



Certificate of Excellence In Accountability Reporting® (CEAR) Program

GUIDELINES©

**for preparing and evaluating
Fiscal Year 2018
Agency Financial Reports or
Performance and
Accountability Reports**

and

**Summaries of Performance and
Financial Information**

Prepared initially as a public service by KPMG LLP

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CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) PROGRAM

GUIDELINES FOR FISCAL YEAR 2018

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CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) PROGRAM

GUIDELINES FOR FISCAL YEAR 2018

AGENCY FINANCIAL REPORTS AND PERFORMANCE AND ACCOUNTABILITY REPORTS

Congress and the Executive branch created the Performance and Accountability Report (PAR) to satisfy the reporting requirements of the Reports Consolidation Act, Government Performance and Results Act, Chief Financial Officers Act, Federal Managers' Financial Integrity Act, Accountability for Tax Dollars Act, Improper Payments Information Act, and other financial management statutes. Hence, each Federal entity subject to the Chief Financial Officers Act or Accountability for Tax Dollars Act, many components of these entities, and other independent entities prepare a PAR (or the more recently defined Agency Financial Report (AFR)).

The Certificate of Excellence in Accountability Reporting (CEAR) Program was established by the Association of Government Accountants in 1996, in conjunction with the Office of Management and Budget and the Chief Financial Officers Council, to further performance and accountability reporting. Specifically, the CEAR Program 1) reviews individual PARs and AFRs and provides recommendations for improving their presentation and usefulness; 2) publicly recognizes the entities, and particularly the individuals in the entities that labor tirelessly to prepare the reports; and 3) trains the individuals who prepare and review the reports such that they can expand their understanding of the organization and content of other entities' PARs and AFRs and bring this knowledge back to their own entities.

THE EVOLVING NATURE OF PERFORMANCE AND ACCOUNTABILITY REPORTING AND THE CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

PARs have been evolving during the last 22 years. Their initial purpose was to present to oversight organizations, the public, and others, in a comprehensive and integrated manner, the services the entity is providing, the results it is achieving, what these achievements cost, and how it is managing its resources. A second, no less important, purpose was to provide a vehicle and discipline for entities to establish, or at least improve, the processes and procedures needed to obtain and accumulate information, an essential element of transparency and accountability.

Nonetheless, concerns were raised with the PARs. There was a degree of uncertainty regarding the audience for the PARs, which was often reflected in a lack of meaningfulness and/or understandability of the information in the document. The size of many PARs grew to excessive lengths due, in large part, to poor organization, inclusion of unnecessary detail, and redundancy. PARs often lacked candor. Technology was not used effectively to disseminate the information; and the cost and effort associated with producing the documents were high.



Hence, OMB initiated a Pilot Program in FY 2007. The Pilot Program allowed an entity to eliminate the Performance Section from the PAR and instead issue an Agency Financial Report (AFR) and Annual Performance Report (APR). Also, all CFO Act entities and all non-CFO Act entities that prepared an AFR and APR rather than a PAR were required to prepare a Summary of Performance and Financial Information (SPFI), previously called the Citizens' Report, to further integrate financial and performance information (although issuance of a SPFI is optional for FY 2018). Hence, the Pilot Program addressed some of the concerns, but the process is still evolving.

It should be emphasized, therefore, that the major purpose for the reports, other than providing the discipline that assures the entities' accountability, is to enable people to learn about an entity's performance and the links between performance and financial information. The elimination of the PAR's Performance Section does not mean there should be less performance information in the AFR. With the emphasis on annual performance reporting specified in the Government Performance and Results Act Modernization Act, an AFR's Management's Discussion and Analysis (MD&A) should present sufficient information about the entity's strategic goals and strategic objectives, Agency Priority Goals, and key performance goals and results to enable users to obtain a sense of how the entity is doing. This does not mean more data or more performance measures, but rather a comprehensive perspective of how the entity is doing, particularly in relation to prior years and targets.

The CEAR program can and will contribute to this evolution. The remainder of this introduction describes the CEAR evaluation process and how the process intends to increase the focus on accountability, transparency, innovation, collaboration, and results.

THE STRUCTURE OF THE EVALUATION

The CEAR evaluation process has two major components specifically: 1) the Guidelines and 2) the Review Team.

The Guidelines - The first component is the CEAR Guidelines.[©] The Guidelines have been prepared for two purposes. They help an entity prepare a PAR or AFR and SPFI. The Guidelines identify each of the numerous items Congress or OMB require for the reports, with the specific authority identified.¹ They also identify other content that can improve a Report's usefulness and usability. The latter items have been culled from past practices and thus do not carry an authoritative reference.² Second, the Guidelines can be used to assist persons reviewing PARs, AFRs, and SPFIs.

¹ Components of CFO Act agencies and independent agencies other than CFO Act agencies are not subject to many of the legislative and administrative reporting requirements applicable to CFO Act agencies. Also, they tend to be smaller and operate a limited number of programs. Hence the reports of other than CFO Act agencies might not and need not include all of the materials required to be reported by a CFO Act entity. Comprehensive coverage for each of the areas to be included in a report would be the primary criterion.

² Agencies are requested to submit, with their PAR or AFR, a copy of the Guidelines on which has been entered for each item, the page number in the PAR or AFR—not simply an "x" or the word "yes"—on which the information is presented. Completing and submitting a copy of the Guidelines in this manner helps the entity ensure it has included each of the appropriate items of information in the Report. Identifying the page number on which the item is addressed helps the reviewers readily locate the required items. Accordingly, agencies should insert the page number for the item only if the item is explicitly included on that page. Otherwise the words "no" or "not applicable" should be inserted.



The five sections in the Guidelines, with their component parts, are as follows:

Section I applies to both **Agency Financial Reports** and **Performance and Accountability Reports**.

- **Part A** addresses the Report's **overall organization and presentation**.
- **Part B** addresses the Agency Head Message.
- **Part C** addresses the **Management's Discussion and Analysis (MD&A)** and how it fulfills what should be the primary purpose of the AFR. That would be to provide a complete, yet concise, clear, inviting, and informative overview of how the entity is doing; what it has accomplished, particularly in relation to prior years and targets; and how it is managing its programs and resources. In many ways, the MD&A represents the most important part of the Report, and thus the portion of the review that receives the most attention.
- **Part D** addresses the **Financial Section**, which is composed of a message from the Chief Financial Officer (which is optional), the auditors' report, the financial statements and notes, and Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI), if applicable. The portion of Part C related to the financial statements, RSI, and RSSI is included primarily for the preparers of the financial statements. Although some reviewers will still evaluate the manner in which the financial information is presented in the financial statements, the CEAR Program relies primarily on the organization auditing the financial statements to assure adherence with the applicable standards and criteria.
- **Part E** addresses the **Other Information** which contains:
 - a summary by the entity's Inspector General of the entity's most serious management and performance challenges and the entity's progress addressing the challenges;
 - summary tables of material deficiencies in internal control and system non-compliances;
 - information on payment integrity, including Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act and Improper Payments Elimination and Recovery Improvement Act reporting details;
 - information regarding the entity's progress pursuant to the Fraud Reduction and Data Analytics Act;
 - square footage and operations and maintenance costs associated with the Reduce the Footprint policy;
 - the most recent inflationary adjustments to civil monetary penalties required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act;



- information pursuant to the Grant Oversight and New Efficiency (GONE) Act; and
- possibly other information.

Section II is for the **Performance and Accountability Reports** and addresses the Performance Section included in a Performance and Accountability Report, but not in an Agency Financial Report. This section should be used by PAR preparers and reviewers in combination with Section I.

Section III provides guidance for the preparation and/or review of the **Summary of Performance and Financial Information**, which is an optional report.

Section IV lists the Statements of Federal Financial Accounting Standards that have been issued during this and prior years and that will become effective in future years. This information will help preparers ascertain reporting requirements they will need to meet in subsequent periods.

Section V provides sections in which reviewers can provide their overall impressions with and recommendations for the PAR or AFR and SPFI. Space is provided for the reviewer to 1) identify noteworthy features that could be considered a creative application of the Guidelines or materials not addressed by the Guidelines that might be of interest for possible reference by preparers of other entities' reports; 2) provide recommendations to address weak or deficient practices; and 3) suggest whether he or she thinks the report should receive a Special Award, as discussed later in this Introduction in a section titled The Special Awards Component.

Section VI of the Guidelines, titled **Request for Preliminary Vote**, provides an opportunity for reviewers to furnish their preliminary views on whether the Report(s) should receive a Certificate of Excellence; but if not, the major reasons that preclude the Report(s) from receiving a Certificate of Excellence

Attached to this introduction is a list of the significant additions and changes in this year's Guidelines.

The Review Team - The second component of the evaluation is a five-person team that evaluates each Report submitted by an entity. The team members possess considerable knowledge and experience in Federal government financial management and/or performance measurement and the reporting of results. While they may not have an in-depth knowledge of the entity, they have a general knowledge of Federal government operations, the subjects covered by the Report and, at least collectively, a familiarity with the entity submitting the Report, its mission, and its programs.

The review team members use the Guidelines to review the Report individually; identify and prepare written recommendations for matters in which they believe the Report could be improved; and decide, on their own, whether the Report should receive the Certificate of Excellence and possibly a Special Award. During this phase, reviewers should not



contact other members of their team. It is important that reviewers perform the reviews on their own, and not be influenced by others.

Once the individuals complete their reviews, the members will meet as a group; review a compendium of all the recommendations; reach agreement on which recommendations for improvement should be sent to the entity; vote on whether the Certificate of Excellence should be awarded; and consider whether the Report should receive a Special Award.

THE EVALUATION PROCESS

The purpose of the CEAR Program is to recognize entities that issue complete, informative, and candid reports³ and help the entities become even more accountable and transparent. It is not a compliance program. The Review Guidelines are formatted to enable reviewers to consider the overall quality and character of the report rather than dwell on the presence or absence of the individual elements. This has been done by not asking reviewers to answer, “Yes,” “No,” “Not Applicable,” or “Don’t Know” for each item.

Instead, reviewers are asked to read the report and use the Guidelines primarily as a reminder of the expected content for a report.⁴ In doing so, they should note matters for which the presentation can be improved because the information is unclear, inconsistent, incomplete, too verbose, etc.⁵ For each such instance, the reviewer should prepare a recommendation.

Crafting Recommendations for Improvement – Recommendations can and should be provided to:

- Improve the presentation of the information
- Eliminate reporting or disclosure deficiencies
- Make the report more useful to the user
- Address editorial matters
- Improve the Summary of Performance and Financial Information (if one has been issued and reviewed).

³ Some agencies have elected to no longer issue printed reports and instead make their reports available on the Internet. In those instances, reviewers will be provided a printed copy of the document the entity published on the Internet as of the required issuance date.

⁴ Persons reviewing reports issued by components of CFO Act agencies and independent agencies other than CFO Act agencies should consider that these agencies are not subject to many of the legislative and administrative reporting requirements of CFO Act agencies. (See footnote 1.)

⁵ Reviewers need not refer to other documents when reviewing a PAR, AFR or SPFI. They will be expected, however, to consider related information in other parts of the Report they are reviewing--and be alert to inconsistencies. Reviewers are also asked to access the PAR, AFR, and SPFI on the entity's web site to assess their level of accessibility. Finally, for certain Guidelines, reviewers will need to refer to performance.gov or other websites to ascertain the manner in which information required to be posted to those websites has been posted.



