



Task Force on Government Financial Reporting in the Digital Age

Amy Edwards Holmes
Deputy Assistant Secretary
Accounting Policy and Financial Transparency
U.S. Department of the Treasury



Background

OECD Task Force on Government Financial Reporting in the Digital Age was created following the 2020 Annual Meeting of the Senior Budget Officials (SBO) Network on Financial Management and Reporting

FOCUS ON FOUR AREAS:



Sharing National Experiences and Innovative Practices



Integrating the Traditional and Digital Reporting Streams



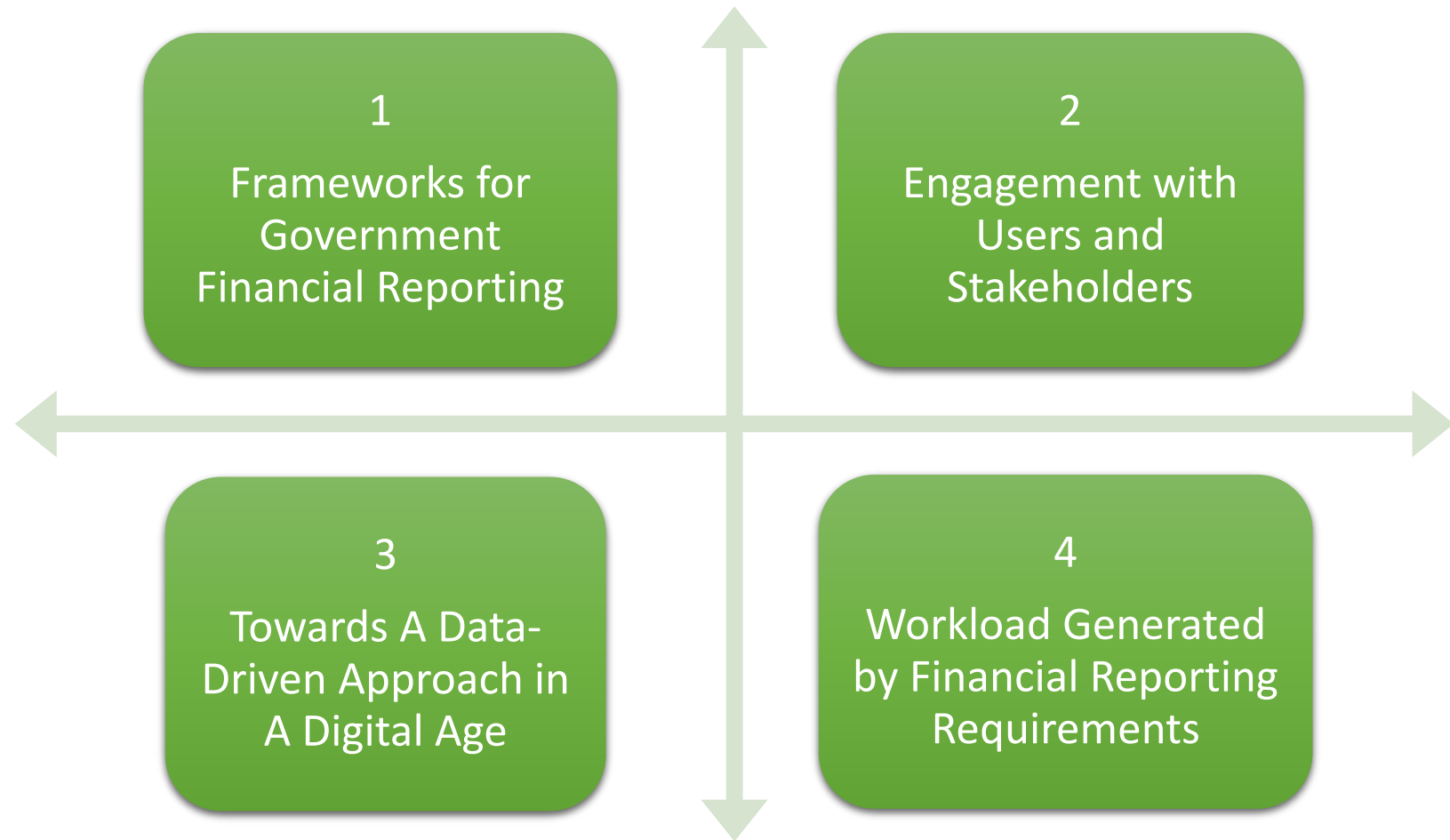
Using Digital and Data Tools



Enhancing Engagement with Users



Four Virtual Task Force Meetings Took Place in 2020 and 2021



Meeting 1: Frameworks for Government Financial Reporting

Shared Practices:

