

Extreme Makeover: Government Financial Statement Edition

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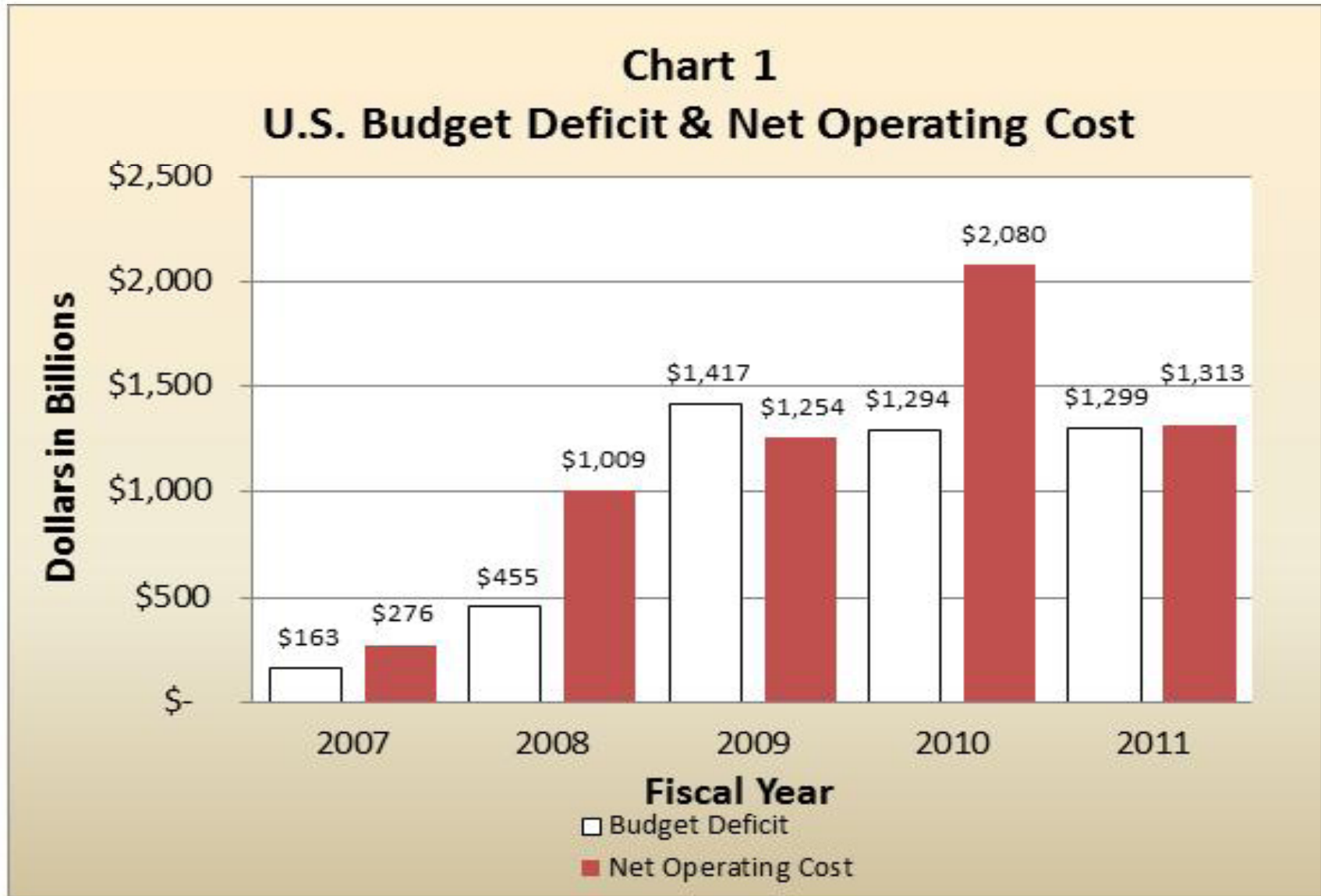
AABPA: May 16 2012

Have you reviewed the financial statements for the United States Government?