The third category, “Make the report more useful to the user” is intended to reflect the notion that transparent and accountable reports are not only comprehensive, they are also candid, particularly in regard to conditions and situations that are already widely known. The reports present negative as well as positive information and they do not leave readers with unanswered questions.

Identifying the category for which a recommendation is provided is helpful.

More important, **the recommendations should identify:**

- the deficient condition,
- the page number of the condition,
- the specific change recommended, and
- the reason why the change would be an improvement.

It is difficult to incorporate into the combined recommendations to be sent to the entity, recommendations that do not include the above elements.

Considering Entity Responsiveness - The most recent comment letter and recommendations and the entity's response to the recommendations will be given to reviewers for entities that have previously submitted their PAR or AFR for review. The reviewers are to refer to the letters and ascertain whether and how the entity has changed the current year's report (or that the matter to which the comment pertained is not part of the current year's report).

As indicated, performance and accountability reporting and the CEAR Program are evolving. It is important that entities attempt to continuously improve their reporting. An entity that identifies the modification in the report for each of the CEAR Program's recommendations demonstrates a commitment to continuous improvement. Simply stating that the comment applied to last year's report or solely justifying matters identified for suggested improvement, could be appropriate in some instances, but is likely to be viewed as a reluctance to make changes that could improve the report. Furthermore, if a recommendation is reported as “taken into consideration, but not implemented,” or similarly characterized, the reason for not implementing should be provided.

Finally, if a reviewer makes a recommendation to address a matter for which there was a recommendation in the prior year that was not addressed, he or she should note that as a repeat of the prior year's recommendation. This is also a reflection of an entity's responsiveness.

Preliminary Decision Regarding Certificate of Excellence and Special Award(s) - Reviewers should make a preliminary decision as to whether the Certificate of Excellence in Accountability Reporting and/or a Special Award should be awarded. In making the decision, the reviewer should consider the extent to and the manner in which the report does or does not fulfill the following Guidelines criteria, remembering that none of the



criteria are absolutes, they are relative, and that the criteria pertain to the entity's reporting, not to its management or performance.

- Does the report substantially comply with the technical, statutory, and regulatory requirements for the Reports?
- Does the report use results-oriented performance measures to report accurately and candidly on the entity's performance against its planned performance goals and use of resources?
- Is the report concise, informative, integrated, readable, and inviting to the intended audience?
- Does the report demonstrate coordination among the Chief Financial Officer, Performance Improvement Officer, program offices, offices responsible for performance reporting, and the IG?⁶
- Does the report reflect an effort and desire to continuously improve the entity's performance and accountability reporting, i.e., there are minimum editorial problems and the entity is responsive to the prior year's recommendations for improvement.

Reviewers should not get distracted by the word Excellence. In the program's early years, only a few reports met the above criteria, so the word Excellence was adopted to set those reports apart. Now, with many years' experience, entities' reports are expected to and generally do present the services the entity is providing, the results it is achieving, what these achievements cost, and how it is managing its resources; are comprehensive, concise, integrated, and readable; and typically reflect a desire for continuous improvement.

Nonetheless, there are two mandatory requirements that are necessary for receiving the CEAR. **Executive Branch entities' PAR or AFR is issued by the date prescribed by OMB. The auditors' opinion on the financial statements is unmodified as of that date.**

The reviewer should then complete Section VI of the Guidelines. The preliminary vote for or against awarding the Certificate of Excellence should be marked. Reasons why a Certificate of Excellence should not be awarded, if that is the case, should be noted. This last item is very important. Entities not receiving the Certificate of Excellence will want to know, in addition to the recommendations for improvement, the major reasons why they are not being recognized for an award.

The completed Sections V and VI should be submitted to AGA electronically. Sections I, II, and III **should not** be submitted.

⁶ Although the existence of coordination would not be ascertainable from a review, certain aspects indicate a lack of coordination. Examples are separate pagination schemes and/or type layouts for the different sections; lack of recognition in one section of problems identified in other sections; redundancy; and lengthy and defensive responses by management to the IG's summary of management and performance challenges.



VETTING AND COMMUNICATING THE RESULTS

The last step is vetting and communicating the results. AGA will combine the recommendations, outstanding features of the report, and special award nominations into a single document and send the document to the team members. The review team will meet to 1) review the combined recommendations and decide which ones should be transmitted to the entity and/or require modification, 2) make the actual decision as to whether to award the Certificate of Excellence and whether to recommend a Special Award, and 3) determine the language that should be included in the transmittal letter to the entity. **Reviewers are expected to attend this meeting in person.** AGA's staff will prepare the final version of the recommendations and a draft letter transmitting the team's decision, and circulate the letter and final recommendations for approval. Following approval, AGA will send the approved letter and recommendations to the entity.

Reviewers should not identify any review team members to others, even after the final vote. Nor should they discuss the content or results of the review with anyone other than AGA's CEAR Program Coordinator—Kia Lor (klor@agacgfm.org) -or the Review Team's Lead Reviewer.

THE SPECIAL AWARDS COMPONENT

First presented for the FY 2009 reports, Special Awards have been made a permanent part of the program. These are Awards above and beyond the Certificate that are made to encourage innovation and improvement in the areas important to performance and accountability. A single award will be given in each of a limited number of categories in which a report excelled. An entity cannot win more than one Special Award each year, although circumstances may dictate otherwise.

The following are examples of categories for which a Special Award have been considered: The CFO's Message and the Schedule of Spending, which are now optional sections in a AFR or PAR, are still categories for which a Special Award may be recommended,

- Creative and innovative
- Report tells a story
- Inspiring photos and captions
- Easy report to find on the web
- Use of the internet to facilitate obtaining additional information
- Inclusion of interactive data visualizations
- Hyperlinks and drill-downs
- Opportunities for interaction



- Addressing matters of importance to all Americans/Innovative presentation of a matter of wide public interest
- Editorial excellence
- Using sidebars to present beneficial information for readers' everyday use
- Executive Summary
- Agency Head Message
- Management's Discussion and Analysis
- Description of what the entity does
- Innovative approach to communicating technical information
- Presentation of performance in an Agency Financial Report
- Presentation of the strategic planning and management process
- Description of the strategies and processes to achieve the strategic goals
- Process for assuring performance data quality
- Analysis of financial position and results
- Graphic display of complex financing
- Overview of social insurance data and status
- Management control program
- Management assurance statements – Federal Managers' Financial Integrity Act and Federal Financial Management Improvement Act
- Financial management systems strategy and status
- Improving financial management
- Management's presentation of forward-looking information, i. e., future challenges
- MD&A summary of improper payments
- Effective performance section in a Performance and Accountability Report
- Chief Financial Officer's message



- Summary of Significant Accounting Policies
- Excellence in required footnote disclosures
- Schedule of Spending
- Inspector General's summary of management and performance challenges
- Improper payments elimination and recovery improvement act detail
- Fraud reduction report
- Glossary of technical terms
- Contacts for obtaining additional information about programs
- Summary of Performance and Financial Information
- Responsiveness to prior year's CEAR recommendations

The reviewers will be asked, when completing Section V of the Guidelines, to identify potential recipients for the Special Awards and briefly list the reasons they believe the report excelled in that category. Listing the reasons the entity should be awarded a Special Award is critical for the CEAR Board to make an informed and fair decision. Also, even though an entity can win only one special award, reviewers can recommend an entity for a special award in as many categories as they believe are appropriate.

The recommendations will be discussed by the reviewers and a conclusion reached at the review team meeting. The final decisions regarding the Special Awards will be made by the CEAR Board.

CONCLUSION

Each entity's PAR or AFR is potentially its most important vehicle for presenting what the entity's dollars are buying and how its programs are being managed. The reports show how financial and performance management are closely integrated by entity leaders. Unlike annual "performance budgets," the reports are free from advocacy. The CEAR program reviews, with their detailed critiques and recommendations, have proven to be a major factor in the steady improvement of these reports.

Thus the program is a win-win-win situation. The entities receive information with which they can continuously improve their PARs, AFRs, and SPFIs. They also have an opportunity to publicly recognize the individuals within the entity who prepare the reports, and acknowledge their dedication and hard work. The reviewers obtain an opportunity to perform an in-depth analysis of other entities' PARs, AFRs, and SPFIs and learn how to make their own entities' reports better. And the readers of the PARs, AFRs, and SPFIs



have the assurance that the entities have prepared highly informative, highly readable, complete documents.



**SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2017 GUIDELINES
FISCAL YEAR 2018**

#	Description	Guideline
1.	The Guideline pertaining to including phone and fax numbers and e-mail addresses for requesting additional printed copies of the report <u>has been expanded</u> to include accessing and obtaining an electronic copy.	Guideline I.A.24
2.	The guidelines for the Agency Head Message <u>have been modified</u> to reflect that the requirement for the Message has been reinstated. It is no longer optional.	Guideline I.B
3.	A Guideline <u>has been added</u> to reflect the new OMB Circular A-136 (A-136) requirement that certain text in the MD&A may vary from year to year.	Guideline I.C.3
4.	The Guideline pertaining to describing the entity's organization structure <u>has been expanded</u> to require a) a discussion of the entity's major programs as defined by management and identified on the Statement of Net Cost (SNC), which could include for each major program, a summary of key risks, mitigation strategies, and any significant changes in financial and non-financial performance; and b) inclusion of any consolidated or disclosure entities as defined in SFFAS 47, <i>Reporting Entity</i> .	Guideline I.C.7
5.	The Guideline pertaining to the presentation of performance information in both the AFR and PAR <u>has been substantially modified</u> to reflect additional requirements for reporting performance information in the MD&A.	Guidelines I.C.10 through I.C.12
6.	The Guideline pertaining to identifying major changes in types or amounts of assets, liabilities, costs, revenues, obligations, and outlays and the reasons for the change <u>has been modified</u> to indicate that major changes typically would be in excess of 10 percent.	Guideline I.C.14.b
7.	The Guideline pertaining to the analysis of the financial statements and Stewardship information <u>has been expanded</u> to include a requirement to present any overall financial condition and financial management issues arising since the previous reporting period and any anticipated or unanticipated financial risks occurring during the reporting period.	Guideline I.C.14.c
8.	The Guideline pertaining to the Management Assurances section that includes, as applicable, a summary of efforts to maintain compliance with several financial management statutes <u>has been reduced</u> to including only three examples: the Anti-Deficiency Act, the Debt Collection Improvement Act of 1996, as amended, and the Digital Accountability and Transparency Act.	Guideline I.C.23



**SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2017 GUIDELINES
FISCAL YEAR 2018**

#	Description	Guideline
9.	The requirement for the MD&A to include a summarization of the entity's financial management systems strategy <u>no longer requires</u> a summary of critical projects underway or planned to achieve the target framework specified in various OMB memoranda.	Guideline 1.C.27
10.	The Guideline pertaining to the possible inclusion of the Inspector General's memorandum transmitting the auditors' reports <u>has been modified</u> to reflect the changes in the updated GAO/CIGIE (Council of Inspector Generals for Integrity and Efficiency) updated FAM (Financial Audit Manual).	Guideline 1.D.II.1
11.	Guidelines <u>have been added</u> to reflect the new A-136 requirement that there should be no allowance for estimated receivables reported for intragovernmental receivables.	Guidelines I.D.III.B.4 and I.D.III.I.10.a
12.	A Guideline <u>has been added</u> to reflect that the A-136 format for the Statement of Changes in Net Position (SCNP) presents the Unexpended Appropriations first and the Cumulative Results of Operations second	Guideline I.D.III.D.1
13.	The Guideline for the Fund Balance with Treasury footnote <u>has been modified</u> to reflect the deletion in A-136 of the requirement to disclose Fund Balance with Treasury by type of budget account.	Guideline I.D.III.I.7
14.	The Guideline pertaining to the Accounts Receivable footnote <u>has been expanded</u> to reflect the requirement to separately disclose amounts related to criminal restitutions.	Guideline I.D.III.I.10.b
15.	The Guideline for the Direct Loans or Loan Guarantees footnote <u>has been modified</u> to reflect that A-136 has revised the requirements for this disclosure.	Guideline I.D.III.I.12



**SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2017 GUIDELINES
FISCAL YEAR 2018**

#	Description	Guideline
16.	The Guideline pertaining to disclosing the amounts of liabilities not covered by budgetary resources by type of liability <u>has been expanded</u> to require that the note also disclose the total liabilities covered by budgetary resources and the total liabilities not requiring budgetary resources.	Guideline I.D.III.I.17.a
17.	The Guideline pertaining to lease disclosures <u>has been expanded</u> to require that the information for Federal leases should be disclosed separately from the information for non-Federal leases.	Guideline I.D.III.I.22.c
18.	The Guideline pertaining to the disclosure of intragovernmental costs and exchange revenues and costs and exchange revenues from the public <u>has been deleted</u> to conform to its deletion from A-136.	
19.	The Guideline pertaining to undelivered orders disclosures <u>has been modified</u> to require that the disclosures separately identify the amounts for Federal, non-Federal, paid, and unpaid orders.	Guideline I.D.III.I.27.e
20.	The Guideline pertaining to the disclosure and explanation of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and amounts reported in the Budget of the United States Government <u>has been simplified</u> to pertain to only budgetary resources, obligations, net outlays, and distributed offsetting receipts.	Guideline I.D.III.I.27.h
21.	A footnote <u>has been added</u> to state that entities may early adopt SFFAS No. 53 <i>Budget to Actual Reconciliation</i> and present the Reconciliation of Net Cost of Operations to Budget footnote based on the illustrative guidance in SFFAS No. 53.	Footnote 39
22.	A Guideline <u>has been added</u> to specify the disclosure requirements for entities that early adopt SFFAS No. 49 <i>Public-Private Partnerships</i> and report their involvement in such.	Guideline I.D.III.I.35



**SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2017 GUIDELINES
FISCAL YEAR 2018**

#	Description	Guideline
23.	A Guideline <u>has been added</u> to specify the disclosure requirements for disclosure entities included in an entity's financial statements.	Guideline I.D.III.I.36
24.	A Guideline <u>has been added</u> to specify the disclosure requirements for significant related parties included in an entity's financial statements.	Guideline I.D.III.I.37
25.	The Guidelines pertaining to Payment Integrity <u>have been changed</u> to reflect the updating of this section in A-136.	Guideline I.E.9 to I.E.17
26.	The Guideline requiring a brief narrative of challenges to grant and cooperative agreement closeouts <u>has been expanded</u> to also include the progress made closing out grants and cooperative agreements listed in the 2017 GONE submission.	Guideline I.E.21.b
27.	The Guideline requiring entities unable to submit the information required by the GONE Act to explain why the information is not available or practical to collect and state any shortcomings with and plans to improve existing grant systems <u>has been deleted</u> to conform to its deletion from A-136.	
28.	The Guidelines pertaining to the additional requirements for a PAR's MD&A <u>has been deleted</u> to reflect that there should be no differences between the performance information reported in a PAR's MD&A and the performance information reported in an AFR's MD&A.	
29.	The Guideline pertaining to a Performance and Accountability Report's Performance Section <u>has been updated</u> to reflect the changes in OMB Circular A-11, Section 210.15.	Guideline II.A
30.	The Guidelines pertaining to the optional SPFI <u>have been modified</u> to reflect that A-136 added a short video posted on the entity website as an option and has eliminated the specific content requirements.	Guideline III.2



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	Description	Source
Section I –AFR and PAR		
Part A – Overall Report		
1.	The report should be the final printed report available for public distribution (although in some instances, the reviewers will be provided with a camera-ready version of the report).	
2.	The report should be titled Agency Financial Report.	
3.	The cover of the report should contain the name of the entity, the title, and the fiscal year.	
4.	The report should have been issued no later than November 15, 2018.	A-136, Section I.5
5.	The final report’s website location must be clearly identified on the entity’s homepage.	A-136, Section I.5
6.	A Section 508 of the Rehabilitation Act of 1973 compliant version of the report should be available from the entity’s website.	A-136, Section I.5
8.	The Internet address at which the electronic copy can be accessed should be clearly displayed in the report, e. g., the inside front cover, title page, or Table of Contents. <ul style="list-style-type: none"> a. The address should be the specific address at which the report is located, either in a single file and/or multiple files.⁷ 	

⁷ The specific address at which the AFR is located might also provide the entity’s Summary of Performance and Financial Information or copies of prior years’ AFRs.



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES

#	Description	Source
Section I –AFR and PAR		
9.	Internet links should be included in the text to enable readers to access additional information. a. The links should be user-friendly, i. e., not require searching or multiple clicks.	
10.	A table of contents should be included.	
11.	The table of contents should clearly identify, by page number, the location of all the information required to be included in the AFR or PAR. a. The location of the management assurances required under the Federal Managers’ Financial Integrity Act (FMFIA), Federal Financial Management Improvement Act (FFMIA) and OMB Circular A-123, <i>Management’s Responsibility for Internal Control and Enterprise Risk Management (A-123)</i> , should be separately identified. b. The location of the IG’s summary of the most serious management and performance challenges should be separately identified.	
12.	The page numbers in the AFR or PAR should be sequential.	
13.	The report should be logically organized with a structure easy to navigate and that facilitates understanding.	
14.	The report should be an integrated report that comes across as a single coordinated document, rather than a compilation of sections prepared by different parts of the entity. ⁸	

⁸ See footnote 6 for indications of an absence of coordination.



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES

#	Description	Source
Section I –AFR and PAR		
15.	Formats for presenting similar information should be consistent.	
16.	The report’s writing quality should be high, i.e., it can be easily read and understood by persons who do not possess expertise in the matters in which the entity is involved, it is direct, and it is concise in the information it conveys. ⁹	
17.	The report should avoid including materials that are not needed for presenting performance and accountability information.	
18.	The use of technical language, jargon, and acronyms should be limited.	
19.	The report should be candid and credible, i.e., major problems, challenges, and issues with which the entity is involved should be addressed, particularly those that are already public knowledge.	
20.	Differences between the IG’s or auditors’ identification of deficiencies, challenges, or other issues and management’s views of the same should be acknowledged and addressed such that the readers understand the reasons for the difference(s).	
21.	Vignettes, success stories, and examples should be used to illustrate abstract, complex information and improve readability. <ul style="list-style-type: none"> a. They should be contiguous to and complement the text they illustrate. 	

⁹ Although these are subjective aspects, elements to look for, in addition to those cited in the Guidelines, are the use of headings and captions, the use of pictures and other graphics to support text, the judicious use of color, the size and type of print, the quality of the printing, and a limited use of acronyms.



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES

#	Description	Source
Section I –AFR and PAR		
22.	Photographs and graphics should be used to increase visual appeal. a. They should be contiguous to and complement the text they illustrate.	
23.	The report should contain a glossary of acronyms.	
24.	Phone and fax numbers and e-mail addresses for accessing and obtaining an electronic copy or requesting additional printed copies of the report are helpful.	
25.	A request for comments for improving the report and the inclusion of a postal or e-mail address for submitting the comments reflect an entity’s interest in improving reporting.	
26.	The responses provided AGA to the recommendations for the prior year’s AFR or PAR, assuming such a document has been submitted, explicitly describe for each recommendation how the recommendation has been addressed in the current year’s AFR or PAR or provide a logical reason for not addressing the recommendation.	



Part B – Agency Head Message		
1.	The Agency Head Message should be dated.	
2.	The Agency Head Message should be brief.	
3.	The Agency Head Message should include the entity’s mission, goals, and accomplishments upholding the mission.	
4.	The Agency Head Message should include an assessment of whether financial and performance information in the report is reliable and complete, identifying material internal control deficiencies and actions the entity is taking to resolve them. (The message may reference a more detailed discussion of the topic elsewhere in the report.)	A-136, Section II.1.1
5.	The Agency Head Message should be well-rounded and candid, i.e., discuss the significant challenges, areas of limited or low performance, and issues with which the entity is involved and how these are being addressed; and not just the accomplishments.	
6.	The Agency Head Message should address the auditors’ report, including the reports on internal control and compliance with laws and regulations.	
7.	The Agency Head Message should be consistent with information in other parts of the report, e.g., the discussion of management controls, performance information, the forward-looking information for existing demands, risks, etc., and the Inspector General’s summary of most serious challenges.	



PART C — MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)¹⁰		
1.	The MD&A must give an overview of the entity’s financial and performance results and provide management assurances required under FMFIA and A-123.	A-136, Section II.1.1
2.	The MD&A should serve as a brief overview of the entire AFR or PAR and include most important matters that could: <ul style="list-style-type: none"> a. lead to significant actions or proposals by the reporting entity’s top management; b. be significant to the management, budgeting, and oversight functions of Congress and the Administration; or c. significantly affect the judgment of citizens about the efficiency and effectiveness of their government. 	A-136, Section II.2.1
3.	Although some MD&A text (e.g., text pertaining to the entity mission, organizational structure, and long-term performance goals) might not vary significantly from year to year, other text (e.g., text summarizing financial results) may vary significantly.	A-136, Section II.2.1
4.	The MD&A should reflect a joint effort of the CFO, Performance Improvement Officer (PIO), program offices, and offices responsible for performance reporting.	A-136, Section II.2.2
5.	The MD&A should state when and where the APR and the SPFI (if produced) will be available to the public.	A-136, Section II.2.3

¹⁰ Preparers should also refer to Statement of Federal Financial Accounting Concepts No. 3 *Management’s Discussion and Analysis*, as well as Statement of Federal Financial Accounting Standard No. 15 *Management’s Discussion and Analysis*, for a narrative discussion of what should be included in an effective Management’s Discussion and Analysis.



