



## Chapter 11

### Management's Discussion & Analysis

SFFAS #15 and SFFAC #3 establish the standards for preparing Management's Discussion and Analysis (MD&A). Additional guidance can be found in OMB Bulletin No.01-09 "*Form and Content of Agency Statements*".

Each bureau's annual financial statement shall include a section devoted to MD&A of the financial statements and **performance** information. This is management's opportunity to convey information about performance, opportunities, and challenges. The content of MD&A is the responsibility of bureau management. Its preparation should be a joint effort of both the bureau's Chief Financial Officer office and program offices. The MD&A should provide a balanced analytical assessment of performance that includes both positive and negative information. Performance information appearing in the MD&A should be consistent with information appearing in the bureau's performance plans and reports and budget documents.

To be useful, the MD&A must be concise and readable to a non-technical audience. The MD&A is an integral part of the annual financial statement and should be regarded as required supplementary information (RSI). Not all material items in the basic statements, notes and other sections of the annual financial report need to be discussed in MD&A. **Further, only summary-level performance information should be discussed in the MD&A. Detailed performance information should be reported in the appendices of the Performance and Accountability Report.**

The bureau's MD&A should include narrative of its:

- Mission and organizational structure;
- Performance goals, objectives, and results;
- Financial statements;
- Financial** systems, **internal** controls, and legal compliance; and
- Possible future effects of existing, currently known demands, risks, uncertainties, events, conditions and trends.

Actions needed, taken, and planned may be included within the areas listed above or in a separate section of MD&A.