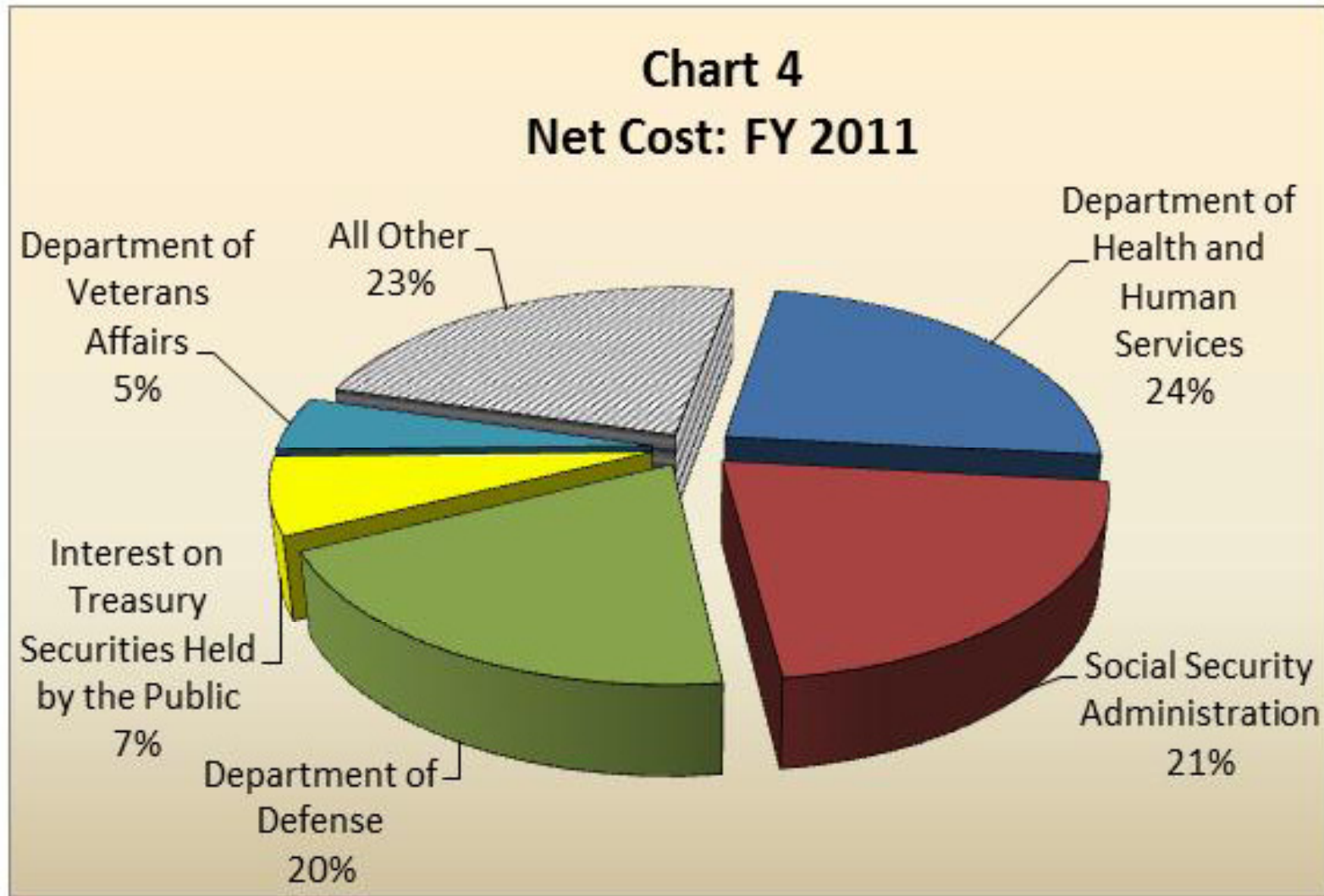
1. Yes

2. No

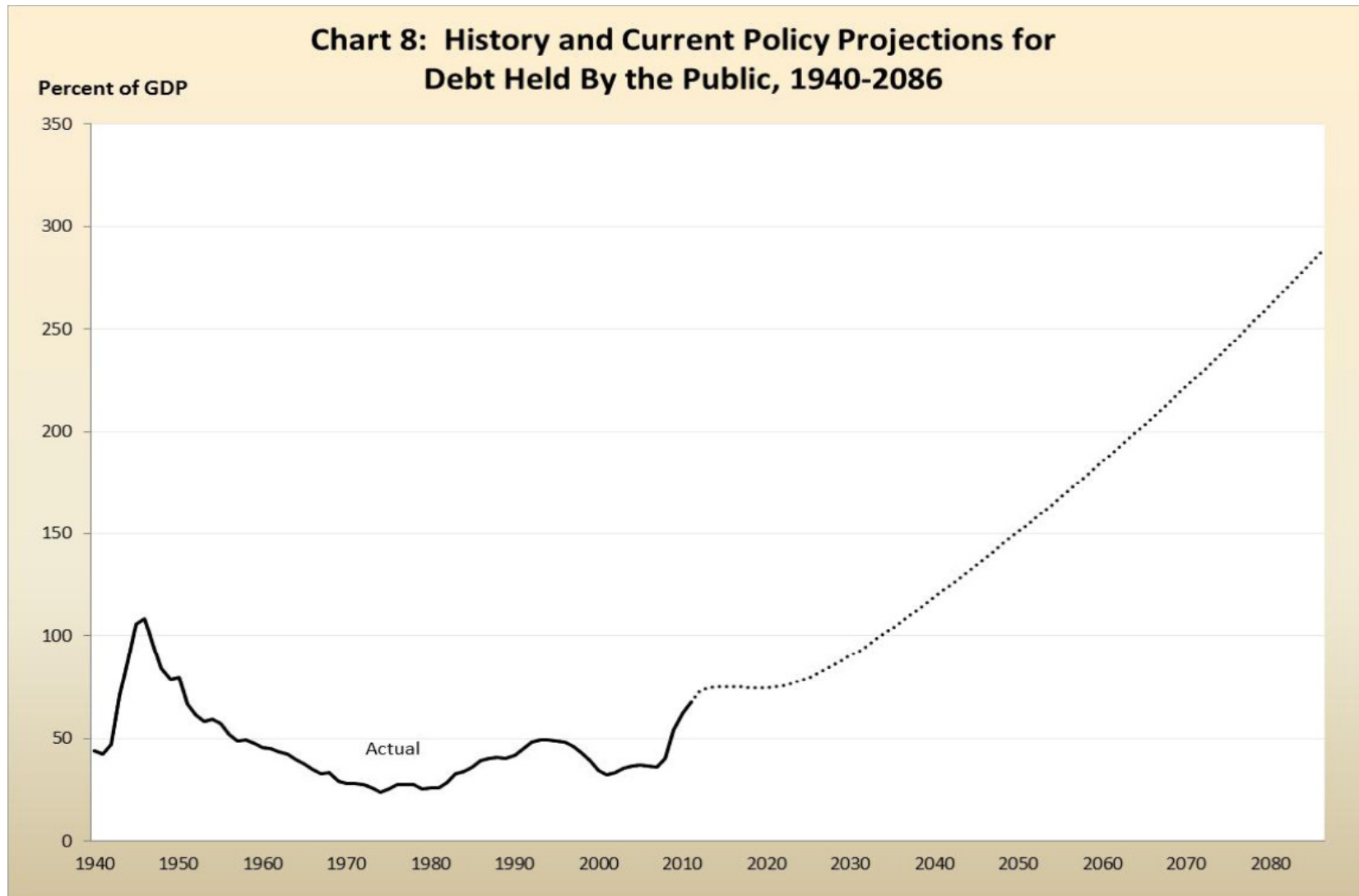
The Big Picture



Net Cost by Major Category



Debt Held by the Public



Test

- Who is not in?
 - F...
 - F...
 - F...
- What percent of agency assets are intra-governmental?
- Where is the negative equity??????????

Purpose #3, CFO Act

- Provide for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and the Congress in the financing, management, and evaluation of Federal programs.
- (Title I, General Provisions)
- How are we doing?

How do you think we are doing?

1. Well
2. Not Well
3. No opinion

Congress' Response

An Act

To provide for budget control.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Budget Control Act of 2011”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Severability.

TITLE I—TEN-YEAR DISCRETIONARY CAPS WITH SEQUESTER

- Sec. 101. Enforcing discretionary spending limits.
- Sec. 102. Definitions.
- Sec. 103. Reports and orders.
- Sec. 104. Expiration.
- Sec. 105. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 106. Senate budget enforcement.