6.	The MD&A may state that the entity has chosen to produce an AFR and an APR and will include its FY 2018 APR with its Congressional Budget Justification and will also post it on the entity's website, identifying the date it is scheduled to be posted.	A-136, Section II.2.3
7.	<p>The reporting entity should briefly discuss its mission(s), major programs (as defined by management and reflected on the SNC), and organizational structure.</p> <ul style="list-style-type: none"> a. The description of the reporting entity should include any consolidated or disclosure entities as defined in SFFAS 47, <i>Reporting Entity</i>. b. The MD&A may discuss each major program identified on the SNC and could include for each major program a summary of key risks, mitigation strategies, and any significant changes in financial and non-financial performance. 	A-136, Section II.2.4
8.	The MD&A should describe the entity's performance measurement process.	
9.	The MD&A should include a narrative description and/or pictorial display of the various levels in the performance management structure.	
10.	<p>The MD&A should include a brief description of key performance goals and results for the year and should:</p> <ul style="list-style-type: none"> a. provide a concise assessment of the entity's overall progress toward major program goals linking goals to cost categories or responsibility segments in the SNC or related notes, if possible; b. summarize overall performance in the context of historical trends; c. summarize the strategies and resources the entity used to achieve its goals; 	A-136, Section II.2.5

10 cont.	<p>d. summarize the significant underlying factors that may have affected the reported performance, including factors that are substantially outside the entity’s control, factors over which the entity has significant control, and any anticipated or unanticipated risks;</p> <p>e. Summarize plan to improve performance, and;</p> <p>f. summarize the procedures management has designed and followed to provide reasonable assurance that reported performance information is relevant and reliable.</p>	
11.	The discussion should reflect results of services performed through allocation transfers if material to the mission. ¹¹	A-136, Section II.2.5
12.	The performance discussion should help the reader assess the relative efficiency and effectiveness of programs.	A-136, Section II.2.5
13.	The performance information appearing throughout the report should be consistent. Measures related to reported achievements of success should be consistent with reports of the successes.	
14.	<p>The MD&A should summarize the entity’s financial results, position, and condition and explain:</p> <p>a. the relevance of balances and amounts shown in the principal financial statements, particularly if relevant to important financial management issues;</p> <p>b. major changes (i. e., typically in excess of 10 percent) in types or amounts of assets, liabilities, net costs, revenues, obligations, and outlays, including the reasons for the changes;</p>	<i>Items a to c: A-136, Section II.2.6</i>

¹¹ Reviewers can determine the existence of allocations transfers through referral to the financial statements’ Summary of Significant Accounting Policies.

	<p>c. overall financial condition and financial management issues arising since the previous reporting period and any anticipated or unanticipated financial risks occurring during the reporting period; and</p> <p>d. compare the current year to the prior year and state whether the financial position has improved or deteriorated as a result of the year's activities.</p>	<i>Item d: A-136, Section II.3.2, Question 3</i>
15.	<p>Entities with a Statement of Social Insurance (SOSI) should explain key costs, assets, liabilities, social insurance responsibilities, budget flows, and long-term fiscal projections; and major changes in those amounts in a separate section of the MD&A.</p> <p>a. A table or other singular presentation showing net costs, total financing sources and net changes in cumulative results of operations, total assets, total liabilities, net position, the open group measure, and the change in the open group measure during the reporting period should be included.</p> <p>b. The most significant changes in the open group measure from the end of the previous reporting period should be explained.</p> <p>c. A discussion of the closed group measure and how it differs from the open group measure and the significance of the difference should be included.</p> <p>d. The amounts discussed in MD&A for the open group measure should be the same as the amounts in the summary section of the SOSI.</p>	A-136, Section II.2.6
16.	Charts and graphs should be used to present the significant balances and major changes from prior years.	
17.	Graphics should be used to improve the understanding of complex financing streams.	



18.	The financial amounts in the MD&A should be consistent with amounts in the financial statements.	
19.	The entity should provide its assurances related to the FMFIA and the FFMIA in a separate section entitled "Management Assurances." ¹²	A-136, Section II.2.7
20.	<p>The FMFIA assurance statement should be signed by the entity head and:</p> <ul style="list-style-type: none"> a. provide management's assessment of the effectiveness of the entity's internal controls to support reliable financial reporting, effective and efficient programmatic operations, and compliance with laws and regulations (FMFIA §2), and an assessment of whether financial management systems comply with Federal financial systems requirements (FMFIA §4);¹³ b. identify the material weakness(es) (FMFIA §2), instance(s) of non-compliances (FMFIA §4), include a statement of the assurance (unmodified, modified, or no assurance), and a summary of corrective actions to resolve the material weakness(es) and instance(s) of non-compliance noted¹⁴. <p>Unless otherwise required by law, the assurance statement may include the assurance of compliance with the FFMIA. (see Guideline I.B.25 below).</p>	A-136, Section II.2.7
21.	The separate paragraph assessing the effectiveness of internal controls over financial reporting should include any material deficiencies disclosed in the auditors' report. ¹⁵	A-136, Section II.2.7
22.	The summaries of material deficiencies and non-compliances should indicate whether the entity is on target to achieve the corrective action plans or slippage has occurred from target dates reported	

¹² Agencies subject to the Accountability of Tax Dollars Act are not subject to the requirements of FMFIA.

¹³ A qualification should be considered as either an FMFIA § 2 qualification or a FFMIA § 4 qualification, but not both.

¹⁴ Agencies may include a timeline of corrective actions.

¹⁵ Materials deficiencies disclosed in the auditors' report not listed in the separate paragraph assessing the effectiveness of the internal controls over financial reporting should be reported by the Inspector General or auditor.



	in the prior year's report; and if the latter, the reasons for the slippage and how the slippage shall be offset.	
23.	The Management Assurances section could include, as applicable, a summary of efforts to maintain compliance with applicable laws, such as the Anti-Deficiency Act, the Debt Collection Improvement Act of 1996, and the Digital Accountability and Transparency Act.	A-136, Section II.2.7
24.	If there has been a previous assertion of an unmodified opinion on previously issued financial statements and material deficiencies related to an error in the financial statements required a restatement, the MD&A should include a high-level discussion of events that gave rise to the restatement and the nature of the error; and may include the amount(s) of the material misstatement(s), the effect(s) on the previously issued financial statements, and actions taken after discovering the restatement.	A-136, Section II.2.7
25.	<p>The FFMIA compliance assessment should provide management's assessment of the compliance of the agency's financial management systems with Federal financial management systems requirements, standards promulgated by the FASAB, and the U. S. Standard General Ledger at the transaction level.^{16, 17}</p> <ul style="list-style-type: none"> a. The FMFIA assurance statement and the FFMIA compliance determination should be consistent with the findings specified in the annual financial statements audit reports. b. The assurance statement must be signed by the agency head. c. For areas of FFMIA noncompliance, the entity must identify remediation activities that are planned or underway, describing target dates and offices responsible for bringing systems into compliance with FFMIA. 	A-136, Section II.2.7

¹⁶ Agencies subject to the Accountability of Tax Dollars Act, components of CFO Act agencies, and legislative branch agencies are not subject to the requirements of the FFMIA.

¹⁷ Unless otherwise required by law, agencies may submit a single statement for internal control over financial reporting, operations, financial management system requirements, and FFMIA.



26.	When management does not agree with the auditor, management can explain why it does not agree, but must describe how the disagreement will be addressed.	A-136, Section II.2.7
27.	<p>The MD&A should:</p> <ul style="list-style-type: none"> a. summarize the entity's financial management systems strategy and how it will achieve the goals of improving financial and budget management entity-wide; and b. present an overview of the entity's current and future financial management systems framework and describe financial management systems critical to effective entity-wide financial management, financial reporting, or financial control. 	A-136, Section II.2.7
28.	<p>The MD&A should include forward-looking information about the possible effects of the most important existing currently known demands, risks, uncertainties, events, conditions, and trends.¹⁸</p> <ul style="list-style-type: none"> a. The information should encompass important matters that need to be addressed and the actions planned or taken to address the matters. 	A-136, Section II.2.8
29.	The MD&A can include summaries of other information, initiatives, and issues, including the entity's progress implementing key Administration management initiatives.	A-136, Section II.2.9
30.	<p>The MD&A should state the limitations of the principal financial statements as follows:</p> <p>The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the entity in accordance with Federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.</p>	A-136, Section II.2.10

¹⁸ The forward-looking information may be presented in a separate section of the MD&A or incorporated in other sections.



PART D – FINANCIAL SECTION		
I. CFO Letter ¹⁹		
1.	<p>The AFR can include a letter from the entity’s Chief Financial Officer that briefly summarizes:</p> <ul style="list-style-type: none"> a. planned time frames for correcting audit weaknesses and instances of noncompliance²⁰; b. major impediments to correcting audit weaknesses and instances of noncompliance; c. progress made in correcting previously reported audit weaknesses and instances of noncompliance. 	A-136, Section II.1.1
2.	<p>If included, the letter should:</p> <ul style="list-style-type: none"> a. present other important financial management information such as the entity’s significant financial management accomplishments; the status of the entity’s financial management systems in terms of their ability to provide the services and information needed for conducting the entity’s programs; any significant changes underway to improve this ability; etc. b. identify the results of the audit; c. be dated; and d. be signed. 	

¹⁹ The Financial Section may, but is not required to, contain a CFO Letter,

²⁰ The absence of specificity in the Circular as to whether “audit weaknesses” are to be limited to material weaknesses or to also encompass significant deficiencies, which are the terms used in the auditors’ reports, might result in some CFO letters addressing only the former and some addressing both the former and the latter. The latter is encouraged, although not required.



II. Auditors' Reports		
1.	<p>If the Report includes a memorandum from the IG transmitting the auditors' reports, the transmittal letter should:</p> <ul style="list-style-type: none"> a. identify the audit requirements and objectives; b. state the audit results, referencing: <ul style="list-style-type: none"> i. the opinion on the financial statements; ii. whether the entity had effective²¹ internal control over financial reporting (including safeguarding assets) and compliance with laws and other matters; iii. whether the entity's financial management systems substantially complied²² with the requirements of FFMIA; iv. reportable non-compliance with provisions of laws tested or other matters; and v. other significant matters identified by the auditors. c. indicate the degree of responsibility the IG is taking for the auditors' work, i.e.: <ul style="list-style-type: none"> i. no assurance (IG did not review auditors' work); or ii. negative assurance on compliance with GAGAS (IG reviewed auditors' work and review disclosed no instances where auditors did not comply, in all material respects, with GAGAS). 	<p>GAO/CIGIE Financial Audit Manual 670.21 & 670B</p>

²¹ If the auditor did not provide an opinion on internal control over financial reporting, this statement can be changed to state that there were no material weaknesses in internal control over financial reporting, and a definition of material weakness can be provided in a footnote).

²² If the auditor did not provide an opinion (i.e., did not give positive assurance) on whether the entity's systems substantially complied with the requirements of FFMIA, the statement can be changed to state there were no instances in which the entity's financial management systems did not substantially comply, i. e., negative assurance is provided.



2.	The auditors' reports should be dated November 15, 2018 or prior.	
3.	<p>The auditors' report on the financial statements may be:</p> <ul style="list-style-type: none"> a. combined with the auditors' reports on internal control over financial reporting and on compliance with laws, regulations contracts, and grant agreements, in which case there should be an introduction summarizing key findings in the audit of the financial statements and the related internal control and compliance work; or b. separate from the reports on internal control over financial reporting and compliance with laws, regulations contracts, and grant agreements, in which case there should be a reference to those reports. 	OMB Bulletin 17-03, <i>Audit Requirements for Federal Financial Statements</i> (17-03), para 7.1
4.	The auditors' report(s) should state that the audit was conducted in accordance with Government Auditing Standards and the provisions of OMB Bulletin 17-03.	17-03, para 7.2.
5.	<p>The auditors' report on the financial statements should include an opinion as to whether the reporting entity's basic statements are fairly presented in all material respects in accordance with U.S. generally accepted accounting principles, unless the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are materially misstated or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.²³</p> <ul style="list-style-type: none"> a. If the auditor concludes that the misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or is unable to obtain sufficient appropriate audit evidence on which to base the opinion but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive, the auditor should express a modified opinion. 	<p>17-03, para. 7.3 and 7.4</p> <p><i>Item a:</i> 17-03, para 7.5</p>

²³ For agencies whose financial statements receive other than an unmodified opinion, recommendations will be provided, but a Certificate cannot be awarded.



