



## OFFICE OF MANAGEMENT AND BUDGET

### Information Collection; Request for Public Comments

**AGENCY:** Office of Management and Budget, Executive Office of the President.

**ACTION:** Notice and request for comments.

**SUMMARY:** In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501, *et seq.*) the Office of Management and Budget (OMB) invites the general public and Federal agencies to comment on a revision of an approved information form (SF-SAC) that is used to report audit results, audit findings, and questioned costs as required by the Single Audit Act Amendments of 1996 (31 U.S.C. 7501, *et seq.*) and OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.”

The first notice of this information collection request, as required by the Paperwork Reduction act, was published in the Federal Register on May 9, 2013 [78 FR 27259].

The proposed changes are to revise some existing data elements in the form and add other data elements that would make easier for the Federal agencies to identify the types of audit findings reported in the audits performed under the Single Audit Act. The current Form SF-SAC was designed for audit periods ending in 2011 and 2012. The proposed revised Form SF-SAC will replace the current form for audit periods ending 2013, 2014 and 2015. The detail proposed changes along with the proposed format are described on OMB Website at: [http://www.whitehouse.gov/omb/grants\\_forms/](http://www.whitehouse.gov/omb/grants_forms/)

**DATES:** Submit comments on or before [insert 30 days after publication] . Late comments will be considered to the extent practicable.

**ADDRESSES:** Due to potential delays in OMB’s receipt and processing of mail sent through the U.S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that mailed comments will be received before the comment closing date.

Electronic mail comments may be submitted to: Gilbert Tran at *hai\_m.\_tran@omb.eop.gov*. Please include “Form SF–SAC 2013 Comments” in the subject line and the full body of your comments in the text of the electronic message, not as an attachment. Please include your name, title, organization, postal address, telephone number and e-mail address in the text of the message. Comments may also be submitted via facsimile to 202–395–3952.

Comments may be mailed to Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, Washington, DC 20503.

All responses will be summarized and included in the request for OMB approval. All comments will also be a matter of public record.

**FOR FURTHER INFORMATION CONTACT:** Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, (202) 395–3052. The proposed revisions to the Information Collection Form, Form SF–SAC can be obtained

by contacting the Office of Federal Financial Management as indicated above or by download from the OMB Grants Management home page on the Internet at

[http://www.whitehouse.gov/omb/grants\\_forms/](http://www.whitehouse.gov/omb/grants_forms/)

**A. SUPPLEMENTARY INFORMATION:**

*OMB Control No.:* 0348–0057.

*Title:* Data Collection Form.

*Form No.:* SF–SAC.

*Type of Review:* Revision of a currently approved collection

*Respondents:* States, local governments, non-profit organizations (Non-Federal entities) and their auditors.

*Estimated Number of Respondents:* 86,000 (43,000 from auditors and 43,000 from auditees). The respondents' information is collected by the Federal Audit Clearinghouse (maintained by the U.S. Bureau of the Census).

*Estimated Time per Respondent:* 59 hours for each of 400 large respondents and 17 hours for each of 85,600 small respondents for estimated annual burden hours of 1,478,800.

*Estimated Number of Responses per Respondent:* 1.

*Frequency of Response:* Annually.

*Needs and Uses:* Reports from auditors to auditees and reports from auditees to the Federal government are used by non-Federal entities, pass-through entities and Federal agencies to ensure that Federal awards are expended in accordance with applicable laws and regulations. The Federal Audit Clearinghouse (FAC) (maintained by the U.S. Bureau of the Census) uses the information on the SF-SAC to ensure proper distribution of audit reports to Federal agencies and identify non-Federal entities who have not filed the required reports. The FAC also uses the information on the SF-SAC to create a government-wide database, which contains information on audit results. This database is publicly accessible on the Internet at <http://harvester.census.gov/fac/>. It is used by Federal agencies, pass-through entities, non-Federal entities, auditors, the Government Accountability Office, OMB and the general public for management of and information about Federal awards and the results of audits. Comments are invited on: (a) Whether the proposed information collection is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the estimate of the burden of the collection of the information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who respond, including through the use of automated collection techniques or other forms of information technology.