Congress' Response

“(c) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term ‘discretionary spending limit’ means—

“(1) with respect to fiscal year 2012—

“(A) for the security category, \$684,000,000,000 in new budget authority; and

“(B) for the nonsecurity category, \$359,000,000,000 in new budget authority;

“(2) with respect to fiscal year 2013—

“(A) for the security category, \$686,000,000,000 in new budget authority; and

“(B) for the nonsecurity category, \$361,000,000,000 in new budget authority;

“(3) with respect to fiscal year 2014, for the discretionary category, \$1,066,000,000,000 in new budget authority;

“(4) with respect to fiscal year 2015, for the discretionary category, \$1,086,000,000,000 in new budget authority;

“(5) with respect to fiscal year 2016, for the discretionary category, \$1,107,000,000,000 in new budget authority;

“(6) with respect to fiscal year 2017, for the discretionary category, \$1,131,000,000,000 in new budget authority;

President's Budget

Department of Defense— (In millions of dollars)
Total, Discretionary budget authority (Base and OCO).....

Actual 2011	Estimate	
	2012	2013
687,025	645,630	613,916

President's Budget

76,472	76,186	76,446
	-6,368	-6,706
	-400	—
	44	—
	—	-13
	-6,724	-6,719
76,472	76,186	69,727

Is Your Agency Any Different?

How do statements fit in?

- As resources shrink, we must change
- Can financial statements give us ideas on where and how to change?
- Can financial statements be built to give summary info to policy officials but with supporting detail for program managers?

Do you know what GAAP is?

1. Yes

2. No

What is GAAP?

- Generally accepted accounting principles
 - Public process soliciting input on all proposals from all stakeholders (you are a stakeholder)
 - Discipline
 - Defines the boundaries of accountability (it's about more than cash)
 - Defines terms and constrains how we present information (integration and context)
- GAAP are not laws. There is flexibility to tailor implementation to the mission.

What is cost accounting?

- Is it internally or externally focused?
- How is it different than budgetary information and financial statements?
- What key disciplines and knowledge are developed if robust cost accounting is implemented?

FASAB and Cost Accounting

- **The National Performance Review was all about “New Public Management.”**
- **NPR demanded that FASAB set cost accounting standards in the mid-90s.**
- **Cost accounting is even more important now given the fiscal challenges we face.**

Panel Discussion

**What are financial
statements?**

How can program analysts
or managers use financial
statements to better
perform their duties?

Looking forward...

How can financial statements
serve your needs ?

Audience

What level are you in your career?

1. Junior level analyst
2. Senior level analyst, but not supervisor
3. Supervisor
4. Manager
5. Senior Manager (Director etc.)

How important is it to you to have the federal government provide understandable information about program performance?

1. Not at all important
2. Somewhat important
3. Important
4. Very important
5. Extremely important

Please share your thoughts...

If you believe that financial statements are not important, why?

If you believe that financial statements are very or extremely important, why?

Have you reviewed an agency's financial statements?

1. Yes

2. No

If you answered **yes** to the previous question (have you reviewed an agency's financial statements?), what was your purpose for reviewing the statements?

1. As part of my work
2. Out of curiosity
3. As a concerned citizen
4. All of the above
5. Other (Please share during group discussion)

If you answered **no** to the previous question (have you reviewed an agency's financial statements?), why?

1. Did not know where to find the information
2. Did not know financial statements existed
3. Did not think it was important for completing my work responsibilities

After the panel discussion, my understanding of financial statements has:

1. Improved significantly
2. Improved somewhat
3. Improved
4. Not Improved
5. No opinion

Please share your thoughts...

What else would you like to know about financial statements?

After the panel discussion, Do you plan to review your agency's financial statements when you return to work?

1.No

2.Yes

3.No opinion

What information would you like to see in your agency's financial statements?

1. Information about assets
2. Information about liabilities
3. Information about program costs
4. Information about program performance
5. Information about program budgets

If other, please share during group discussion.

Please share your thoughts...

If you selected other as your answer to the previous question (**What information would you like to see in your agency's financial statements?**), what additional information would you like to see?

Please share your thoughts...

Based on what you've heard today, how can financial statements be improved (e.g. presented electronically, links to more detail)?

After the panel discussion, do you need additional training on understanding financial statements and/or how you could use them to better perform your duties?

- 1.No
- 2.Yes
- 3.No opinion

If you need additional training, which would you prefer?

1. On the job training
2. Classroom training
3. Attending other symposia on the subject
4. Attending brownbags on the subject
5. Other (Please share during group discussion)

Plenary

Do you know what agency
financial statements are?

1. Yes

2. No

Have you ever used financial statements to inform any aspect of performing your duties or for any other purpose?

1. Yes

2. No