<p>5 cont.</p>	<p>b. If the auditor concludes that the misstatements, individually or in the aggregate, are both material and pervasive to the financial statements, the auditor should express an adverse opinion.</p> <p>c. If the auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion, and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive, the auditor should disclaim an opinion.</p>	<p><i>Item b:</i> 17-03, para 7.6</p> <p><i>Item c:</i> 17-03, para 7.7</p>
<p>6.</p>	<p>The auditors' report on the financial statements may include an emphasis-of-matter paragraph if the auditor considers it necessary to draw users' attention to a matter appropriately presented or disclosed in the financial statements that, using professional judgment, is of such importance that it is fundamental to users' understanding of the financial statements.</p> <p>a. The auditors' report may include an "other matter" paragraph for such other matters as certain situations related to prior period financial statements that have been audited by a predecessor auditor or have not been audited.</p>	<p>17-03, para 7.8</p> <p><i>Item a:</i> 17-03, para 7.9</p>
<p>7.</p>	<p>When there is a restatement of previously-issued financial statements, the auditors will include the following in an emphasis-of-matter paragraph in the reissued or updated auditors' report on the restated financial statement(s):</p> <p>a. a statement disclosing that a previously-issued financial statement(s) has been restated for the correction of a material misstatement in the respective period;</p> <p>b. a statement that the previously-issued financial statement(s) was materially misstated and that the previously-issued auditors' report (including report date) is withdrawn and replaced by the auditors' report on the restated financial statement(s), and change in the audit opinion;</p> <p>c. a reference to the note(s) to the financial statements that discusses the restatement; and</p> <p>d. if applicable, a reference to the report on internal control over financial reporting containing a discussion of any significant internal control deficiency identified by the auditor as having failed</p>	<p>17-03, para 7.10</p>



7 cont.	to prevent or detect the misstatement and what action management has taken to address the deficiency.	
8.	<p>If at the time of issuance of the auditors' report, a material misstatement(s) has been identified in any of the previously-issued financial statements and the specific amount of the misstatement(s) and the related effect(s) of such are unknown, the audit report on the previously issued financial statements will be updated, as appropriate and include:</p> <ul style="list-style-type: none"> a. a statement disclosing that a material misstatement(s) or potential material misstatement(s) affects a previously-issued financial statement(s) but the specific amount(s) of the misstatement(s) and the related effect(s) of such are unknown; b. a reference to the note(s) to the financial statements that discusses the restatement or potential restatement; and c. a statement disclosing that a restatement(s) to a previously-issued financial statement(s) will or may occur. 	17-03, para 7.11
9.	<p>An auditors' opinion on supplementary information (such as consolidating information) should follow the requirements in AU-C 725, <i>Supplementary Information in relation to the Financial Statements as a Whole</i>.</p> <ul style="list-style-type: none"> a. An auditors' report reporting on consolidating information that is presented as other information should follow the requirements in AU-C 720, <i>Other Information in Documents Containing Audited Financial Statements</i>. 	<p>17-03, paras. 6.3 and 7.12</p> <p><i>Item a:</i> 17-03, para 6.3</p>
10.	An auditors' report reporting on RSI and RSSI should follow the requirements in AU-C 730, <i>Required Supplementary Information</i> .	17-03, para 7.13
11.	An auditors' report reporting on other information included in the AFR or PAR should follow the requirements in AU-C 720.	17-03, para 7.14

<p>12.</p>	<p>The report on internal control should include:</p> <ul style="list-style-type: none"> a. When not providing an opinion on internal control, a statement that the auditor considered the Entity’s internal control over financial reporting to design the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. b. in the audit report or in a separate report identifying significant deficiencies and material deficiencies in internal control over financial reporting, a description of the significant deficiencies and material deficiencies, if any, and an explanation of their potential effects; a description of the scope of the auditors’ testing of internal control over financial reporting; and whether the tests performed provided sufficient, appropriate evidence to support an opinion on the effectiveness of internal control. <ul style="list-style-type: none"> i. If no material deficiencies were identified during the audit, the report will state that no deficiencies in internal control were identified that were considered to be material deficiencies during the audit of the financial statements. c. a statement that either the objective (1) was not to provide an opinion on internal control and, therefore, such an opinion is not expressed, or (2) was to provide an opinion on internal control; and references the opinion. d. in those instances where the auditor provides an opinion on internal control, <ul style="list-style-type: none"> i. inclusion of the word independent in the report’s title; ii. a statement that management is responsible for maintaining effective internal control and for evaluating the effectiveness of internal control; iii. an identification of management’s assertion on internal control that accompanies the auditors’ report, including a reference to management’s report; 	<p><i>Item a:</i> 17-03, para 7.16</p> <p><i>Item b:</i> 17-03, para 7.17</p> <p><i>Item c:</i> 17-03, para 7.18</p> <p><i>Item d:</i> 17-03, para 7.19</p>
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<p>12 cont.</p>	<ul style="list-style-type: none"> iv. a statement that the auditors' responsibility is to express an opinion on the entity's internal control (or on management's assertion), based on his or her examination; v. a statement that the examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; vi. a statement that such standards require that the auditor plan and perform the examination to obtain reasonable assurance about whether effective internal control was maintained in all material respects; vii. a statement that an examination includes obtaining an understanding of internal control, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as the auditor considers necessary in the circumstances; viii. a statement that the auditor believes the examination provides a reasonable basis for the stated opinion; ix. a definition of internal control, using the same description of the entity's internal control as management uses in its report; x. a paragraph stating that, because of inherent limitations, internal control may not prevent, or detect and correct misstatements and that projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate; xi. the auditors' opinion on whether the entity maintained, in all material respects, effective internal control as of the specified date, based on the control criteria; or, the auditors' 	
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12 cont.	<p>opinion on whether management's assertion about the effectiveness of the entity's internal control as of the specified date is fairly stated, in all material respects, based on the control criteria;</p> <p>xii. the auditors' manual or printed signature; and</p> <p>xiii. the date of the report.</p> <p>e. an identification of material deficiencies disclosed by the audit that were not identified in the entity's FMFIA report.</p>	<i>Item e: 17-03, para 7.20</i>
13.	<p>The report on compliance should include:</p> <p>a. a report of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements identified in the audit, except for those instances of noncompliance that, in the auditors' judgement, are clearly inconsequential, with a list of the provisions of those laws, regulations, contracts, and grant agreements that tests disclosed are reportable instances of non-compliance; and a description of the scope of the testing of compliance with provisions of laws, regulations, contracts, and grant agreements, and whether the tests performed provided sufficient, appropriate evidence to support an opinion on compliance with provisions of applicable laws, regulations, contracts, and grant agreements.^{24, 25}</p> <p>b. a statement that either the objective was not to provide an opinion on compliance with provisions of applicable laws, regulations, contracts, and grant agreements and therefore the auditor does not express an opinion, or the objective was to provide an opinion and a reference to the separate audit opinion.</p>	<p><i>Item a: 17-03, para 7.21</i></p> <p><i>Item b: 17-03, para 7.23</i></p>
14.	The report on compliance should also reflect instances in which the entity's financial management systems did not substantially comply with the 1) Federal financial management system requirements,	17-03, para 7.24

²⁴ If the auditors have concluded based on sufficient, appropriate, relevant information, the report should also include, the relevant information about: (1) fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and other instances that warrant the attention of those charged with governance; (2) noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or (3) abuse that is material, either quantitatively or qualitatively.

²⁵ Auditors may elect, but are not required to report separately on agencies' compliance with OMB Circular A-123, Appendix A (17-03, para 7.26).

	<p>2) Federal accounting standards, or 3) United States Standard General Ledger at the transaction level requirements of the FFMIA; or state that the audit disclosed no instances in which the entity's financial management systems did not substantially comply.²⁶</p> <p>a. Where tests disclose that the reporting entity's systems did not comply substantially with one or more of the three requirements, the auditors' report on compliance, (or an accompanying schedule that is referenced in the compliance report) should disclose which of the three requirements for which the reporting entity's systems did not substantially comply and group findings together based on the requirement they relate to;</p> <p>b. When tests disclosed that the entity's systems did not substantially comply with one or more of the three previously mentioned requirements, the report should identify:</p> <p>i. the entity or organization responsible for the system(s) found not to comply substantially;</p> <p>ii. the nature and extent of the non-compliance, the primary reasons or causes thereof, and relevant comments from management or employees responsible for the non-compliance; and</p> <p>iii. the recommended remedial actions and time frames for implementing the actions.²⁷</p>	
15.	The auditors' report should contain the reporting entity's comments on the auditors' findings, conclusions, and recommendations, including the status of corrective actions taken or planned on current and prior findings, or a statement that corrective actions are not necessary. ²⁸	17-03, para 7.27
16.	The final report(s) should be signed by the auditor.	A-136, Section II.1.2

²⁶ This requirement applies only to agencies subject to the CFO Act requirement to prepare financial statements. Hence, the auditors of components of CFO Act agencies and independent agencies other than CFO Act agencies are not required to separately report on the component's compliance with the FFMIA.

²⁷ The information could alternatively be presented in an accompanying schedule that is referenced in the auditors' report on compliance.

²⁸ The reporting entity's comments on the auditors' findings and recommendations, including corrective actions taken or planned and the status of corrective actions taken on prior audit findings, might be reported in the section of the PAR or AFR pertaining to management controls and/or audit follow-up. In those instances, the auditor might forgo duplicating this information in the auditors' report and simply refer to the pages in the PAR or AFR where the information is reported by management.



17.	The auditors' reports should be easy to read, with the opinions clearly stated.	
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III.A Financial Statements (General)		
1.	<p>The basic financial statements should be included.²⁹</p> <ul style="list-style-type: none"> a. Balance Sheet. b. Statement of Net Cost (SNC). c. Statement of Changes in Net Position (SCNP). d. Statement of Budgetary Resources (SBR). e. Statement of Custodial Activity (SCA), when applicable.³⁰ f. Statement of Social Insurance (SOSI), when applicable.³¹ g. Statement of Changes in Social Insurance Amounts (SCSIA), when applicable; h. Related note disclosures. 	<p>A-136, Section II.3.2, Question 2</p>
2.	<p>The purpose and content of the financial statements should be described in laymen’s terms.</p>	

²⁹ PARs or AFRs presented by agencies subject to the Corporation Control Act might submit financial statements prepared in accordance with standards issued by the Financial Accounting Standards Board, rather than the FASAB.

³⁰ The SCA is required only for entities that collect material non-exchange revenues for the General Fund of the Treasury, a trust fund, or other recipient entities. It would also be prepared by entities that collect rents, royalties, or bonuses on Outer Continental Shelf and other petroleum and mineral rights that are accounted for as a custodial activity. Organizations that collect immaterial custodial revenues that are incidental to their primary mission may disclose the sources and amounts of the collections and the amounts distributed to others in accompanying footnotes.

³¹ The SOSI and SCSIA are required for all entities that operate Social Insurance programs with the exception of the Unemployment Insurance program. This would include Social Security, Medicare, Railroad Retirement benefits, and Black Lung benefits,.



