



August 13, 2013

Memorandum

To: Members of the Board

From: Ross Simms, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Reporting Model Project Update – **TAB E**<sup>1</sup>

### **MEETING OBJECTIVE**

The objective of the meeting is to update the Board on the progress of the reporting model project.

### **BRIEFING MATERIAL**

This transmittal discusses the status of the reporting model project.

### **BACKGROUND**

The current objective of the reporting model project is to develop a conceptual (ideal) reporting model that integrates budget, cost, and service performance information. Development of the model would not be constrained by considering existing systems and what the Board could accomplish immediately. Also, the model would consider matters noted in previous Board deliberations, such as the appropriate classifications (function, object class, etc.) and level of aggregation (program, strategic goal, component entity, etc.) for reporting cost information.

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<sup>1</sup> The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations

## PROJECT STATUS

Staff has begun engaging task force members in discussions about the ideal model. Staff reviewed previous task force results, conducted individual discussions with experts in communicating financial and non-financial information, and reviewed user expectation focus group discussions and surveys. Next, staff drafted an ideal reporting model discussion paper to document significant issues and has started discussions about the framework of an ideal model. While there are several issues to consider, some significant themes could be categorized as the following challenges and opportunities:

### Challenges

- **Communicating Financial Information to the Primary Users – Citizens**

In general, citizens are not familiar with the organizational structure of the federal government and federal financial terms and concepts. Also, they find large dollar amounts, such as billions and trillions, to be abstract and constructs typically used to communicate financial information, such as tables, may not resonate with them. In addition, when accessing information using the Internet, citizens do not expect to read an extensive amount of text and spend a significant amount of time searching for information.
- **Absence of a Clear Bottom-Line: Users Seek Answers to Multi-Dimensional Questions**

Users expect to answer numerous questions, particularly with respect to federal programs. While they may initially ask about the cost of a program, they could also ask about the program's budget and results. Therefore, users look to answer questions that involve different perspectives or dimensions of a subject.
- **Managing Responses to Changes in Technology and User Expectations**

The environment for communicating with users is highly dynamic. Technological advancements impact users' expectations and the pace of advancements do not appear to be slowing anytime soon. Although the future will be inundated with uncertainties, identifying relevant changes and their potential impact is needed to inform the nature and timing of appropriate responses.

## Opportunities

- Enhance the Breadth and Depth of Financial Information

Many tools have been developed to enable organizations to communicate a broad range of information and a range of detail. For instance, database technology enables users to obtain answers to a wide range of questions; integrate different perspectives; and provide different levels of detail, such as the details of the cost of a service by location.

- Improve Understanding of Financial Information

Electronic, web-based reporting offers the capability to present integrated data in a user-friendly manner. Websites can be multi-dimensional; therefore, they can be designed to present different perspectives that users seek. Also, websites utilize an expansive array of features such as menus, videos, and graphics to communicate with and inform users. Focus groups informed us that they are more likely to review a video and graphics to understand financial matters. Also, videos are transportable – they can be used in television broadcasts, presentations, podcasts, and can be shared among individuals.

- Improve Access to Financial Information

Websites use hypertext, interconnected pages, and search capability to help users locate and “consume” the data they seek. Also, the volume of data available to the website user is not readily apparent. In contrast, print-based documents involve page turning, linear navigation, and their volume is readily apparent to the user. A voluminous, printed document can appear intimidating to review and locate specific information.

Also, print-based documents may be divided into sections or separate documents (a summary report and a detailed report) to assist the user in navigating the volumes of data available. However, the web’s interconnectivity feature reduces the need for clearly defined sections of data and separate reports with different titles that add confusion. Some organizations may continue to simply use summary documents as a means to direct stakeholders to their website for a fuller experience.

- Reduce Redundancy and Streamline Information

Again, because of the level of interconnectivity, web-based reporting reduces the need to present the same data in different locations. Also, software applications are capable of retrieving and integrating data from websites for a single presentation. In a mature, electronic reporting environment, an agency would only need to discuss topics once rather than

repeating the discussion in numerous places within and among websites and in other communications with the public.

- Innovation

Today, electronic reporting offers many possibilities for reporting information content. Data can be interconnected to provide answers to an extensive range of questions. Also, data can be presented in a manner that is visually appealing and facilitates their understanding. This staff developed website, <http://pinterest.com/gr8ful60/online-reporting/>, provides links to private sector reports illustrating how others are linking data from various locations to their own sites and visualization tools are being used to accommodate users' expectation for visually pleasing depictions. In the future, as technology continues to advance, even more possibilities can be expected and achieved.

Staff plans to continue discussions on a framework for an ideal model and, at the October 2013 meeting, staff plans to present a potential framework to the Board.

## **MEMBER FEEDBACK**

If you require additional information, please contact staff as soon as possible. In most cases, staff would be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at (202) 512-2512 or by email at [simmsr@fasab.gov](mailto:simmsr@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov).