



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

February 10, 2016

Mr. Gilbert Tran
Office of Federal Financial Management
Office of Management and Budget
New Executive Office Building
Washington, DC 20503

2016 Form SF-SAC Comments

Dear Mr. Tran:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 400,000 members in 128 countries, and a history of serving the public interest since 1877. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state, and local governments. It develops and grades the Uniform CPA Examination, and offers specialty credentials for CPAs who concentrate on personal financial planning; forensic accounting; business valuation; and information management and technology assurance.

On behalf of the AICPA and its Governmental Audit Quality Center (GAQC), we appreciate the opportunity to comment on the Office of Management and Budget (OMB) proposed revisions to the Data Collection Form (SF-SAC or the Form), related Form instructions, and burden of collection estimates. Overall, we support OMB updating both the Form and instructions to reflect changes needed for 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). However, we have a number of comments on the Form and its instructions, as well as several overarching comments, that we hope will be addressed before the Form is finalized. The Appendix to this letter includes our detailed comments.

This comment letter was prepared based on input received by members of the AICPA that have expertise in preparing the Form. We would be happy to discuss these comments with OMB representatives. Please contact me at 202-434-9259 or mfoelster@aicpa.org if you have any specific questions or would like to schedule a follow-up discussion.

Sincerely,

A handwritten signature in black ink that reads "Mary M. Foelster". The signature is written in a cursive, flowing style.

Mary M. Foelster, CPA
Director, Governmental Auditing and Accounting

cc: GAQC Executive Committee

Overarching Comments

Estimated Hours to Complete the SF-SAC. The *Federal Register* (FR) notice asks for feedback on the accuracy of OMB's burden estimates which indicate it will take 65 hours for large respondents and 20 hours for the remaining small respondents to complete the Form. There is no basis provided to support how these estimates were arrived at. A number of the members assisting us with this response indicated they believe these estimates are on the lower end of a range that reflects the true effort by respondents. Auditors of very large respondents, such as states, indicated that 100 total hours or more may be spent completing the Form. Others that audit smaller entities indicated that the 20 hour estimate for small respondents also seems on the low end. We recommend that OMB perform more detailed research with entities of various sizes and their auditors to come up with realistic estimates that acknowledge the true complexities involved in preparing the Form. These revised estimates, and transparency from OMB on how they are developed, should be included in the next due process document issued on the 2016 Form.

Burden Associated with FAC Submission Delays. None of the burden estimates included in the FR notice likely take into consideration the considerable additional time spent by both auditees and auditors on Form submissions over the last few years due to late Form issuances and the more recent Federal Audit Clearinghouse (FAC) shutdown. Unfortunately, government delays in updating the Form have become the norm over the last 3-5 years. From an auditor perspective, when these Form delays occur, there are many additional hours that need to be spent since it is often months after the audit has been completed that the submission is finally able to be made. This involves reopening audit files, pulling staff who have since been reassigned to other engagements to prepare the Form, and partner review. We strongly recommend that OMB avoid such delays in the future and perhaps consider whether such additional hours should be added to the burden estimates in the FR notice if future delays are expected to continue as they have in the past.

Paperwork Reduction Act (PRA) Compliance. We are aware that during previous time periods, SF-SAC collections may have been made for an extended period of time on an expired OMB control number and that currently emergency approval for the SF-SAC under the PRA has been provided through May 31, 2016. Going forward, we encourage OMB to ensure compliance with PRA and to begin the Form update processes and related PRA submissions in a timely manner.

CFDA Numbers. The FR notice asks for feedback on ways to enhance the quality, utility, and clarity of the information to be collected. One way would be for OMB to require all federal programs be assigned a Catalog of Federal Domestic Assistance (CFDA) number for reporting purposes. Many hours are spent by entities and their auditors trying to address programs with no CFDA number. Alternate numbers need to be identified/used and it makes the completion of the Form more challenging since the Form is CFDA number driven.

Inconsistent Use of "Federal Program" and "Federal Awards." The FR notice asks for feedback on ways to enhance the quality, utility, and clarity of the information to be collected. Another way to address the all three of these areas is for OMB to clarify the level of reporting required in

both the Uniform Guidance and the Form as there is currently significant confusion on this point. Paragraph §200.510(b) of the Uniform Guidance and Part II of the SF-SAC and its instructions use the defined terms, “federal program” and “federal award” interchangeably. Large respondents have multiple federal awards within a federal program. Therefore, there has been and will continue to be confusion about the level at which the Form and Schedule of Expenditures and Federal Awards (SEFA) are to be prepared. This problem needs to be addressed in the Uniform Guidance, the Form, and its instructions, or confusion and potential inconsistency in practice will result. The following is included to illustrate the confusion.

- §200.510(b)(1) indicates the preparer should list the federal programs (CFDA) level.
- §200.510(b)(1) indicates that for clusters the information is at the federal program level.
- §200.510(b)(1) provides an accommodation where Research and Development (R&D) can be listed by major agency subdivision.
- §200.510(b)(2) and later sections assume that the information has been entered at the federal award level.
- §200.510(b)(4) asks for total amounts provided to subrecipients for the federal program and not the federal award.

The result of the confusion in the above areas affects the preparation of the Form as is noted in a number of our comments below. It may be useful to get a small group together to further discuss the confusing aspects of this problem with OMB as it relates to the SEFA and the Form.

One Complete Reporting Package Submitted. With regard to the FR notice request for feedback on ways to enhance the clarity of the information to be collected, we noted that the instructions to the Form lead with the notion that “one complete reporting package” needs to be submitted to the FAC. The Uniform Guidance places emphasis on the fact that the Corrective Action Plan (CAP) and the Schedule of Prior Audit Findings (SPAF) are auditee-prepared documents. We are concerned that the “one complete reporting package” requirement may lead to confusion by the public and others referring to reporting packages on the FAC Web site in the future. That is, they may mistakenly believe the auditor has prepared the CAP or the SPAF or has provided assurance on the information. One way to address this would be for the reporting package to be submitted in two parts. Alternatively, the AICPA can consider other ways to address potential confusion on the back end (e.g., requesting that the Corrective Action Plan and SPAF be placed on client letterhead and/or making clear the auditor’s lack of assurance on the information in the audit report).

Auditor Certification Needs Revision. We have significant concerns about the auditor certification statement on the Form and believe it needs revision in terms of the sections that are being scoped in and out. We request to work closely with OMB and the FAC as they move forward on finalizing various aspects of the Form in order to determine the appropriate sections to be cited in the auditor certification. This will be a more efficient approach than attempting to revise it now based on the current draft of the Form and then having to do so again in the event changes to the Form are made as a result of due process. We hope that this request will be accepted. We also have other questions that we would like to discuss with OMB to assist in finalizing the certification statement. For example, is the reference to reporting packages being available from the auditee still needed since they will now be made public?

Additionally, for what period of time will the reporting packages be maintained on the FAC Web site?

Inconsistencies Between the SF-SAC and Uniform Guidance. A comparison of the required SEFA elements in §200.510(b) to the elements in Part II of the SF-SAC reveal a few inconsistencies that may be confusing to respondents and auditors. For example, Part II, Item 1(f) includes: “Name of Federal program.” However, this element is not included as a required element of the SEFA in §200.510(b). On the other hand, the Form does not request “the applicable federal agency name,” which is among the required SEFA elements in §200.510. We recommend that the fields in Part II of the Form be consistent with the information required to be included in the SEFA.

Should and Must Terms. The Uniform Guidance changed the definition of “should” and “must.” Are those definitions carried over to the Form and its instructions? We believe it is important for this to be explained in the instructions to the Form since “should” and “must” are used throughout. Each instance of “should” or “must” should be reviewed by OMB to ensure it is consistent with the Uniform Guidance, both in terms of the meaning of the word and when the instructions repeat information that appears in the Uniform Guidance.