3.	The statements and footnotes should be formatted in an easy-to-read manner, i.e., line items should be understandable, subtotal underlines should be used to enhance readability, footnote tables should be clear.	
4.	Comparative financial statements should be presented, except for the SOSI which has different requirements for the presentation of comparative data. a. Information presented in the RSSI and RSI should be presented on a comparative basis when meaningful.	A-136, Section II.3.1 and Section II.3.2, Question 3
5.	The financial statements, except for the SBR, shall reflect consolidated totals net of intra-entity transactions. a. The SBR shall be presented on a combined basis, i. e., inclusive of intra-entity transactions. b. Financial statements that use a multi-column format to present information on an entity's major components or lines of business as well as the consolidated total shall be titled consolidating statements and include on the face of the consolidating statements a column of the eliminations needed to arrive at the consolidated amounts.	A-136, Section II.3.1
6.	The illustrative displays of the financial statements in A-136 may be modified; lines may be added or removed; different words may be used from those in the displays; and lines, notes, and rows or columns in notes that do not apply or are not informative should be excluded.	A-136, Section II.3.1
7.	Schedule totals presented in footnotes in support of amounts presented in the financial statements should agree with the amounts presented in the body of the financial statements. a. Amounts should be rounded to the nearest whole, thousand, or million dollars. i. The chosen rounding level should be used consistently throughout the statements and footnotes. ii. Individual amounts should add up to rounded totals.	A-136, Section II.3.1
8.	Line numbers should not appear on the financial statements.	A-136, Section II.3.1
9.	Footnotes should be sequentially numbered.	A-136, Section II.3.1



III.B Financial Statements (Balance Sheet)		
1.	Entity assets should be aggregated with non-entity assets, except for non-entity assets meeting the definition of fiduciary assets.	A-136, Section II.3.3.3
2.	Intragovernmental assets must be reported separately from assets with non-Federal entities.	A-136, Section II.3.3.3
3.	Investments in Federal securities must be reported separately from investments in non-Federal securities.	A-136, Section II.3.3.3
4.	There should be no allowance for estimated uncollectable receivables reported with the intragovernmental accounts receivable.	A-136, Section II.3.3.3
5.	Gross receivables with the public must be reduced to net realizable value by an allowance for doubtful accounts.	A-136, Section II.3.3.3
6.	Interest receivable should be reported as a component of the appropriate asset account.	A-136, Section II.3.3.3
7.	Interest receivable related to pre-1992 and post-1991 direct loans and acquired defaulted guaranteed loans must be reported as a component of loans receivable and related foreclosed property.	A-136, Section II.3.3.3
8.	The cost of acquisitions, betterments, or reconstruction of multi-use heritage assets should be reported as general property, plant, and equipment.	A-136, Section II.3.3.3
9.	A note that discloses information about heritage assets and stewardship land must be referenced, but no dollar amount should be shown on the Balance Sheet.	A-136, Section II.3.3.3



10.	Assets that are immaterial to the entity and that do not warrant separate reporting should be reported as Other Assets (with the amount and nature of categories of other assets disclosed in the notes to the financial statements).	A-136, Section II.3.3.3
11.	All types of liabilities, i. e., liabilities covered by budgetary resources, liabilities not covered by budgetary resources, and liabilities not requiring budgetary resources, should be aggregated on the face of the Balance Sheet.	A-136, Section II.3.3.4
12.	Intragovernmental liabilities should be reported separately from liabilities to non-Federal entities.	A-136, Section II.3.3.4
13.	Interest payable should be reported as a component of the appropriate liability account.	A-136, Section II.3.3.4
14.	Negative total loan guarantee liabilities should be reported as an asset, rather than as a liability.	A-136, Section II.3.3.4
15.	If seized monetary instruments are reported, a corresponding liability should also be reported.	A-136, Section II.3.3.3
16.	Entities responsible for accounting for pensions, other retirement benefits, and/or other post-employment benefits should separately report those amounts on the balance sheet as Federal Employee and Veterans' Benefits.	A-136, Section II.3.3.4
17.	The liability for cleanup costs may be displayed separately or included with Other Liabilities, depending on the materiality of the amount.	A-136, Section II.3.3.4
18.	Liabilities that are immaterial to the entity and do not warrant separate reporting should be reported as Other Liabilities (with the amount and nature of categories of other liabilities disclosed in the notes to the financial statements).	A-136, Section II.3.3.4
19.	The liability for capital leases should be reported as a component of Other Liabilities, with the components and other information about the lease liability disclosed in a separate footnote.	A-136, Section II.3.3.4



20.	The liability for insurance and guaranties programs, except social insurance and loan guarantee programs, should be reported as a component of Other Liabilities.	A-136, Section II.3.3.4
21.	Liabilities for claims or other contingencies for which the conditions of an actual liability have been met, i. e., a past event or transaction has occurred, the future outflow of resources is probable and measurable, should be reported.	A-136, Section II.3.3.4
22.	<p>The portion of unexpended appropriations and cumulative results of operations attributable to funds from dedicated collections, if material, should be shown separately on the Balance Sheet, with the amounts presented as either combined or consolidated and the presentation labeled accordingly.</p> <p>a. Entities have the option to use separate lines or parenthetical amounts within the line item totals to display the funds from dedicated collections on the face of the balance sheet.³²</p>	A-136, Section II.3.3.1, and II.3.3.5
23.	<p>Unexpended appropriations reported on the Balance Sheet should equal unexpended appropriations reported on the SCNP.</p> <p>a. Unexpended appropriations attributable to funds from dedicated collections, if material, should be shown separately on the face of the Balance Sheet and be equal to the unexpended appropriations shown in the funds from dedicated collections note disclosure.</p>	A-136, Section II.3.3.5
24.	<p>Cumulative results of operations reported on the Balance Sheet should equal cumulative results of operations reported on the SCNP.</p> <p>a. Cumulative results of operations attributable to funds from dedicated collections, if material, should be shown separately on the face of the Balance Sheet and be equal to the cumulative results of operations shown in the note disclosure.</p>	A-136, Section II.3.3.5

³² Agencies that display the funds from dedicated collections separately on the face of the balance sheet are encouraged to do the same on the statement of changes in net position; and agencies that use parenthetical amounts within the line item totals to display the funds from dedicated collections on the face of the balance sheet should do the same on the statement of changes in net position.



III.C Financial Statements (SNC)		
1.	The SNC should show the net cost of operations of the reporting entity, as a whole and by major programs. a. Programs not deemed “major” should be grouped together.	A-136, Section II.3.4.1
2.	The information in the SNC may be supplemented by schedules in the Notes to the Financial Statements that display the full costs and related exchange revenues for the entity’s sub-organizations and/or programs as defined by the entity.	A-136, Section II.3.4.1
3.	The reporting entity should report the full cost of each program’s outputs, which consists of (a) both direct and indirect costs of the output, and (b) the costs of identifiable supporting services provided by other segments within the reporting entity and other reporting entities. a. The costs of program outputs should include the following costs of services provided by other entities, whether or not the providing entity is fully reimbursed: 1) employees’ pension, postretirement health, and life insurance benefits, 2) other post-employment benefits for retired, terminated, and inactive employees (including unemployment and workers compensation under the Federal Employees Compensation Act), and 3) losses in litigation proceedings.	A-136, Section II.3.4.3
4.	Costs that are related to the production of outputs should be reported separately from costs not related to the production of outputs. a. The costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets, other than multi-use heritage assets, or acquiring stewardship land should be reported separately from other non-production costs.	A-136, Section II.3.4.3
5.	The full amount of exchange revenue is to be reported on the SNC or a supplementary schedule, regardless of whether the entity is permitted to retain the revenue in whole or in part. a. Earned revenue should be deducted from the full cost of outputs or outcomes to determine the net cost unless it is not practical or reasonably possible to do so.	A-136, Section II.3.4.4



6.	Entities reporting liabilities for Federal civilian and military employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation, should report on a separate line, gains and losses from changes in long-term assumptions used to measure these liabilities.	A-136, Section II.3.4.6
7.	High level general management and administrative support costs that cannot be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs; and non-production costs that cannot be assigned to a program should be reported separately as "costs not assigned to other programs." ³³	A-136, Section II.3.4.7
8.	Earned revenues that are immaterial or cannot be attributed to specific programs and outputs should be reported separately and deducted in arriving at net cost of operations of the entity as a whole.	A-136, Section II.3.4.8

³³ OMB Circular A-136 section II.4.4.1 states that management and administrative support costs and exchange revenues may, as an alternative, be allocated to the reported programs.



III.D Financial Statements (SCNP)		
1.	Unexpended Appropriations should be presented first, followed by Cumulative Results of Operations to reflect that appropriations are first received and unexpended, but are then expended and become part of Cumulative Results of Operations.	A-136, Section II.3.5.1
2.	<p>Non-exchange revenue and other financing sources, including appropriations, and net cost of operations for funds from dedicated collections should be shown separately on the SCNP if funds from dedicated collections are the predominant source of revenue and other financing sources for the entity; or one or more of the entity's funds from dedicated collections is of immediate concern to constituents of the fund, is politically sensitive or controversial, is accumulating large balances or, the information provided in the financial statements would be a primary source of financial information for the public.</p> <p style="margin-left: 20px;">a. Employee retirement funds should not be included in the funds from dedicated collections.</p>	A-136, Section II.3.5.1
3	<p>If material, the net position balances attributable to funds from dedicated collections should be reported separately from all other funds.</p> <p style="margin-left: 20px;">a. The portion of cumulative results of operations and unexpended appropriations attributable to funds from dedicated collections can be shown in separate columns on the SCNP, with the amounts presented as either combined or consolidated and the presentation labeled accordingly.³⁴</p> <p style="margin-left: 40px;">i. If the columns are consolidated, the eliminations column should display only eliminations between funds from dedicated collections and other funds.</p> <p style="margin-left: 40px;">ii. If the columns are combined, the eliminations column should display all eliminations.</p> <p style="margin-left: 20px;">b. Entities have the option to use separate lines or parenthetical amounts within the line item</p>	A-136, Section II.3.5.3

³⁴ Agencies have the option of presenting the funds from dedicated collections on separate lines on the SCNP rather than separate columns. However, they must display the information in a columnar presentation in the footnotes.



3 cont.	totals to display the funds from dedicated collections on the face of the SCNPs. ³⁵	
4.	Beginning balances should agree with net position on the prior year's Balance Sheet.	A-136, Section II.3.5.4
5.	<p>Corrections of errors should be presented by correcting the individual amounts in the financial statements of the period affected; or if the error occurred in a period earlier than the period for which the financial statements are presented, then as a prior period adjustment to the beginning balance of cumulative results of operations for the cumulative amount of the error(s).</p> <ul style="list-style-type: none"> a. The nature of the error and the effect of its correction on relevant balances should be disclosed in the footnotes. b. Prior period financial statements should be restated only for corrections of errors that would have caused any statements presented to be materially restated. 	A-136, Section II.3.5.4
6.	<p>Correction of errors discovered after the issuance of the financial statements should be reported in the following manner if the errors would have caused any statements to be materially restated:</p> <ul style="list-style-type: none"> a. if only the current period statements are presented, reported as an adjustment to the beginning balance of the cumulative results of operations; b. if comparative financial statements are presented, reported in the earliest affected period as an adjustment to any individual amounts on the financial statements; c. if comparative financial statements are presented and the cumulative effect is attributable to prior periods, but the earliest period presented is not the period in which the error occurred, reported as an adjustment to the beginning balance of cumulative results of operations for the earliest period presented. 	A-136, Section II.3.5.4

³⁵ Agencies that display the funds from dedicated collections separately on the face of the SCNPs are encouraged to do the same on the Balance Sheet; and agencies that use parenthetical amounts within the line item totals to display the funds from dedicated collections on the face of the SCNPs should do the same on the Balance Sheet.



