

MD&A USER REVIEW TRAINING

Option 1: March 3, 2021, 11:00am to Noon
Option 2: March 4, 2021, 10:00 to 11:00am

WELCOME & INTRODUCTIONS

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DISCLAIMER

- Current views expressed are those of the speaker and are unofficial.
- Official positions of FASAB are determined only after extensive due process and deliberations.

For any federal technical accounting questions - please visit <https://fasab.gov/technical-inquiries-2/>

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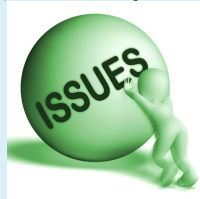
BACKGROUND – WHAT'S IMPORTANT TO FASAB?

- Increasing understanding, transparency, and accessibility of financial information for users is a priority of the Federal Accounting Standards Advisory Board (FASAB)
- FASAB began a comprehensive review of the existing reporting model several years ago
- **Management's Discussion & Analysis (MD&A)** was one of the first areas selected for improvement

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BACKGROUND – ISSUES WITH MD&A

- Confusion between where authoritative guidance was found SFFAC 3 or SFFAS 15
- Additional non-related information required by OMB A-136
- Information dense, duplicative, and very long
- Hard to understand



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BACKGROUND – WHAT SHOULD MD&A COMMUNICATE?

- A holistic, concise story of an agency's financial statements.
- A better insight into the complex financial activity of federal agencies.
- A Simple explanation of an agency's financial position and condition.
- An understanding of the financial health of the agency's mission and major programs.

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BACKGROUND – GOAL

IMPROVE STANDARDS - STREAMLINE MD&A

- **August 2019 – June 2020:** FASAB developed II objectives, based on the four reporting objectives in SFFAC I, *Objectives of Federal Financial Reporting* —
 - budgetary integrity
 - operating performance
 - stewardship
 - systems and control
- **August–December 2020:** FASAB developed a draft MD&A vision framework based on the II objectives to:
 - Provide a cohesive vision of MD&A
 - Remove duplicative language found in the MD&A objectives &
 - Prepare for the MD&A pilot



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BACKGROUND – GOAL

IMPROVE STANDARDS - STREAMLINE MD&A CONT.

- **January–February 2021:** The MD&A pilot
 - 17 federal agencies test-drove the draft MD&A vision framework to help develop a streamlined MD&A.
 - All participants were given simple instructions:
 - Use your agency's FY2020 MD&A and financial statements to develop a sample MD&A
 - **Based only on the draft MD&A vision framework**
 - The sample MD&A should tell a concise, holistic story about the financial position and condition of their organization and mission
- **March 2021:**
 - Users review four sample MD&As
 - Provide feedback to the Board about how useful, concise and understandable each sample MD&A is



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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;

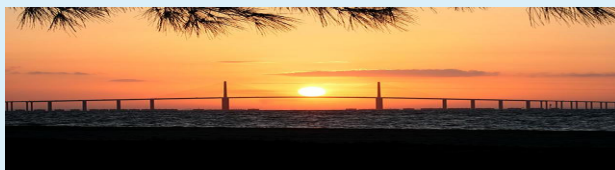


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DRAFT MD&A VISION FRAMEWORK CONT.

- 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 also include references to websites or other areas of the agency financial report that provide additional information when applicable.



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REVIEWER CONTRIBUTION

- **Get to know the draft MD&A Vision Framework**
 - This is what the sample MD&As will be ranked against
- **Review each of the four sample MD&As in following order:**
 1. Department of Agriculture (USDA)
 2. Department of Defense (DOD)
 3. Department of Health & Human Services (HHS)
 4. Federal Trade Commission (FTC)
- **Complete the survey no later than March 26th, 2021**
 - Answer same questions for each sample



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INFORMATION YOU WILL RECEIVE

Week of March 1st:

- Copy of the draft MD&A Vision Framework
- Review Package
 - USDA sample MD&A & financial statement pages
 - DOD sample MD&A & financial statement pages
 - HHS sample MD&A & financial statement pages
 - FTC sample MD&A financial statement pages



March 8th – Survey Launches – check your emails

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INFORMATION TO PROVIDE

QUESTION #1:

How well did USDA's sample MD&A provide you with an objective, concise and easily readable summary analysis of the reporting entity's financial position and condition?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE CONT.

QUESTION #2:

How well did USDA's sample MD&A provide you with an objective, concise, and easily readable discussion about the entity's mission, organization, and key financial and performance results to help you understand its financial health and sustainability of major programs?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE CONT.

QUESTION #3:

How well did USDA's sample MD&A provide you with an objective, concise, and easily readable summary analysis of the essential few matters causing significant changes to the entity's financial statement amounts during the current reporting period?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE CONT.

QUESTION #4:

How well did USDA's sample MD&A provide you with an objective, concise and easily readable summary analysis of financial, budgetary, and key performance trends over past reporting periods?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE

QUESTION #5:

How well did USDA's sample MD&A provide you with an objective, concise and easily readable summary analysis of current and planned actions of the essential few opportunities, challenges, and risks that could significantly affect their financial statement amounts and key performance results in the future?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE CONT.

QUESTION #6:

How well did USDA's sample MD&A provide you with an objective, concise and easily readable summary analysis of the essential few conditions related to systems and controls that could affect the its ability to produce reliable financial information?

(Click one.)

1. ☐ Excellent
2. ☐ Very good
3. ☐ Fair
4. ☐ Poor
5. ☐ Very poor

Undo

Please provide a detailed explanation for your rating.

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INFORMATION TO PROVIDE CONT.

QUESTION #7:

Please provide any additional information about USDA's sample MD&A that you think may help FASAB develop standards for a streamlined MD&A that is useful and easy to understand.

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REVIEWER SCHEDULE

- March 3 & 4, 2021 = Training
- March 5 – 24 = review four sample MD&As
- March 26 = deadline for completing survey (may be completed ahead of time)


***Weekly check ins

- April 28: 9:30am – 12:30pm = user review information presented to the Board



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QUESTIONS NOW OR LATER



Questions about training

Weekly Check-ins

Send an Email
- together we can find a solution -

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CONTACT INFORMATION

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