Database Certification Prompts. When the FAC Web site reopened in 2015 for submissions, we noted a change in that the system began automatically sending prompts to the certifying auditee and auditor as Forms were completed. This was problematic because auditees were able to complete certifications prior to all levels of review having been completed. We encourage the FAC to revert back to the previous prompting protocol where prompts for certification were initiated in the system after all levels of review were complete.

Voluntary Notifications. The FR notice states that the FAC plans to allow non-federal entities who did not meet the threshold requiring submission of a single audit report to voluntarily notify the FAC that they did not meet the reporting threshold. It states that further information will be provided on the FAC Web site, presumably to explain how such a notification will be made. We request the opportunity to review this FAC guidance before it is finalized to ensure it appropriately frames the voluntary nature of this notification. We also assume that OMB will not be able to require this notification in the future without first exposing it to the public for comment.

Student Financial Assistance. Several places in the Form and instructions refer to Student Financial Aid. OMB should search and replace all instances with Student Financial Assistance.

Publically vs. Publicly. We noted this word spelled differently throughout the Form and instructions. A search and replace exercise should be performed to use consistent spelling.

Single Audit vs. Single audit vs. single audit. We noted various capitalization differences in the use of the phrase “single audit.” A search and replace exercise should be performed for consistency in the Form and instructions using whatever preference OMB has.

Comments on the Form

SF-SAC Title. Since §200.54 of the Uniform Guidance separately defines “Indian tribes” from “States” and “Local Governments,” OMB should consider whether the title of the Form should be revised to acknowledge the difference (e.g., “Audits of States, Indian Tribes, Local Governments and Non-Profit Organizations.”) This comment also applies to the related Form instructions.

Part I, Items 5(e) and 6(f). We recommend removing the requirement to provide auditee and auditor fax numbers. Fax numbers are rarely used today and are less efficient than e-mail.

Part II, Item 1(b). The proposed method for completing the CFDA extension column when there is no three-digit extension may not be practical for a large entity with numerous R&D awards. The R&D cluster often has numerous R&D awards from a federal agency (e.g., Department of Defense), that are identified only by contract numbers. Members having clients with significant R&D funds also indicated that that using U01, U02, etc., will also not lend itself to uploading from a report writing program that draws from a recipient’s main records system. We recommend OMB reach out to entities with significant R&D awards to determine whether there is a concern regarding this field when there is no CFDA number. Another option would be to allow the use of R&D or UNK in this situation.

Part II, Item 1(c). Footnote 3, which is associated with this item, has wording we believe has erroneously been retained from an earlier draft of the Form (e.g., it references the Federal Assistance Identification Number and the Procurement Instrument Identifier). The footnote text should be revised to agree to the instruction for this item.

Part II, Item (d). We recommend the item “Name of the Federal Program” be deleted as it is redundant since the name of the program is directly linked to the CFDA number that is being provided. Additionally, as noted earlier, “Name of Federal Program” is not a required element of the SEFA in §200.510(b). If OMB does not delete this item, another option would be for this field to auto-populate based on the CFDA number entered. This approach would also reduce burden, errors, and diversity of the program names provided.

Part II, Item 1(f). We have a number of concerns with this item as follows:

- The instructions note that other clusters to be reported in Item1(f) are identified in Appendix II. For this approach to work, Appendix II will need to be kept up-to-date and to into more detail. At a minimum, the Appendix to the instructions will need to be updated to coincide with the annual issuance of the OMB *Compliance Supplement*. If this update to the Appendix is not made on a timely basis each year, there will be problems completing the Form accurately for other clusters and potentially result in erroneous major program determinations. Consider the following example to illustrate the difficulty:

Other Cluster X is comprised of three CFDA numbers. In July 2016, the *2016 Compliance Supplement* (effective for fiscal years ending on or after June 2016) is updated to add a CFDA to Other Cluster X. Said another way,

for audits of fiscal years ending prior to June 30, 2016, there are three CFDA numbers in Other Cluster X and for audits of fiscal years ending on or after June 30, 2016, there are four CFDA numbers in Other Cluster X. The instructions to the Form will need to be updated for this change in cluster composition and indicate how the cluster is defined for fiscal years prior to June 30, 2016, as well as fiscal years ending on or after June 30, 2016.

- Footnote 4 is confusing in its explanation of how other cluster numbers and state clusters should be noted on the Form. Some that reviewed this footnote assumed that the symbol “#” should be entered for other clusters and “X” for every state cluster. However, the instructions state that a number from Appendix II needs to be entered in this field for other clusters. Additionally, the footnote mentions nothing about the protocol described in the instructions for adding state cluster numbers (X01, X02, etc.). Footnote 4 should be clarified to explain in more detail how the other cluster number needs to be entered, as well as more about how state cluster numbers are to be noted. A reference to the instruction for this item should also be included. Perhaps something like the following would be appropriate:

“Enter the following Cluster Identifier (N=No Cluster, R=R&D Cluster, S=Student Financial Aid Assistance Cluster, ~~#=5-digit cluster number~~ Cluster number from Appendix II to Instructions=Other Cluster, X and 2-digit number=State Cluster). See instruction for more information.

- The Form and instruction refer to a 5-digit cluster number. However, most numbers in Appendix II are 6 or 7 digits. We question whether it is necessary to even refer to the number of digits. Additionally, if the field on the Form is limited to 5 digits, auditees need to be instructed how to enter the longer numbers in Appendix II.
- The “What’s New” section for this item also needs improvement to reflect all of the changes noted here and in our comments on the related instruction (below). We also question why it only highlights the change for state clusters by providing an example and suggest that either the example be deleted or an additional example be added for other clusters. Finally, to be consistent with how the state cluster change is described in the instruction, we recommend the following edit:

For other clusters, ~~this item~~ the auditee will enter ~~collect~~ the cluster identification number provided in Appendix II.

Part II, Item1(g). Footnote 5 to this item indicates that the system will provide total federal awards expended for each federal program by summing the individual CFDA lines which have the same CFDA number. It does not indicate whether the system will also calculate the cluster total by summing the lines which have the same cluster identification (except perhaps N for none) or whether these totals need to be input manually. The instructions add confusion by implying that the information needs to be entered manually. This footnote needs to be clarified. See below for our related concerns on the instruction for this item.

Part II, Item 1(l). This item asks for an identifying number assigned by the pass-through entity. We recommend an option be provided to indicate “N/A.” It is our experience that not every pass-through award contains an identifying number. The Form should include a footnote that indicates what to do in these situations. The instructions to the SF-SAC should also be expanded to describe the appropriate action to take when there is no pass-through identifying number.

Part III, Item 1(c). There is confusion over how the number of audit findings question will be answered in certain situations based on the detail to be provided on the Form. For example, consider a situation where there are multiple pass-through entity numbers (ending only with differing year numbers) relating to one CFDA number. What would be entered as the number of findings in this field if an auditor has a finding that relates to an entire program or cluster? We are concerned that auditors will not know which specific pass-through entity number the finding relates to. This should be clarified in the instruction to this item.

Part III, Item 2(a)(iii). Although this question is consistent with the language in §200.520, we are concerned that this only refers to state law and not tribal law, since tribes are not subject to State jurisdiction. This was addressed in Council on Financial Assistance Reform Frequently Asked Question 200.54-1 which indicated the definition of state law may include tribal law. If it is intended here that both are included, we suggest the wording specifically be revised to indicate the following: “Was the special purpose framework used a basis of accounting required by state or tribal law?” Another option would be to specify this notion in a footnote or explain it in the instructions.

Part III, Item 4. This part of the Form will pull in each item that has a finding noted in Part III, Item 1(c). See our comment above on the potential confusion over how the number of findings is to be entered in Part III, Item 1(c) which will ultimately affect this item too.

