Financial Statement Discussion and Analysis

Current Practice and IPSAS Recommendations

October 2017
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
• 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
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

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<th>Ops and Environment</th>
<th>Objectives and Strategies</th>
<th>F/S Analysis</th>
<th>Programmatic Results</th>
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<th>Forward Looking Info</th>
<th>Visually Engaging</th>
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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?