- Legislation often stipulates the purpose and requirements for government financial reports
- Reporting principles focus on “traditional financial reporting” despite the increasing demand for “digital reporting”
- The two unintegrated systems, traditional reporting and digital reporting, lead to data silos, different reporting timelines, data duplication and different reporting standards
- Financial data is scattered, hard to access and not machine-readable
- Difficulty in getting users to adopt and interact



Meeting 2: Engagement with Users and Stakeholders

Shared Practices:

- Understanding data users' needs and application of user-driven approaches
- Using an agile approach to rapidly move from prototypes to production
- Creating public value by data use and re-use
- Using open-source technologies



U.S. Example: Know Your Users – USAspending Personas



Citizen: Interested taxpayer who wants to see how federal dollars are spent



Journalist/Watchdog: Skilled user acting in the public interest to identify potential waste, fraud, or abuse



Data Owner: The agency person responsible for the accuracy and completeness of the data



Agency Developer: The agency person or contractor with technical expertise to get the data into the USA Spending data store



Recipient: State/local government, nonprofit, or private company that has received or want to pursue a contract or grant



CFO: The CFO of an agency (or his/her staff), who is accountable for the agency's overall performance, and who also may use USA Spending as a management tool



Budget Analyst: Data reviewers with oversight across the government



Repurposer: Technically savvy user who aggregates, translates, and/or resells data for their own purposes



U.S Example: Detailed Personas



THE CITIZEN

Data Consumer

Name: Manny LeCroix Age: 74 Occupation: Retired Press Tech for the New Orleans Advocate Location: Metairie, LA

Manny is a news junkie who worked his entire career operating the printing press at the New Orleans Advocate. He is currently retired. He and his wife, Sylvia, read the newspaper from front to back and listen to news radio every day. They have 3 grandchildren.

“ When I want to know more about a story I’ve seen in the news, I look for articles from sources that I trust. ”

Goals & Tasks

- Uses Google to search for more information about news stories of interest
- Wants to be an informed citizen, taxpayer, and voter
- Wants a general sense of how the government spends its money

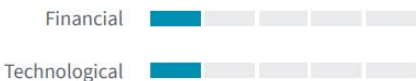
Attitudes & Motivations

- Loves to read news and non-fiction and talk about the news and politics
- Walks to his local coffee shop each afternoon and talks with friends over coffee and lunch. Loves to have good information to fuel his debates

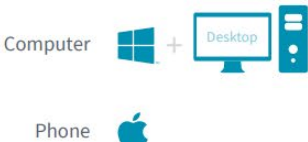
Pain Points

- If information does not turn up in a Google search, he won’t find it
- Homepage is disorienting—not sure what to do
- Data is overwhelming and lacks a “story”
- Manny does not have the background to interpret the financial data on USASpending