Part III, Item 4 (f). Footnote 1 to this item instructs the auditor to “Enter the letter(s) of all types of compliance requirements that apply to audit findings.” However, the instructions for this item (and the “What’s New” section) instructs auditors to report the “primary type of compliance requirement,” which is defined as the requirement which was being tested that generated the requirement. This inconsistency between the Form and instructions should be addressed.

Part III, Item 4 (g). Footnote 2 to this item refers to a chart in “Item 8.” This appears to be an error as we believe the chart being referenced is in the instruction to Part III, Item 4(k). This should be corrected.

Part IV, Item 1. We are unclear about how the programing for IDES will work as it relates to the two different versions of the auditee certification (i.e., Indian tribe auditee versus non-Indian tribe auditee). The instructions for this item indicate that the Indian tribe certification should be completed only if an auditee checked “Qualified as an Indian Tribe or Tribal Organization” from the Submission Criteria Check Page in IDES.” This implies the auditee has to select the correct certification manually rather than the system providing the correct one automatically based on the initial input in IDES. We recommend the process provide the appropriate certification automatically to alleviate the potential for auditees inadvertently completing the wrong certification.

Part IV, Item 1. Some auditors that reviewed the Form were not familiar with the references to Business Identifiable Information (BII) in the auditee certification statements and wondered whether it was clear enough for auditees to understand what situations they need to be considering when reflecting on whether they can check the box stating that the Form and reporting package do not contain BII. We encourage OMB to consider feedback received from auditees on the BII addition and to provide more specific information and description in the instruction for this item. Additionally, the “What’s New” section for this item cites the underlying requirements in §200.512(b) as support for the auditor certifications. However, that section of the Uniform Guidance does not mention BII, nor is it defined elsewhere in the Uniform Guidance.

Part IV, Item 1. Both auditee certifications require the auditee to check a box stating that it “complied with the requirements of 2 CFR Part 200 specific to the auditee.” How can an auditee check this item if the audit resulted in any compliance findings? This is a normal occurrence and needs to be addressed in the instructions to the Form for this item. As noted in a related comment on the instruction for this item below, we are also unclear whether all boxes are required to be checked for a submission to be accepted. If the answer to this question is “no” than perhaps the instruction for this item should direct the auditee to leave this box unchecked if the auditor reporting includes instances of noncompliance. The other option would be to delete this certification altogether, although we recognize it is included as an auditee certification in §200.512(b).

Part IV, Item 1. One of the auditee certification statements states: “Ensured the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Uniform Guidance.” This needs clarification in terms of the audit report that is being referred to. There will be multiple auditor reports included in the reporting package (e.g., report on the financial statements, the *Government Auditing Standards* reporting, and the report issued on compliance and internal control over compliance to meet specific Uniform Guidance reporting requirements). Only the last report listed will state that the audit was conducted in accordance with the Uniform Guidance. One possible fix for this problem, along with other clarifying edits, would be as follows:

“Ensured the auditor has completed such audit and **issued** ~~presented a the~~ signed audit report **required by §200.515** which states that the audit was conducted in accordance with the ~~provisions~~ **audit requirements** of the Uniform Guidance.”

Comments on the Form Instructions

Introduction. We have several recommended changes to the Introduction to the instructions as follows;

- In the first paragraph there appears to be several parentheses that are not correct or incomplete. We recommend the following editorial change: “as defined in ...25 U.S.C. 450b(l)] which opt not to authorize the FAC to make the reporting package publically

available) must submit the reporting package to pass-through entities as described in 2 CFR 200.512(b)(2)};"

- In the third paragraph, we recommend the following change to add clarity:

“This Form SF-SAC version, dated XX-XX-2016 should be used for audits covering fiscal periods beginning on or after December 26, 2014, **the period for which subpart F of the Uniform Guidance is first effective.**”

- In the fifth paragraph we recommend changing “for profit” to “for-profit” for clarity.

What’s New. We have several suggested changes to the “What’s New” section as follows:

- On page 1, the heading, “End of the Audit Period Loan Balance,” should be revised to, “End of the Audit Period **Outstanding** Loan Balance,” to make it consistent with the wording on the Form.
- On page 2, under the heading “Type of Auditor’s Opinion on the Financial Statements,” we recommend revising the reference provided to Part III, Item 2(a) as it is more specific.
- On page 2, under the heading “Auditee Certification Statement,” there is a very broad reference to changes made to the certification. Since the changes to the certification are fairly significant, we believe it would be useful to provide additional information describing the changes.

Part I, Item 3. This instruction provides guidance for when an audit is not annual or biennial. We recommend adding guidance for audit periods that do not include a full month (e.g., 7/1/2015 to 3/15/2016) to explain whether preparers should round up to the month end. This does happen periodically so this guidance will be useful.

Part II, Item 1(b). Under “Federal Awards with No CFDA Number or the CFDA Number is Unknown,” we recommend the following edit of the first sentence for clarity purposes:

If the three digit CFDA extension is unknown, the auditee will enter a “U” followed by a two digit number in the CFDA extension to identify one or more ~~CFDA~~ lines which form the program.

Additionally, the second sentence in this item states that “All federal awards to non-Federal entities from the same agency made for the same purpose must be combined and considered one program as required by 2 CFR 200.42(b).” The instructions should be clarified to better indicate the context of “combined” as used in this statement. Otherwise, some may be confused and believe it is intending that awards made from the same agency for the same purpose also must be “combined” and shown on one line on the Form. We believe that is not likely the intent.

Part II, Item 1(d). The instruction to this item states: “If the program is not listed in the CFDA, a description of the award recognizable by the Federal awarding agency or pass-through entity should be entered.” We are unclear about why the instruction is asking for a description

relevant to the pass-through entity as we believe this information is being captured in Part II, Item 1(l). See also our comment on the Form above questioning the necessity of Item 1(d) overall.

Part II, Item 1(e). This item requires the total amount expended by federal program. As written, it would seem to be the same information as required in Item 1(g). As noted earlier there is much confusion over this notion of “program” versus “award.” See our overarching comments above.

Part II, Item 1(f). We have a number of comments on this instruction as follows.

- We recommend the following clarifying edit to the third sentence of the first paragraph in the instruction for this item:

“For other clusters, the cluster identification number **to be entered should be obtained from** ~~in~~ **Appendix II to this instruction** ~~is the page number for the cluster in the Compliance Supplement.”~~

- We recommend the following clarifying edits to the examples provided in this instruction as follows:

Example (Other **Clusters**): The cluster identification number **to be entered in Item 1(f)** for the School Improvement Grants Cluster for the Department of Education would be 4-84.377-1.

Example (State **Clusters**): The first state cluster **would be entered in Item 1(f) as** X01 for all CFDA lines associated with that cluster, the second state cluster would be X02, and so on.

- The instruction attempts to explain how the other cluster number is derived. We suggest to avoid confusion that this be removed as it is not relevant to completing the Form. If the information is important, we suggest adding it as a footnote to Appendix II.

Part II, Item 1(g). We have several concerns with the instruction for this item as follows:

- The instruction includes the following: “Enter the total Federal awards expended for each Federal program by summing the individual CFDA lines which have the same CFDA number.” Similar phrasing is used to imply that a “cluster total” needs to be entered manually. Both references imply a manual process which is inconsistent with footnote 5 to this item on the Form which states there will be a system calculation. Clarifications should be made to this instruction to make it more understandable and to help readers understand how it relates to footnote 5. See our related comment on the Form above.
- The first sentence in the instruction indicates “Part II, Item 1(g) is the total Federal awards expended for each individual Federal program as required by....” We believe this should be revised to say “program or cluster.”
- The instructions also indicate that for clusters, the cluster total will be entered as the program total. It is not clear what happens if you have a cluster which also has multiple

programs. We would expect that both program total(s) and a cluster total will need to be entered (or calculated?). Additionally, we are unclear about whether the total will only be shown on the row for the last program included in the total or on every row that is included.

