 2020
7	OP-4	MD&A should provide a concise/balanced discussion/summary of significant financial and non-financial operating performance information, including electronic references to legislative performance framework documents, such as GPRAMA reporting, for the entity's major program investments and the entity as a whole.	Feb 2020
8	ST-1	MD&A should concisely explain reasons for significant changes in assets, liabilities, costs, and/or revenues from the prior year and any significant trends.	June 2020
9	ST-2	MD&A should concisely describe planned agency actions to address current and prospective mission-related issues, challenges, and/or risks that could significantly affect assets, liabilities, costs, revenues, and budgetary resources.	June 2020
10	S&C-1	MD&A should concisely describe the conditions of data, systems, and controls that affect the ability to produce reliable financial information.	June 2020
11	S&C-NOTE	A number of members recommended that MD&A should also include a summary discussion about ongoing and planned actions to address non-compliance and control weaknesses that may be causing material weaknesses. This includes references to other sections that have a more in depth discussion of those items.  Members did not have time to agree upon the wording. Therefore, staff will include these draft objectives in the MD&A vision framework for discussion at a future meeting.	June 2020



# HOW TO STREAMLINE THE MD&A

## I. Focus on the

### MD&A VISION STATEMENT

MD&A should summarize information about the financial position and condition of the reporting entity by discussing the entity's mission, organization, and key financial and performance results to inform users of its financial health and sustainability of major programs.

## II. Analyze

### YOUR FINANCIAL STATEMENTS

to explain to users

The **essential few matters** causing significant changes to the entity's

(1) financial statement amounts during the current reporting period,

and

(2) financial, budgetary and key performance trends **over past reporting periods**



## III. Review

YOUR FUTURE GOALS

to explain to users

*The **current and planned actions** that will address the essential few*

- *opportunities,*
- *challenges, and*
- *risks*

*That could significantly affect financial statement amounts and key performance results **in the future***





# Remember to Focus on the

## MD&A VISION STATEMENT

MD&A should **summarize information** about the

- *financial position and condition of the reporting entity*
- *by discussing the entity's mission, organization, and key financial and performance results*
- *to inform users of its financial health and sustainability of major programs.*

TO CREATE



## IV. Remove

### EXTRANEOUS INFORMATION

Remove  
duplication to  
streamline  
information  
for users



## & Instead Add

### REFERENCES



MD&A may include references to

- websites or
- other areas of the agency  
financial report

that provide additional information  
when applicable.



## IN PREPARATION



**PLEASE email me ASAP a copy of your 2020**

- 1) MD&A and
- 2) Complete agency financial report

to [gilliamr@fasab.gov](mailto:gilliamr@fasab.gov)

# Let's Get Started!

## TRAINING

***Plan on attending 1  
of the available 3 trainings:***

1. *January 4, 2021, 3:30pm EST - **or***
2. *January 5, 2021, 3:30pm EST - **or***
3. *January 6, 2021, 10:00am EST*

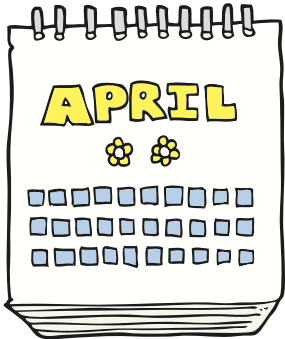
**Invites on their way**



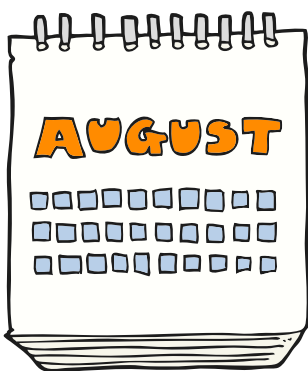
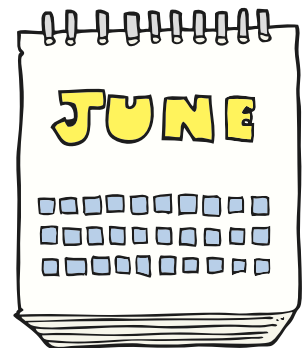


## NEXT STEPS

PLAN  
2021



- Present sample MD&As to Board
- Pilot agencies discuss experience
  - Answer survey questions (TBD)
  - Any updates to MD&A Vision Framework?
  - What needs to be defined?
- Present user group feedback on sample MD&As to Board
- Begin work on standards



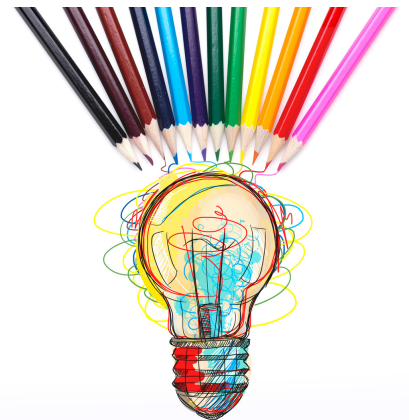
Present draft exposure draft to Board

Due process to promulgate updated MD&A standards

# LET'S CONNECT



**MAX**  
community site  
coming soon



## MY CONTACT INFO

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