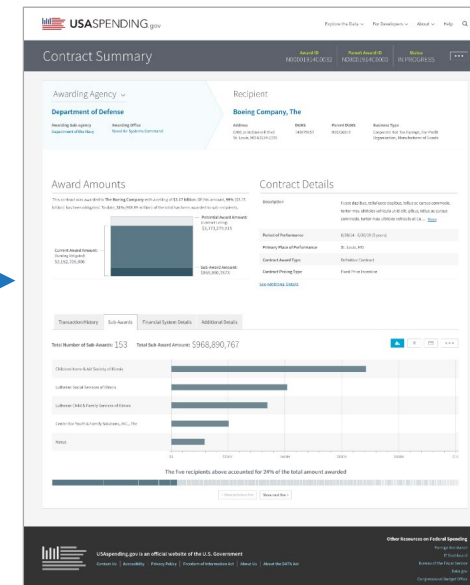
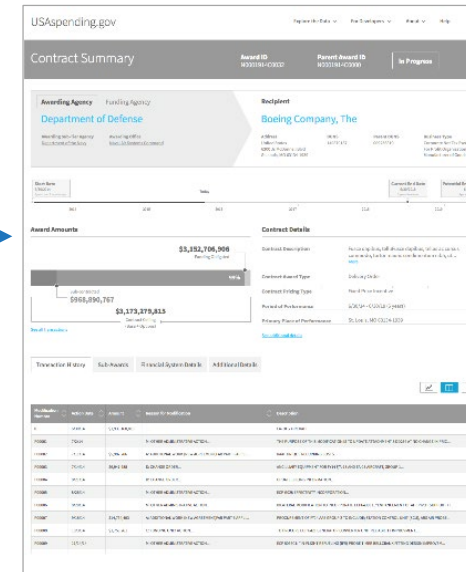
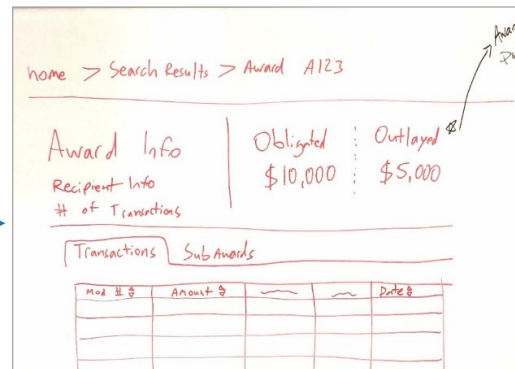
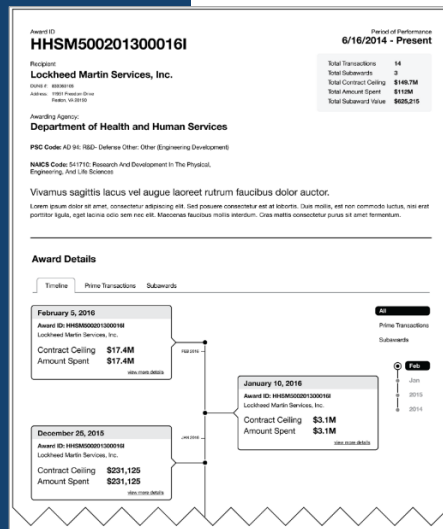
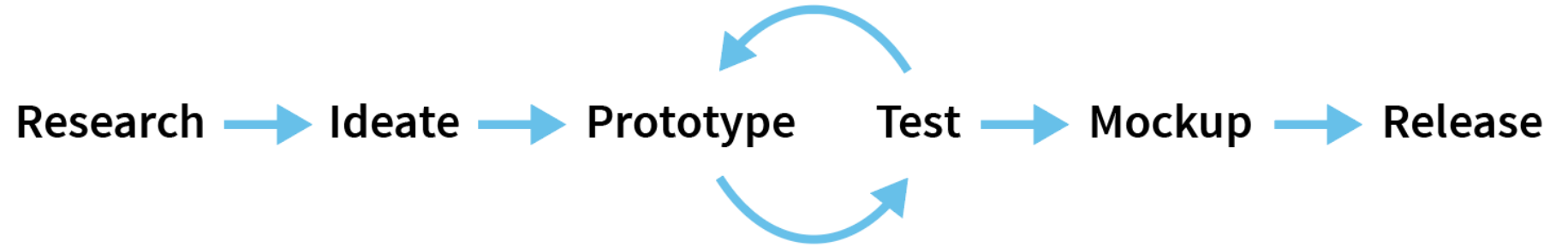
Skills



Tools



U.S. Example: User-Driven Design Process for USAspending



Meeting 3: Towards A Data-Driven Approach in A Digital Age

Shared Practices:

- Assessment of the current data and financial reporting structure and identification of gaps
 - ✓ The Netherlands' Linked Data Project
 - ✓ The United States undertook substantial work to connect financial and non-financial data
- Development of a sound data governance approach in budgeting and financial reporting processes
 - ✓ The United States used the US government digital services playbook showing best practices
 - ✓ The United Kingdom is improving its data governance policies



Meeting 4: Workload Generated by Financial Reporting Requirements

Challenges:

New developments with traditional and digital reporting have led to an increase in workload required for financial reporting.