## **B. PUBLIC COMMENTS AND RESPONSES**

Pursuant to the May 9, 2013, *Federal Register* notice, OMB received comments from 9 commenters relating to the proposed revision to the information collection. Letters came from State governments (including State auditors), the American Institute of Certified

Public Accountants, certified public accountants (CPAs), Federal agencies and a grantee. The comments received relating to the information collection and OMB's responses are summarized below.

**Comment : Part I, Item 6 Primary Auditor Information.** One commenter suggested an auto-fill feature for Part I, Line 6 (auditor information) to ease administrative burden.

**Response :** No Change to Form. Auditors should enter data each audit year to prevent inclusion of outdated contact information.

**Comment : Part I: General Information, Item 6(b)- Audit Firm/Organization EIN.** Auditors are required to report their EINs. Commenters support this proposal and suggest that auditor EINs may be the same as auditee EINs in some cases such as statewide audits.

**Response :** Change made to system edits and Form instructions. The form will allow auditor EINs to match auditee EINs. Additionally, the Federal Audit Clearinghouse (FAC) will provide guidance in the instructions warning against using Social Security Numbers as EINs when the auditor is a sole proprietor. FAC will provide the link to IRS.gov used to obtain EINs.

**Comment : Part I, Item 6(b)** Some commenters suggested that auditors report DUNS numbers on the Form in addition to their EINs.

**Response :** No Change to Form. OMB will consider this on a future version of the Form.

**Comment : Part I, Item 7, Secondary Auditor information.** Some commenters noted the Form does not indicate whether Secondary Auditor information is required or optional. They suggested that this information be required on the Form.

**Response :** Change to Form and Instructions. OMB revised the Form's current question and instructions to clarify that secondary auditor information is required.

**Comments : Part II: Financial Statements-** Commenters suggested deletion of Part II Items Questions 3,4 and 5 relating to Financial Statements relating to a significant deficiency, a material weakness and material noncompliance on a major program as these information are added to the new Part III of the Form.

**Response :** No change to Form. Part II, Questions 3, 4, and 5 will remain on the form, as they are not duplicated elsewhere on the Form. However, Part III, Questions 4, 5 and 6 of the 2010 form will be removed as proposed.

**Comment : Part III: Federal Programs, Item 2, Dollar threshold to distinguish between Type A and Type B programs.** Commenters suggested a development of a calculation to validate the dollar amount entered for Part III, Item 2 – the dollar threshold to distinguish Type A and Type B programs.

**Response :** No Change to Form. The Form edits cannot be programmed to accurately determine the threshold in every case, especially where loan or loan guarantees exist. In addition, auditors are required to determine the threshold at the start of the audit, not when the audit is completed and this Form is filled out. However, OMB will continue consideration of development of a threshold validation.

**Comment : Part III: Federal Programs, Item 5, Federal agencies with prior year or current year direct findings.** Commenters suggested because the addition of information, Item 5 should be limited to prior year findings only.

**Comment :** Other commenters suggested that the Form be amended to clarify if agencies are receiving the report based on current findings, prior findings, or both current and prior findings.

**Response :** No change to Form. The question in Item 5 is to determine which agencies should review the audit. Non-conformity of CFDA numbers reported on the Form requires the question to remain on the Form. On the next version of the Form, OMB will

consider adding a separate question to distinguish if prior year, current year or both prior and current year findings necessitate a review.

**Comment : Part III: Federal Programs, Item 6 Federal Awards Expended During the Fiscal Year.** Commenters noted that it would be more useful to Federal agencies that issue direct awards if the Form gathered information related to the source of pass-through funds.

**Response :** No change to Form. OMB agreed that this information can be useful. However, this change would require significant programming change to the proposed form. We will consider a requirement to collect pass-through information in a future iteration of the form.

**Comments : Part III: Federal Programs, Item 6(f) – Loan/Loan Guarantee.**

Clarification is needed on how to treat awards with loan and non-loan components.

**Response :** Change made to instructions. Guidance is added to the “instructions” section to indicate respondents are to treat CFDA numbers with both loan and non-loan components as they treat R&D programs. Specifically, respondents are to place the Loan/Loan Guarantee component on one line, and the non Loan/Loan Guarantee portion on a separate line.

**Comment : Part III: Federal Programs, Item 6 (j)** - Commenters noted that if a single audit report has a modified opinion due to a scope limitation, there may not be any finding to report. However, the form requires it to have a finding when showing a modified opinion on major programs.

**Response :** No change to Form. When an opinion on a major program “modified”, a finding is required in accordance with A-133 §\_\_.510(a) (5).

**Comment : Part III: Federal Programs, Item 6(k)- “Number of Findings”**

Commenters suggested a change in the terminology of “Number of Findings” to “Number of Significant Findings.” This wording would correlate with the instances where findings are required by A-133 §\_\_.510(a).

**Response :** Change made to Form and Instructions. OMB agreed in part and changed the wording to “Number of Audit Findings” to improve clarity. Including only “significant” findings may confuse auditors.

**Comment : Part III: Federal Programs, Item 7 Federal Award Findings.**

Commenters suggested that listing each finding for each Federal award affected by a finding will create redundancy in the report. The same level of specificity can be achieved by identifying findings and questioned costs by award as is done currently, and requiring the new Item 7 to list each finding along with the appropriate Types of

Compliance Requirements and Deficiencies. The additional information collected about each finding from the auditor's report adds burden to the states.

**Response :** No change to Form. OMB has determined the level of detail Federal agencies require in order to identify the problem and high risk areas in a specific audit report necessitates the increased finding detail in the proposed Form changes. The FAC will work with auditees to provide additional technical guidance to reduce the burden of data entry.

**Comments : Part III: Federal Programs, Item 7(d) – Standard Audit Finding**

**Reference Numbers.** Some states already have specific finding reference numbering systems. The timing of this proposal will require 2013 audits to be revised and internal systems to be revised causing significant burden. The States request delaying the implementation of a new set of standard audit finding reference numbers.

**Response :** Change made to instructions. No change to Form. This requirement will be postponed to apply to 2014 audit submissions. For 2013 audit submissions, the Form will request audit finding reference numbers follow the suggested standard, but will not require it.

**Comments : Part III: Federal Programs, Item 7(e) - Type(s) of Compliance**

**Requirement(s)** Commenters suggested that fields be added in Part III to include the name of pass-through entity and the identifying number assigned to the pass-through entity if applicable as required by OMB Circular A-133.

**Response :** Change made to Instructions. No change to Form. OMB will consider this information for inclusion on the next version of the Form SF-SAC. For the 2013 Form SF-SAC, FAC will advise respondents pass-through information can be entered in the data field for 6(c), the “Federal Program Name” field.

**Comment : Part III: Federal Programs, Item 7(e), Type(s) of Compliance**

**Requirement(s).** Commenters noted that one finding could contain multiple compliance requirements. This would make analyzing the data more challenging. They noted that it may be helpful to have, for each compliance requirement, a separate row for each finding number and CFDA combination.

**Response :** No Change to Form. Capturing the compliance requirements separately for each audit finding is a reasonable request, but would require substantial programming and redesign of the proposed form. We will consider for future version of the Form.

