



FASAB-OECD Survey

Agency-Level Financial Reporting

Wendy Payne, Executive Director



Disclaimer

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

Overview

- Thank you.
- Why we asked
- US research results
- Survey results in brief



Why We Asked – 20-Year CFO Review

- Twenty-year Chief Financial Officers (CFO) Act Study found the Act:
 - increased transparency and accountability,
 - established a government-wide financial management leadership structure and agency CFOs,
 - promoted new accounting and reporting standards,
 - generated auditable financial statements,
 - strengthened internal control and improved financial management systems, and
 - enhanced performance information.
- Recommended:
 - Move toward real-time data
 - Add forward-looking information
 - Address program managers needs
 - Evolve the reporting model



Why We Asked

- Annual Association of Government Accountants CFO survey results:

Table 7:

Federal executives' opinions on changing the current financial reporting model and associated financial statement audit

Change	Yes	No	Maybe
Change the current financial report model to save money and increase its value	89%	10%	1%
Do a full financial statement audit every 2 or more years if entity has history of unqualified opinions and no major changes to its financial systems or processes or its structure	55%	43%	2%

Specific Ideas from the AGA CFO Survey

Enhance and Expand Existing Statements

- Create a new statement associated with spending money.
- Change the Statement of Net Costs to be about costs, not just expenses as it is now.
- Break information down by projects and programs, which would produce information of more value to program managers and citizens.
- Integrate performance results with financial information in a single report.
- Add predictive information to the statements.
- Focus on both financial and nonfinancial performance metrics.
- Use plain English in the reports.

Align Statements and Audits with Greatest Needs

- Eliminate statements no one uses, then take away all other unnecessary requirements and hold requirements stable.

- Report the information that stakeholders say they want.
- Make the model risk-based.
- Simplify the reports; there are now too many overlaps and layers.
- Move toward the Government of Canada model, so that the auditors' opinion is on the consolidated financial statements of the United States government instead of on its components, and only on components and other factors that are material to the consolidated report.
- Focus on speeding up the sharing of information, which means simplifying and setting priorities on what is to be reported.



US Research Results

- Citizen surveys and focus groups
 - Program performance, cost, assets and liabilities of interest
 - Lack of awareness of audited financial reports
 - More interested in electronic reporting than paper based reports
- CFO Roundtables
 - Spending information needed (with audit coverage)
 - Focus on high risk areas and provide information on risk
 - Adjust audits to reduce cost and increase benefit
 - Integrate information
- Auditor Roundtable
 - Improve cost accounting and Statement of Net Cost
 - Focus on performance information



FASAB-OECD Survey Questions

- Are agency financial statements prepared and, if so, are the financial statements: (1) prepared in conformity with a set of standards; and (2) audited?
- What financial statements are prepared by agencies and how often?
- Who are the primary users of the agency financial statements?
- In general, how are the agency statements used?
- What are some key metrics, comparisons, and trends that the agency statements are intended to provide?



Eleven Responses

- Australia
 - Chile
 - Estonia
 - Korea
 - New Zealand
 - Norway
 - Spain
 - Sweden
 - Switzerland
 - United Kingdom
 - United States
- Note: The survey was administered in English with a quick response requested. We appreciate the responses and acknowledge that offering translation services would likely have improved the survey.



Questions 1: Are agency statements prepared per standards and audited?

- All respondents indicated that agency statements are prepared in accordance with standards and audited. Some noted:
 - lower level statements (Accounting Unit or bureau) could be obtained but are not required.
 - the internal audit function as an addition to independent audits.
 - statements are not issued to the public.
 - a legal requirement to issue by a certain date.



Questions 2: What statements are included?

Balance Sheet

- 10 of 11 include a 'balance sheet.' Names include (most common first):
 - Balance sheet
 - Statement of financial position
 - Statement of investment



Questions 2: What statements are included?

Operating Statements

- 10 of 11 include an 'income statement.' Names include (most common first):
 - Income statement
 - Statement of financial performance/operation
 - Statement of comprehensive net expenditure
 - Statement of net cost
- 1 of 11 – Statement of Expenditures and Revenues



Questions 2: What statements are included? Other Statements

- 8 include a budgetary statement (budget to actual or a report on resources)
- 6 include a statement of cash flows
- 5 include statement of changes in (equity/net assets/taxpayer equity/net position)
- 1 includes commitments and contingencies
- 1 indicated that agencies may include accrual statements



Questions 3: Frequency of Reporting

- 3 monthly
- 1 quarterly
- 7 annually



Questions 4: Primary Users

- 7 – Parliament, Congress or Legislators
- 6 – Management of the agency
- 4 – Central financial agencies, ministries, auditors, or statisticians
- 4 – Citizens
- 1 – No defined user
 - Certain assumptions were made to group responses.



Questions 5: Primary Uses

- 9 – Accountability
- 9 – Performance Assessments
- 7 – Budgetary Decision Making
- 4 – Strategic Planning
- 1 -- Monitor financial status
 - Certain assumptions were made to group responses.



Questions 6: Key Metrics

- Monitor budget execution through use of resources vs. planned use
 - Trends in capital acquisitions
 - Audit qualification provides key quality metric
 - Financial goals versus planned goals
 - Cost per employee
 - Financial ratios compared across agencies
- *Some noted a lack of experience in using metrics.



Contact and Website Information

- Ross Simms, FASAB Assistant Director
 - SimmsR@fasab.gov or 202 512-2512
- Wendy Payne, FASAB Executive Director
 - paynew@fasab.gov or 202 512-7357