Part II, Item 1(i). The last sentence of this item states that “The outstanding loan balance is also included in the amount entered in Part II, Item 9(e). This is incorrect. The amount of loans/loan guarantees included in Item 9(e) is the value of new loans made or received during the audit period, and the balance of loans from previous audit periods, for which the federal government imposes continuing compliance requirements. We suggest replacing the last sentence with the following:

“The outstanding loan balance outstanding at the end of the audit period is the amount disclosed in the footnotes to the SEFA as required by §200.510 (b)(5).”

Part II, Item 1(j). We suggest the following edit for clarity:

“When an award ... (i.e., received by as a subrecipient from a pass-through entity)...”

Part II, Item 1(n). This field collects the total amount passed through. We are unclear for R&D whether the total amount is entered or whether an amount for each individual R&D line is required. This should be clarified in the instructions. Additionally, the reference at the end of the instruction refers to Part II, Item 1(g). Several that reviewed this instruction questioned whether it should instead be referenced to Part II, Item 1(e) which is the amount expended field.

Part III, Introduction. The first sentence refers to “opinion” in the singular form. We suggest a plural tense by revising it to “opinion(s)” to address the case of multiple opinions provided in a government financial statement audit.

Part III, Item 2(a)(i). To avoid confusion, the instruction for this item should be clarified to indicate that the types of opinions should only be checked when the financial statements are prepared in accordance with generally accepted accounting principles (GAAP). We can foresee auditors mistakenly checking the box that indicates a special purpose framework and attempting to indicate the type of opinions for that reporting in 2(a)(i). Additionally, the FAC should institute an edit check that would not permit the opinion boxes in 2(a)(i) to be checked if the box indicating special purpose financial statements is checked. Similarly, the FAC should also consider instituting an edit check such that items 2(a)(ii), (iii) and (iv) are only available to be checked if the item in 2(a)(i) regarding a special purpose framework is checked.

Part III, Item 2(a)(iv). We assume this instruction is intended to have auditors use the same provision for identifying opinions as they would do if the financial statements were prepared in accordance with GAAP. This would make sense as there may be multiple opinion units that are opined on when auditing governmental special purpose financial statements. However, the instruction is not detailed enough for uninformed users to understand this nuance. Therefore,

we recommend that more detailed wording, similar to that in the instruction in 2(a)(i) be included in this instruction.

Part III, Item 3(c). We suggest the following edit to this section to be more in line with the Uniform Guidance:

“Mark either “Yes” or “No” to indicate....as a low-risk auditee under §200.520 at the beginning of the audit period.”

Part III, Item 3(d). The notes section in this instruction references Appendix I-A. Currently, none of the Appendices to the Form are identified as Appendix I-A. We believe it is intended to be the federal agency two-digit alphabetic listing, but that page does not include an Appendix heading. This should be corrected.

Part III, Item 4(f). We believe it would be helpful to users if an example for the use of “P” for “other” was included in the instructions for this item. This is a question that comes up periodically by those completing the current Form which also includes a “P” option.

Part IV, Item 1. The instruction for the auditee certification is silent regarding whether all boxes are required to be checked before the Form is accepted. This should be added to the instructions, as well as what should be done if one of the boxes is not able to be checked.

Two-Digit Agency Listings. There are two listings at the end of the instructions which include a footnote next to 8 different agency names that states: “These prefixes are not assigned by the Catalog of Federal Domestic Assistance, and are only used for OMB Uniform Guidance reporting purposes only.” We are aware that the National Endowment for the Arts (NEA) and National Endowment for the Humanities (NEH) use the two-digit prefixes of 44 and 45 (either in the OMB *Compliance Supplement* or on their awarding documents). We are uncertain about whether the other agencies on the list noted with the footnotes do something similar. To avoid confusion and inadvertent error, we recommend that the footnote in the Appendix be expanded to more clearly explain this situation. We also recommend that the instructions to the Form address this scenario more clearly as well. We only noted one vague mention in the “Notes” to Part III, Item 3(d) which is not very helpful.