**Comment : Part III: Federal Programs, Items 7(f),(g),(h),(i),(j) - Type(s) of Finding(s) -** For each audit finding listed on Part III, Item 7, the auditor must mark a valid combination of five Type(s) of Finding(s): Modified Opinion, Other Noncompliance, Material Weakness, Significant Deficiency, or Other. Commenters suggested that another combination may be added to matrix of valid combinations. There are instances of material noncompliance may be identified that do not rise to the level of modifying an opinion on a major program. Commenters noted that it is confusing to include “Modified Opinion” as a type of deficiency at all. They believe it would be more appropriate for this column to be displayed separately, similar to the column for questioned costs. They suggest separating the “Other Noncompliance” and “Material Weakness” columns to indicate that they are related to the opinion on compliance, and not on controls over compliance.

**Response :** Change made to Form and Instructions. Compliance Findings and Internal Control Findings will be differentiated. “Other Noncompliance” will change to “Other Matters”. “Other” will change to “Other Findings”. Additional instructions are provided to clarify the reporting combinations.

**Comments : Part III: Federal Programs, Item 7 (k), Questioned Costs -** For each audit finding, the auditor will report any Questioned Costs related to that finding. The auditor must only mark “Y” or “N” to indicate the existence of questioned costs. Some commenters want to improve accountability by also capturing the amount of questioned costs. Other commenters note that the amount is sometimes difficult to determine.

**Response :** No Change to Form. It was noted that the precision and accuracy of the questioned costs amount would be questionable and may be misinterpreted. OMB will revisit this topic for inclusion of questioned costs on a future version of the Form.

**Comments : General-** Auditors and auditees will be required to certify that their reporting package does not contain Personally Identifiable Information (PII).

Commenters noted inconsistent definitions of PII defined in the Form and the proposed Grant Reform guidance. The commenters also suggested that more guidance is needed to determine how to address specific instances where the PII policy is not clear.

**Response :**No change to Form. OMB will table this requirement and continue development of a PII policy for the implementation in a later year.

**Comments : General-** PDFs of audit report submissions must be unlocked, unencrypted, and at least 85% of the pages must be text-searchable. Commenters expressed concern the electronic signatures in audits could possibly be misused as well as expose independent auditor's opinions to potential alteration in audit reports. There are specific business risk policies in place at CPA firms that would not permit an audit report to be issued in an unlocked format. Therefore, some commenters suggested submission of two documents.

**Response :** No change to Form. OMB believes the proposed PDF requirements allow auditors to submit audits with non-searchable opinions. Since 85% of the pages must be text searchable, allowance for a few scanned pages is given. However, OMB will consult AICPA and audit firms to improve implementation through improved outreach and instructions.

**Comment : General-** Some commenters recommended that the costs of the single audit be recorded on the Form.

**Response :** No change to Form. OMB will consider this on the next version of the Form.

**Comment : General-** One commenter requested OMB remove the requirement that the auditor is required to complete *Part II (financial Statements)* and *Part III (Federal Programs)*. Other commenters suggested that the auditee should be required to upload the SEFA information into Part III, item 6 – *Federal Awards Expended During the Fiscal Year*. This would allow the auditee to take ownership in the submission, and enable the submission to be completed earlier. Other commenters questions whether Items 2 and 3 in Part III should be excluded from the certification statement, as they are not transferred from the auditor’s report. Additionally, new item 6(k) and fields in Item 7 may be other exceptions, as they are not directly taken from the auditor’s report.

**Response :** Change made to instructions. No change to Form. The Form’s auditor certification states the data in Part II and Part III was entered by the auditor. OMB does

not believe the responsibility for entering data and the certification statements should change at this time. Additional guidance will be added in the Form Instructions.

**Comment: General-** One commenter expressed concern that password requirements should be improved to make them more secure.

**Response :** No change to Form. Currently, the requirements for passwords meet Federal standards. In the new data collection application, each user will have individual passwords to access the application. Passwords will not be shared between auditors and auditees, or between auditor employees. Individuals and audit firms can implement their own password requirements in addition to Federal requirements.

**Comment : General-** Commenters recommended that the full single audit report be made available to pass-through entities. This would significantly decrease administrative burden to sub-recipients, who must submit duplicative information to the Clearinghouse and to pass-through entities.