7.	<p>Changes in accounting principles that would have resulted in a change to prior period financial statements should be made to the beginning balance of cumulative results of operations for the period in which the change was made.</p> <ul style="list-style-type: none"> a. Prior period financial statements presented for comparative purposes should be presented as previously reported. b. The nature of the changes in accounting principle(s) and its effect on relevant balances should be disclosed. 	A-136, Section II.3.5.4
8.	The amount reported as Appropriations Used in the Cumulative Results of Operations section should agree with the amount reported as Appropriations Used in the Unexpended Appropriations section.	
9.	The amount reported as net cost of operations should agree with the amount reported as net cost of operations on the SNC.	A-136, Section II.3.5.7
10.	Net position-end of period should be consistent with net position reported on the current year's Balance Sheet.	A-136, Section II.3.5.9

III.E Financial Statements (SBR)		
1.	Non-budgetary credit financing accounts, if any, should be displayed in a separate column.	A-136, Section II.3.6.3
2.	The amount reported as total status of budgetary resources must equal the amount reported as total budgetary resources available to the entity as of the reporting date.	A-136, Section II.3.6.6



III.F Financial Statements (SCA)		
1.	A SCA should be prepared if the entity collects material amounts of non-exchange revenues for the General Fund of the Treasury, a trust fund, or other recipient entities.	A-136, Section II.3.7.1
2.	The components of cash collections should be reported by type, or other appropriate identifier.	A-136, Section II.3.7.3
3.	The amounts of refunds that are material in relation to the gross collections should be considered for separate reporting, by component, in a footnote.	A-136, Section II.3.7.3
4.	Accrual adjustments should be separately reported.	A-136, Section II.3.7.3
5.	The disposition of collections, including amounts transferred to others, amounts yet to be transferred, amounts of refunds and other payments, and amounts retained by the collecting entity, should be reported.	A-136, Section II.3.7.4
6.	The total of the Sources of Collections should equal the total of the Disposition of Collections. The net custodial activity should equal zero.	A-136, Section II.3.7.5



III.G Financial Statements (SOSI)		
1.	The SOSI should present the actuarial present value for the projection period of all future contributions and tax income (excluding interest) received from or on behalf of current and future participants; estimated future scheduled expenditures paid to or on behalf of current and future participants; and estimated future excess of contributions and tax income (excluding interest) over future scheduled expenditures.	A-136, Section II.3.8.1
2.	<p>The SOSI should include a summary statement at the end of the Statement that presents the open and closed group measures.</p> <p>a. The open group line item should be the same as lines on the beginning-of-the-year and end-of-the-year amounts on the SCSIA.</p> <p>b. The summary section should include assets held by the program, if any, and the totals for the open group unfunded obligation.</p>	A-136, Section II.3.8.1
3.	The SOSI should provide such information for the current year and separate estimates for each of the preceding four years.	A-136, Section II.3.8.1

III.H Financial Statements (SCSIA)		
1.	<p>The SCSIA should reconcile the beginning and ending open group measures and present:</p> <p>a. significant components of the changes in the open group measure for two years, e. g., the changes due to the change in the valuation period; interest on the obligation due to the present valuation; changes in demographic, economic, and health care assumptions; changes in law, regulation, and policy; and</p> <p>b. the amounts associated with each type of change.</p>	A-136, Section II.3.8.1

III.I Footnotes		
1.	<p>The Summary of Significant Accounting Policies should summarize the accounting principles and methods of applying the principles that are appropriate for presenting fairly the assets, liabilities, net cost of operations, changes in net position, and budgetary resources. The disclosure should:</p> <ul style="list-style-type: none"> a. disclose judgments relevant to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources; b. describe changes in generally accepted accounting principles that impact the financial statements; c. explain concepts, such as Fund Balance with Treasury, that are unique to Federal financial statements; d. disclose any significant changes in the entity's composition or the way it aggregates information for financial reporting purposes;³⁶ e. for entities that prepare a Statement of Social Insurance, include a brief statement that the amounts in the Statement are estimates based on current conditions, such conditions may change in the future, and the actual cost may vary, sometimes greatly, from the estimated cost, per SFFAS No. 37, <i>Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements</i>. 	A-136, Section II.3.9.1
2.	<p>Each entity acting as a fiduciary should disclose that fiduciary cash and other assets are not assets of the Federal government and that fiduciary activities are reported on schedules in the notes to the financial statements.</p>	A-136, Section II.3.9.1

³⁶ The impact of the significant changes in the entity's composition or the manner in which the entity aggregates information for financial reporting purposes should be reflected in a restatement of the financial statements for all prior periods.



3.	<p>Each entity involved in an allocation transfer of budget authority to another entity must explain that there are amounts reported in its SNC, SCNP, and SBR of activities that were performed by other (child) Federal entities and/or it performed activities whose costs were reported in other (parent) entities financial statements.</p> <p>a. The names of the other entities involved in the allocation transfers must be disclosed.</p>	A-136, Section II.3.9.1
4.	<p>Entities that report liabilities for Federal employee pensions, ORB, and OPEB, including veterans' compensation, should disclose their policy regarding consistency in the number of historical rates used to calculate the average historical Treasury rates from one reporting period to the next.</p>	A-136, Section II.3.9.1
5.	<p>The accounting policy disclosures should be informative, especially to readers without a Federal government or accounting background.</p>	
6.	<p>The amount of non-entity assets should be disclosed by type of asset.</p> <p>a. The intragovernmental non-entity assets should be disclosed separately from other non-entity assets.</p> <p>b. Information should be presented, when necessary, to provide an understanding of the nature of the non-entity assets.</p>	A-136, Section II.3.9.2
7	<p>Fund Balance with Treasury</p> <p>a. The portions of the fund balance that are unobligated and available; unobligated and unavailable; obligated but not yet disbursed; and in unavailable receipt accounts, clearing accounts, etc. that do not have budgetary authority or are in other non-budgetary Fund Balance with Treasury that is recognized on the balance sheet should be disclosed.</p> <p>b. Explanations should be provided for restrictions on future use of unobligated balances that are not apportioned for current use.</p>	A-136, Section II.3.9.3



7 cont.	c. Discrepancies between the fund balance reflected in the entity's general ledger and the balance in the Treasury accounts should be explained.	
8.	<p>The components of cash and other monetary assets shall be disclosed. Also disclosed should be:</p> <ul style="list-style-type: none"> a. restrictions on the use or conversion of cash denominated in foreign currencies; and b. the significant effects, if any, of changes in the exchange rate on the entity's financial position that occur after the reporting date but before the issuance of financial statements 	A-136, Section II.3.9.4
9.	<p>The components of investments; and the cost, amortization method, amortized amount, interest receivable, net investment, other adjustments, and market value for each component, should be disclosed.</p> <ul style="list-style-type: none"> a. If the entity holds investments in Treasury securities for funds from dedicated collections, the Investments footnote should disclose that: <ul style="list-style-type: none"> i. the U. S. Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections; instead the cash generated from funds from dedicated collections is used by the U. S. Treasury for general government purposes. ii. Treasury securities are issued to the funds from dedicated collections as evidence of earmarked receipts. iii. Treasury securities held by the earmarked fund(s) are an asset of the fund(s) and a liability of the U. S. Treasury and will be eliminated by consolidation in the U. S. Government-wide financial statements. iv. When the earmarked fund(s) redeems its (their) Treasury securities to make expenditures, the U. S. Treasury will finance those expenditures in the same manner that it finances all other expenditures. 	A-136, Section II.3.9.5



10.	<p>The gross accounts receivable, the method used to estimate an allowance for uncollectable amounts for receivables with the public, and the net amount due should be disclosed.</p> <ul style="list-style-type: none">a. There should be no allowance for uncollectible amounts associated with intragovernmental receivables.b. The amounts related to criminal restitutions should be separately disclosed.	A-136, Section II.3.9.6
11.	<p>The gross taxes receivable, allowance for uncollectable taxes, net taxes receivable, and method used to compute the allowance should be disclosed.</p>	A-136, Section II.3.9.7
12.	<p>Entities reporting direct loans or loan guarantees should disclose:</p> <ul style="list-style-type: none">a. the direct loan and/or loan guarantee programs operated by the entity;b. that direct loan obligations and loan guarantee commitments made after FY 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act;c. whether pre-1992 direct loans and loan guarantees are reported on a present value basis or are reported under the allowance-for-loss method;d. that the net loans receivable or the value of assets related to direct loans are not the same as expected proceeds from selling the loans;e. other information related to direct loan and loan guarantee programs, as appropriate, including a description of the characteristics of the loan programs, any commitments to guarantee, management's method for accruing interest revenue and recording interest receivable, and management's policy for accruing interest on non-performing loans;f. events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates;	A-136, Section II.3.9.8

<p>12 cont.</p>	<ul style="list-style-type: none"> g. if modifications were made, the nature of the modifications, the discount rate used in calculating the modification cost, and the basis for recognizing a gain or loss related to the modification; h. if appropriate, the subsidy expense resulting from re-estimates that are included in the financial statements, but not reported in the budget until the following year; i. for reported foreclosed property, the <ul style="list-style-type: none"> i. changes from prior year's accounting methods, if any; ii. restrictions on the use/disposal of the property; iii. number of properties held and average holding period by type or category; and iv. number of properties for which foreclosure proceedings were in process at the end of the period. j. for direct loans obligated prior to FY 1992, loans receivable, gross and interest receivable, and: <ul style="list-style-type: none"> i. if the present value method is used, the estimated net realizable value of related foreclosed property and the present value allowance; ii. If the allowance-for-loss method is used, the allowance for loan losses and the estimated net realizable value of related foreclosed property; k. for direct loans obligated after FY 1991, loans receivable, gross; interest receivable; estimated value of related foreclosed property; the related allowance for subsidy; and the value of assets related to the direct loans; 	
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<p>12 cont.</p>	<ul style="list-style-type: none"> l. total amount of direct loans disbursed for current and prior reporting years for each program; m. subsidy expense for direct loans by program and component, during the current and prior year, i.e.,: <ul style="list-style-type: none"> i. total subsidy expense for new direct loans disbursed and its components (interest rate differential costs, default costs (net of recoveries), fees and other collections, and other costs); ii. subsidy expense for modifications of direct loans previously disbursed (whether pre-1992 or post 1991); iii. re-estimates of the subsidy expense for direct loans previously disbursed by component (interest rate and technical/default); and iv. total subsidy expense for direct loans, modifications, and re-estimates. n. for each program, the budget subsidy rates estimated for the cohorts of the current reporting year by component (interest rate differential costs, default costs (net of recoveries), fees and other collections, and other costs); o. the following statement: The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates; p. a reconciliation between the beginning and ending balances of the subsidy cost allowance for outstanding direct loans obligated on or after October 1, 1991 and reported in the Balance Sheet; q. for each program with pre-1992 loan guarantees, the gross receivables from defaulted 	
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<p>12 cont.</p>	<p>guaranteed loans assumed for direct collection, related interest receivable, estimated net realizable value of related foreclosed property, the present value allowance (or the allowance for loan losses if that method is used), and the value of assets related to defaulted guaranteed loans receivable;</p> <p>r. for each program with post-1991 loan guarantees, the gross receivables from defaulted guaranteed loans assumed for direct collection, related interest receivable, estimated value of related foreclosed property, allowance for subsidy cost, and the value of assets related to defaulted guaranteed loans receivable;</p> <p>s. for each loan guarantee program, the face value of outstanding principal of guaranteed loans disbursed by a third party, the amount of outstanding principal that is guaranteed, and amount of new guaranteed loans disbursed for the current and prior reporting years;</p> <p>t. for each pre-1992 loan guarantee program, the liability for losses and if the present value method is used to calculate the liability, the present value of liabilities for losses, but if the estimated future default claims method is used, the estimated future default claims; and for each post-1991 loan guarantees program, the present value of the estimated net cash flows (outflows less inflows) to be paid by the entity as a result of the loan guarantees;</p> <p>u. the subsidy expense for loan guarantees by program and component, during the current and prior year, i.e.:</p> <ul style="list-style-type: none"> i. new loan guarantees and its components (interest supplement costs, default costs (net of recoveries), fees and other collections, and other costs); ii. modifications and re-estimates (whether pre-1992 or post 1991); and iii. the total subsidy expense for loan guarantees, modifications, and re-estimates. <p>v. the subsidy rates for loan guarantees by program and component (interest supplement costs,</p>	
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<p>12 cont.</p>	<p>default costs (net of recoveries), fees and other collections, and other costs) for the current year's cohorts;</p> <p>w. the following statement: The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates; and</p> <p>x. a reconciliation between the beginning and ending balances of the liability for outstanding loan guarantees committed on or after October 1, 1991 and reported in the Balance Sheet</p> <p>y. the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan programs and loan guarantee programs</p> <p style="padding-left: 20px;">i. expenses for individual programs, if material, should be reported.</p>	
<p>13.</p>	<p>The following should be disclosed for each category of inventory and related property:</p> <p><u>Inventories</u></p> <p>a. general composition; basis for determining values; changes from the prior year's accounting methods, if any; balances for each of the following categories: held for current sale, held in reserve for future sale, excess, obsolete, and unserviceable, held for repair; difference between carrying amount before identification as excess, obsolete, or unserviceable, and the expected net realizable value; restrictions on sale of the inventory; decision criteria for identifying category of inventory; changes in the decision criteria; and, if used, the application of deemed cost in establishing opening balances and a description of the alternative valuation method used.</p> <p><u>Operating Materials and Supplies</u></p> <p>b. general composition; basis for determining values; changes from the prior year's accounting methods, if any; balances for each of the following categories: held for use, held in reserve</p>	<p>A-136, Section II.3.9.9</p>

