
FASAB Annual Update

May 15, 2025

Disclaimer

- Views expressed are those of the speaker.
- The Board expresses its views in official publications.

Spotlight on SFFAS 64, *MD&A*

MD&A

- On September 27, 2024, the Board issued SFFAS 64, *Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15*
- *Effective for FY 26 with early implementation permitted in FY 25*
- **FASAB STAFF is working with agencies to transition to SFFAS 64**
 - Agency training February - May 2025
 - Encore training through FY26
 - Coming soon - YouTube training videos
 - Staff Implementation Guidance under development June – December 2025 (Level D)

Agency Panel

Two Agencies are joining us to share how and when they are implementing SFFAS 64 and their challenges:

- Department of Defense (DOD)
- Health and Human Services (HHS)

DOD

- Staff provided training to DOD and the components on February 13, 2025. They are going to share the transition work they have done since then.
- **Krystal Baranoski**, she is the Division Chief for Financial Analysis and Reporting and has been with DoD for 22 years. She is responsible for overseeing the development of the AFR.
- **Meredith Martinez**. She is a staff accountant and has been with DOD for 13 years. She is the lead for preparing the MD&A and AFR.



*Under Secretary of Defense
(Comptroller)*

Transitioning MD&A Reporting



Topics



- FY25 MD&A Section Mapping
- FY25 MD&A Section: Agency-wide
- Implementation Challenges & Mitigation Plans



FY25 MD&A Section Mapping



FY24 MD&A



SFFAS-15 Transition To SFFAS-64



FY25 MD&A

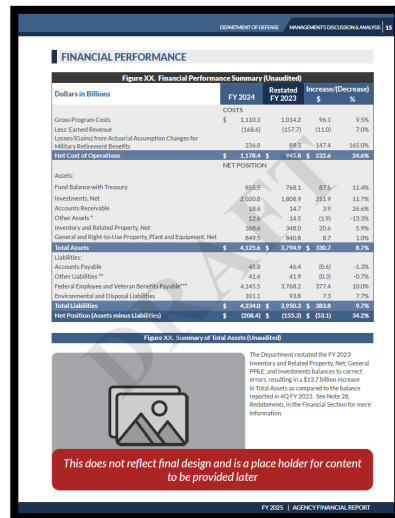




FY25 MD&A Section: Agency-wide



Mission & Organization Structure



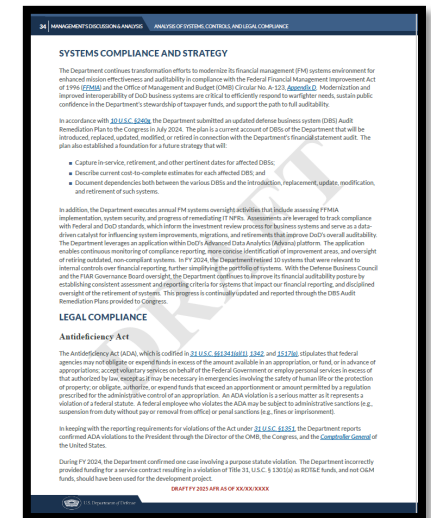
Financial Position & Condition



Performance Results & Significant Opportunities/Risks



Major Programs



Analysis of Systems, Controls, & Legal Compliance



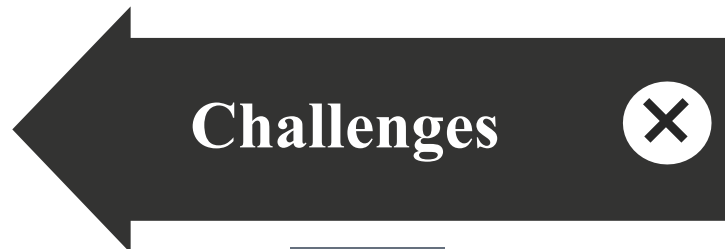
Implementation Challenges & Mitigation Plans

OUSD(C) FMPR¹ is in constant communication with MD&A AFR contributors, some challenges have been captured by our team along with mitigation plans.



Challenges

- ✗ Identification of financial performance, performance results, opportunities/risks by major program.
- ✗ Tying associated costs.
- ✗ Timing of available data.



Mitigation Plans

- ✓ Leverage existing reports to gather data, if available.
 - ✓ Use professional judgement when making contributions, think in terms of DoD Agency-wide impact.
 - ✓ Use the most updated information, if available. Option to submit contribution adjustments after initial submission.
- AFR Action Officers are always available for questions. If there is enough interest, conduct formal Office Hour(s) for MD&A contributions.