**Response :** No change to Form. The proposed revisions to the Grant Management Circular, published in February 2013, proposes making audits available publicly. When the audits are publically available, pass-through organizations, especially states, will have access to audits through the FAC website. OMB will continue development of a policy for the implementation.

**Comment: General-** Commenters ask which information the FAC collects is the official record of the Single Audit: (1) the audit report uploaded to the Clearinghouse website, or (2) the audit report given to the auditee.

**Response :** No change to Form. Section §\_\_\_.320 of the Circular A-133 states the submission of the data collection form and audit package are required to comply with the provisions of the Circular. The submission of these documents is the official record of the single audit for the Federal government.

**Comment : General-** In order to comply with guidance provided in Section 703 of the OMB Proposed Uniform Guidance, CIGIE/and the NSACs request that OMB consider adding an option for “Audit under Threshold”.

**Response :** No change to Form. OMB will consider alternate submission options for audits with expenditures of Federal awards below the minimum threshold in the future when the proposed uniform guidance is finalized and effective.

**Comment : General-** Commenters requested a question be added: “Was a Management Letter Issued?” Under new GAS and AICPA standards, auditors are no longer required to include a statement regarding management letters in the report. Agency officials will not be notified when a management letter has been issued.

**Response :** No Change to Form. OMB will consider adding this information on a future iteration of the Form.

**Comment : General-** Some commenters asked for a new requirement for the text of each finding and auditee response be added to the data collection form.

**Response :** No Change to Form. OMB will consider adding this information on a future iteration of the Form.

**Comment: General-** Some commenters questioned why the estimated hours to complete the SF-SAC have not changed since 2008, particularly considering the changes to expand the amount of data collected on the Form.

**Response :** No Change to Form. Although the Form has been revised to add a few additional information inputs, it has also been revised to streamline the reporting of data inputs including the upload of the Form electronically. We believe that on the average hours to complete the form remain leveled.

**Comment : General-** Commenters requested training materials such as how-to videos, articles, and other means to help auditors and auditees prepare and avoid last minute submission problems with the new Form.

**Response :** No change to Form. The FAC will make additional efforts to disseminate information on upcoming changes before the official roll-out of the Form.

**Comment : General-** Some commenters suggested that for audits that are currently completed, respondents be permitted to submit the 2013 audits on the 2010—2012 Form SF-SAC. They note that many audits are already done for 2013, and changing requirements will increase administrative cost and respondent burden.

**Response :** No change to Form. For consistency of reporting, all 2013 audits should be reported using the 2013 form. We expect the 2013 Form to be available in October. OMB will extend a waiver for due dates falling before the Form is approved and available.

**Comment : General-** Commenters advised that the FAC should prepare for numerous submissions in a short timeframe. When the 2013 Form is approved and released, there will be numerous submissions occurring simultaneously.

**Response :** No change to Form. The FAC is working to ensure a smooth transition to the new submission system.

**Comment : General-** Commenters recommends rigorous testing of the internet submission system to ensure that it is working properly. AICPA comments that they would be willing to assist the Clearinghouse with this endeavor.

**Response :** No change to Form. The FAC staff is continuously improving and testing the usability and functionality of the new Form and the new system.

**Comment : General-** Commenters requested that due dates for reporting packages be clarified when due dates fall on holidays or weekends. Additionally, AICPA notes that questions arise as to the time zone that is used to identify when the audit is due. AICPA recommends that FAC and OMB address these questions in the Frequently Asked Questions section or in another readily available manner.

**Response :** No change to Form. OMB agreed to allow extensions until the next business day for nine-month due dates that fall on non-business days such as weekends and holidays. FAC will make these adjustments automatically. If a submission in a different time zone was on time in the auditee's time zone, but marked as late by the FAC system in the Eastern time zone, the FAC is allowed to make time-zone adjustments to submissions by request.

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Norman S. Dong

Deputy Controller

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