

# Marching Towards Transparency

AGA DC Chapter Luncheon

May 15, 2013


Wendy M. Payne, CPA CGFM

# Disclaimer

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

# What is Transparency?

- Selected draft fiscal transparency principles:
  - Coverage is comprehensive
    - Right organizations and all of them
    - All flows and stocks (revenues, expenses, financing, and resources and obligations)
    - Tax expenditures
  - Frequency and timing right
  - Quality (classification, consistency)
  - Integrity (reliable and audited)

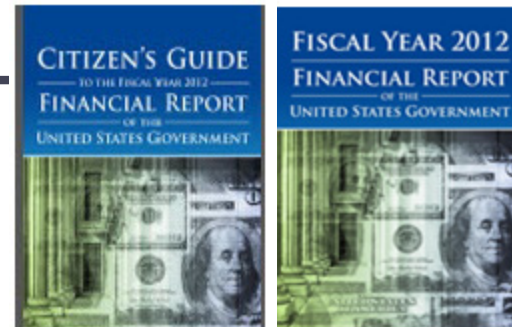


# RECOVERY.GOV

## TRACK THE MONEY

Recovery.gov is the U.S. government's official website that provides easy access to data related to Recovery Act spending and allows for the reporting of potential fraud, waste, and abuse.

Looking For ? [HOME](#) [ABOUT](#) [ACCOUNTABILITY](#) [WHERE IS THE MONEY GOING?](#)



Yet?

PERFORMANCE.GOV

[HOME](#) [AREAS OF FOCUS](#) [AGENCIES](#)



AGENCIES

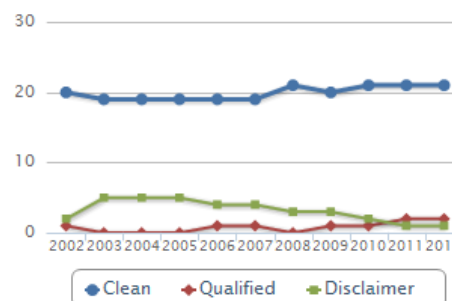


### Increase Reliability of Financial Information

Twenty-three of the twenty-four Chief Financial Officers (CFO) Act agencies received an audit opinion in 2012 while operating in an increasingly complex reporting environment. This is the highest number of opinions the Federal government has achieved since the passage of the CFO Act. Federal agencies have implemented rigorous financial management disciplines to ensure that Federal funds are appropriately accounted for and wisely spent. Agency financial statements are audited each year to help maintain accountability for taxpayer dollars. In addition, 32 auditor-identified material weaknesses were reported in FY 2012, an approximately 50 percent decline from the start of this decade — this highlights the increased reliability the public can place in Federal financial information.

[Learn More](#)

Breakdown of Agency Audit Opinions



# Fast Forward to the Future

- “An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.”
- “[integrated reporting] builds on developments in financial and other reporting to catalyze an evolution in [organizational] reporting. An integrated report communicates the factors most important to the creation of value over time. Organizations will provide additional detailed disclosures, such as financial statements and sustainability reports, for compliance purposes and to satisfy particular information needs, including those of stakeholders other than providers of financial capital. These other disclosures may be linked to or referenced in the organization’s integrated report.”

◦ <http://www.theiirc.org/about/>

# Guiding Principles - Strategic focus and future oriented

- Highlight relationships between past and future opportunities and challenges
  - Avoid boilerplate
  - Include information of practical use
  - ‘Link’ to details
  - Explain how future value can be created
- Uncertainty is not a reason to omit information but explanations are needed.

# Guiding Principles - Connectivity of Information

- Think about the organization in an integrated way
  - Connectivity – connect the dots across disciplines
  - Break down silos that limit access to and understanding of information
  - Interlink so the user can drill down
- The more the organization itself operates in an integrated fashion the easier the reporting becomes.
- Quantitative and qualitative information needed
- All communications must be consistent!

# Guiding Principles - Stakeholder Responsiveness

- Provide insight about the quality of stakeholder relationships with the organization
  - Understand stakeholder needs and speak to them in the report
  - Identify trends
  - Focus on material information that is relevant to stakeholder
  - Ongoing feedback



# Guiding Principle - Conciseness

- Enough said

# Guiding Principle - Conciseness

- But seriously –
  - Consider past, present and future effects of information
  - How important are these to the mission
  - Prioritize based on that importance
- Context makes information understandable
- Present the big picture and link to the details
- Obfuscation!

# Guiding Principles - Reliability and Completeness & Consistency and Comparability

- Free from material error
- Free from bias
- Completeness balances costs while telling the story
- Follow consistent policies between periods
- Consider benchmarking for comparability
- Quantitative information ought to meet standards