Reasons include:

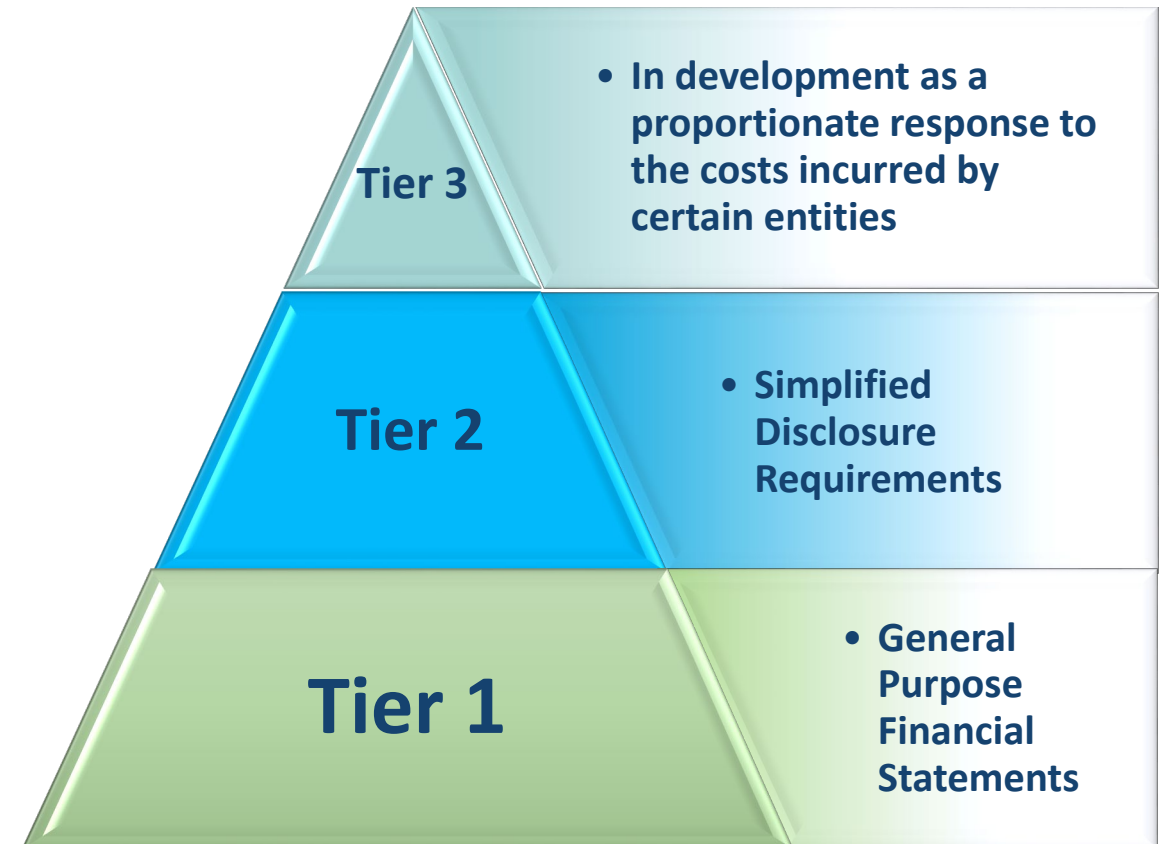
- Difficulties in rationalizing historical legislated reporting requirements, complex accounting standards and greater demand for transparency
- Reluctance to remove existing content
- Difficulties in meeting audit requirements, especially with the introduction of digital reporting



Australia's Reduced Disclosure Reporting Initiative

Highlights

- By introducing the tiered financial reporting, Australia reduced 25-30% of information
- The default requirement is that entities apply a reduced disclosure regime (Tier 2 reporting requirements)
- By exception, specific entities are required to apply the full disclosure regime (Tier 1 reporting requirements)
- The initiative has been successful in reducing the size of reports and in providing more user-friendly reports
- Due to the consolidation of financial statements at the Tier 1 level, and the time to deal with the auditors for the additional information required from Tier 2 entities, the workload remains significant



A Tiered Reporting Framework

Task Force Conclusions

- The Way Forward:

- Combination of traditional and digital reporting
- Allow users to produce their own reports, infographics and open data sets

- Challenges:

- How to streamline and integrate reporting that does not create risks for fiscal transparency
- Need more best practices for the integration of traditional and digital reporting