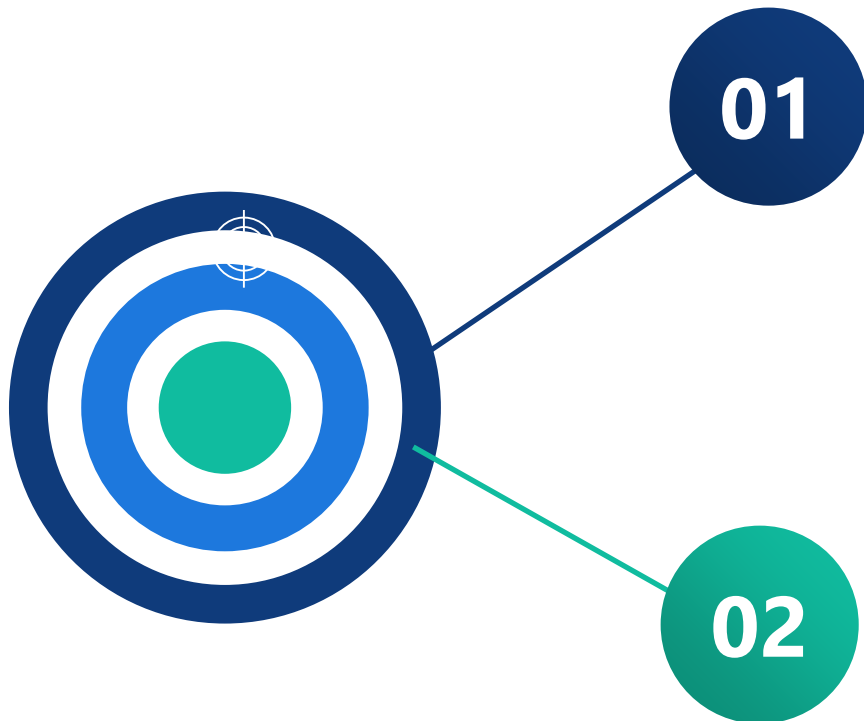
HHS

- Staff provided training to HHS & their agencies on March 4th, 2025. They are going to share the transition work they have done since then.
- **Yianting Lee.** She is the Director of the Division of Financial Management Policy and has been with HHS for 12 years. She oversees the preparation of the MD&A and agency Financial Report.
- **Shakira Mack.** She is a staff accountant with the Division of Financial Management Policy. She has been at HHS for 8 years. She is responsible for supporting the preparing of the MD&A and agency Financial Report.

HHS' Approach to SFFAS 64 in Fiscal Year 2025



High-Level Approach



- HHS taking holistic approach to implementation strategy
 - Considered requirements of SFFAS 64, OMB A-136, and OMB A-123



- Adopting certain SFFAS 64 practices for FY 2025 implementation, while still complying with SFFAS 15
- Aiming to achieve an overall goal:
 - Reduce redundancy and increase understandability and usefulness of our annual report to our stakeholders



MD&A Section*	Early Implementation	FY 2025 Approach
About the Department of Health and Human Services	Yes	Streamline narrative of key organizational components and hyperlink each Operating Division in org chart. Currently 11 pages, aim for 3 pages.
Performance Goals, Objectives, and Results	Yes	Focus on key performance results most significantly impacting the HHS mission. Align with Statement of Net Costs. Currently 14 pages, aim for 3 pages.
Analysis of Systems, Legal compliance, and Internal Controls	Yes	Streamline to focus on compliance with relevant laws, regulations, contracts, and grant agreements related to financial reporting; address internal control weaknesses, system deficiencies, and instances of noncompliance. Currently 18 pages, aim for 10 pages.
Management Assurances	N/A	No identified impact on the Statement of Assurance (SOA). The SOA is required by the <i>Federal Managers' Financial Integrity Act of 1982</i> and OMB Circular A-136.
Financial Summary and Highlights	No	Will implement in FY 2026.

* HHS will remove "Looking Ahead" section; no longer required.



Performance Goals, Objectives, and Results	Subsection	SFFAS 64, Par 12 Impact	FY 2025 Approach
	Overview of Strategic and Agency Priority Goals	Remove detailed Strategic Goals, GPRA-MA reporting, and percentage-based information.	Focus on key performance results to HHS and actual cost to accomplish. Hyperlink to GPRA-MA and strategic goals details.
	HHS Strategic Plan	Remove detailed Strategic Goals.	Summarize goals in two paragraphs, without objectives; hyperlink to strategic plan.
	Agency Priority Goals	Focus on key results in connection to cost savings.	Focus on high-level goals and hyperlink to strategic plan; no low-level metrics.
	HHS Performance Results	Streamline to include key performance results, actual costs incurred to accomplish results, and significant opportunities/risks.	Focus on key performance results most significantly impacting the HHS mission.
	Grants Quality Service Management Office (Grants QSMO)	No direct SFFAS 64 impact.	Maintain narrative; no more than two pages.



				Subsection	SFFAS 64, Par 13 Impact	FY 2025 Approach
Analysis of Systems, Legal compliance, and Internal Controls				Systems	Section no longer required. Retain, but streamline.	Focus on system deficiencies relevant to financial reporting and management's plans to address them.
				Legal Compliance	Section no longer required. Retain, but streamline.	Focus on compliance issues relevant to financial reporting, including weaknesses, system deficiencies, and noncompliance.
				Internal Control	Section no longer required. Retain, but streamline.	Focus on internal control weaknesses, systems deficiencies, and instances of noncompliance.
				Enterprise Risk Management	Focus on significant opportunities and risks identified by management.	Focus on significant risks with potentially negative effect on key performance results, and significant opportunities that enhance key performance results.



Challenges



- Delayed availability of new Strategic Plan and key performance results
 - Timing prevents linkage of costs to complete performance results data for reporting year to capture full understanding and impact on the agency's financial position
- Consideration of using USA Spending real-time data to link cost information (i.e., SNC) to key performance cost objectives.
 - Need to evaluate reliability of data points
- Concisely describing significant impacts to HHS financial position, considering the scope of HHS' resources and programs

Questions about MD&A SFFAS 64 Implementation

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<https://fasab.gov/projects/active-projects/mda-amendments/>

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Contact Us