

Financial Statement Discussion and Analysis

Current Practice and IPSAS Recommendations

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IAEA

International Atomic Energy Agency

FS D&A – Our Focus

- Does Senior Management care about FS D&A?
- Do Governing Bodies care about FS D&A?
- Have you changed FS D&A format since IPSAS?

FS D&A – Purpose

- Per IPSAS RPG* 2:
 - provide information useful to users for accountability and decision-making purposes
 - by enabling users to gain an insight into the operations of the entity from the perspective of the entity itself
 - provide the opportunity to reflect the entity's interpretation of significant items, transactions and events affecting the financial position, financial performance and cash flows of the entity

*RPG – Recommended Practice Guideline

FS D&A – Purpose

- Per US Securities and Exchange Commission:
 - provide readers information necessary to an understanding of [an organization's] financial condition, changes in financial condition and results of operations
 - should be a discussion and analysis of a company's business as seen through the eyes of those who manage that business

FS D&A – Purpose

- Overall:
 - Analysis of the financial information
 - That improves the understanding of the stakeholders
 - Through management providing useful information
 - From management's perspective

FS D&A – What IPSAS PG Recommends

- FS D&A should include:
 - Overview of operations and operating environment
 - Information about objectives and strategies
 - Analysis of financial statements (changes and trends)
 - Description of key risks and uncertainties

FS D&A – What IPSAS PG Recommends

- Operations and Environment:
 - Mission and vision
 - Governance and structure
 - Relationships with other entities
 - External trends, events and developments (legal, social, political and macro-economic matters)
 - Main operations and delivery methods

FS D&A – What IPSAS PG Recommends

- Objectives and Strategies:
 - To understand priorities
 - To understand resources to be managed to achieve such objectives and strategies
 - Explain measurement of achievement of objectives

FS D&A – What IPSAS PG Recommends

- FS Analysis:
 - Significant changes
 - Significant trends
 - Impact of changes and trends
 - Comparative information, when relevant



























FS D&A – What IPSAS PG Recommends

- Risks and Uncertainties:
 - Those that impact financial information
 - How they relate to impacting objectives and strategies
 - Both internal and external perspective
 - Management of such risks and uncertainties
 - Concentrations

FS D&A – How We're Doing

Org #	Ops and Environment	Objectives and Strategies	F/S Analysis	Programmatic Results
1	✓	✓	✓	●
2	●	✓	✓	●
3	✓	✓	✓	●
4	✓	✓	✓	✓
5	✓	✓	✓	✓
6	●	✓	✓	✓
7	●	●	✓	●
8	✓	✓	✓	✓
9	●	●	✓	●

FS D&A – How We're Doing

Org #	Risks and Uncertainties	Forward Looking Info	Visually Engaging
1			
2			
3			
4			
5			
6			
7			
8			
9			

FS D&A – How We're Doing

- What do you think?
- What would be useful to our readers?
- Where can we improve?

FS D&A – What Can We Do Better?

- Make it visually interesting?
- Better relate the financial information to programmatic results?
- Better trend and ratio analysis?
- More relevant forward looking information?
- Improved discussion of risks and uncertainties?