<p>13 cont.</p>	<p>for future use, excess, obsolete, and unserviceable; difference between carrying amount before identification as excess, obsolete, or unserviceable, and the expected net realizable value; restrictions on use; decision criteria for identifying category of operating materials and supplies; changes in the decision criteria; and, if used, the application of deemed cost in establishing opening balances and a description of the alternative valuation method used.</p> <p><u>Stockpile Materials</u></p> <p>c. general composition; basis for determining values; changes from the prior year’s accounting methods, if any; restrictions on use; balances for each of the following categories: stockpile materials and stockpile materials held for sale; decision criteria for identifying category of stockpile materials; changes in the decision criteria; and, if used, the application of deemed cost in establishing opening balances and a description of the alternative valuation method used.</p> <p><u>Seized Property</u></p> <p>d. explanation of what constitutes a seizure and general description of seized property, including non-valued seized property that cannot be sold due to legal restrictions; valuation method; changes from the prior year’s accounting methods, if any; analysis of change, including the dollar value and number of properties at the beginning of the year, seized during the year, disposed of during the year, on hand at the end of the year, presented by type of property and method of disposition if material.</p> <p>e. for seized monetary instruments, a liability will be reported in Other Liabilities in an amount equal to the seized asset value.</p> <p><u>Forfeited Property</u></p> <p>f. composition of forfeited property, including non-valued forfeited property that cannot be sold due to legal restrictions; valuation method; restrictions on use or disposition; changes from the prior year’s accounting methods, if any; analysis of change, including the dollar value and number of properties at the beginning of the year, forfeited during the year, disposed of during the year by method of disposition, on hand at the end of the year, presented by type of property where material.</p>	
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<p>13 cont.</p>	<p><u>Goods Held Under Price Support and Stabilization Programs</u></p> <p>g. basis for determining value; changes from the prior year’s accounting methods, if any; restrictions on use, disposal, or sale; analysis of change in dollar value and volume, including those on hand at the beginning of the year, acquired during the year, disposed of during the year by method of disposition, on hand at the end of the year, on hand at the end of the year and estimated to be donated or transferred during the coming period, and that may be received as a result of collateral; and the dollar value and volume of purchase agreement commitments.</p>	
<p>14.</p>	<p>The major classes of general property, plant, and equipment should be identified; and for each class, the cost, use and general basis of any estimates used, accumulated depreciation, book value, estimated useful lives, depreciation method, capitalization threshold and any changes in the threshold during the year, and restrictions on the use or convertibility of the general property, plant, or equipment should be disclosed; and, if used, the application of deemed cost in establishing opening balances and a description of the alternative valuation method used.</p> <p>a. If impairment losses have been recognized, there should be a general description of the general property, plant and equipment remaining in use for which the impairment loss is recognized; the nature and amount of the impairment; and where in the financial statements the impairment loss is recognized.</p>	<p>A-136, Section II.3.9.10</p>
<p>15.</p>	<p>Entities with stewardship property, plant, and equipment should disclose how the stewardship property, plant, and equipment relates to the entity’s mission and describe the entity’s stewardship policies. The note should describe the major categories of the heritage assets and stewardship land; identify the physical units added and withdrawn during the reporting period and on hand at the end of the reporting period and describe the acquisition and withdrawal methods.</p>	<p>A-136, Section II.3.9.11</p>
<p>16.</p>	<p>The major components of other assets should be disclosed with enough information to enable the nature of the other assets to be understood.</p>	<p>A-136, Section II.3.9.12</p>



17.	<p>The amounts of liabilities not covered by budgetary resources should be disclosed by type of liability.</p> <p>a. The note should also disclose the total liabilities covered by budgetary resources and the total liabilities not requiring budgetary resources.</p>	A-136, Section II.3.9.13
18.	<p>The components of debt should be identified; and for each component, the beginning balance, net borrowing, ending balance, and names of entities other than Treasury or the Federal Financing Bank to whom the debt is owed should be disclosed.</p> <p>a. The intragovernmental debt should be disclosed separately from the debt held by the public</p>	A-136, Section II.3.9.14
19.	<p>Entities responsible for administering pensions, other retirement benefits, other post-employment benefits, and veterans' benefits should disclose:</p> <p>a. the assumptions used to calculate the liabilities;</p> <p>i. If the assumptions differ from those used by the Civil Service Retirement System, Federal Employees' Retirement System, and Military Retirement System, how and why they differ.</p> <p>b. a reconciliation of the beginning and ending liability balances reported on the balance sheet, including all material components, i. e., normal cost, interest on the liability balance, actuarial (gain)/loss, prior service costs, and other expenses, with the actuarial gains and losses broken into two subcomponents: (1) from experience and (2) from assumption changes.</p>	A-136, Section II.3.9.15
20.	<p>Entities with environmental and disposal liabilities should disclose the sources of the cleanup requirements; the method for assigning estimated cleanup costs to the current period; the unrecognized portion of the cleanup costs associated with general PP&E; the material changes in the total estimated cleanup costs due to changes in laws, technology, or plans and the portion of the change in estimate that relates to prior period operations; and the nature of the estimates and possible changes due to inflation, deflation, technology, or applicable laws and regulations.</p> <p>a. The liabilities related to friable and non-friable asbestos cleanup costs deemed probable but not reasonably estimable should be included by entities that own tangible PP&E that contain asbestos.</p>	A-136, Section II.3.9.16



21.	The components of other liabilities should be disclosed with enough information to enable the nature of the other liabilities to be understood. a. The current portion of other liabilities should be separately disclosed.	A-136, Section II.3.9.17
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22.	<p>Leases</p> <p>a. If the entity is a lessee, there should be for both Federal and non-Federal leases separately³⁷:</p> <ul style="list-style-type: none"> i. a summary of the assets under capital lease, by major asset category, and the related total accumulated amortization; ii. disclosure of the capital lease funding commitments, including the major asset categories and associated lease terms, including renewal options, escalation clauses, contingent rental restrictions, and the amortization period; iii. disclosure of future capital leases payments due, by major asset category, for each of the next five years and all years after five years less the deduction for imputed interest and executory costs; iv. disclosure of the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources; v. disclosure of operating lease commitments, including the major asset categories and associated lease terms, including renewal options, escalation clauses, contingent rental restrictions, and the amortization period; and vi. disclosure of the future operating lease payments due, by major asset category, for all non-cancellable leases with terms longer than one year, for each of the next five years and all years after five years; and optionally in a separate schedule, for cancellable operating leases. <p>b. If the entity is a lessor, there should be:</p> <ul style="list-style-type: none"> i. disclosure of the commitment of the entity's assets, including the major asset category and lease terms; and 	A-136, Section II.3.9.18
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³⁷ Prior year amounts do not need to be disclosed separately.



<p>22 cont.</p>	<ul style="list-style-type: none"> i. disclosure of projected future lease revenues for all capital leases and non-cancellable operating leases with terms longer than one year for each of the next five years and all years after five years; and optionally in a separate schedule, f or cancellable leases. and c. The information for Federal leases should be disclosed separately from the information for non-Federal leases. 	
<p>23.</p>	<p>All components of the liability for future policy benefits with a description of each amount and an explanation of its projected use and any other potential uses (e.g., reducing premiums, determining and declaring dividends available, and/or reducing Federal support in the form of appropriations related to administrative costs or subsidies) should be disclosed by entities providing whole life insurance.</p>	<p>A-136, Section II.3.9.19</p>
<p>24.</p>	<p>Commitments and Contingencies</p> <ul style="list-style-type: none"> a. Contingencies for which conditions of liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred, including claims that derive from treaties or international agreements, should be disclosed. <ul style="list-style-type: none"> i. The disclosure should include the nature of the contingency and an estimate of the possible liability or range of the possible liability or a statement that an estimate cannot be made. b. Estimated obligations related to canceled appropriations which the entity is contractually committed to pay must be disclosed. c. Amounts for contractual arrangements which may require future financial obligations must be disclosed. 	<p>A-136, Section II.3.9.20</p>

25.	<p>Entities with program responsibility for funds from dedicated collections should disclose for the current and prior years each individually reported fund from dedicated collections.³⁸</p> <ul style="list-style-type: none"> a. condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable, other liabilities, cumulative results of operations, and net position; b. condensed information on gross cost, exchange revenue, net cost, nonexchange revenues and other financing sources, and changes in net position; c. a description of each fund’s purpose, how the entity accounts for and reports the fund, and its authority to use the revenues and other financing sources; d. the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the Government or the result of intragovernmental flows; e. any change in legislation during or subsequent to the reporting period and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of its accumulated balance; and, f. With the total cumulative results of operations of all funds from dedicated collections shown in the note disclosure agreeing with the cumulative results of operations of funds from dedicated collections reported in the entity’s Balance Sheet and SCNP. 	A-136, Section II.3.9.21
26.	<p>Notes Related to the SNC</p> <ul style="list-style-type: none"> a. Entities with a complex organizational structure and operations, or whose SNC displays highly aggregated program information, should include supporting schedules to present detailed cost and revenue information to support the summary information in the SNC. 	<i>Item a:</i> A-136, Section II.3.9.22

³⁸ Entities with numerous individual funds from dedicated collections may disclose the information for selected funds individually and aggregate the information for the remaining funds from dedicated collections.

26 cont.	<p>b. Costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets, or acquiring stewardship land, should be disclosed a) depending on the materiality of the amount and the need to distinguish such amount from other costs relating to outputs or outcomes, and b) the amount is not separately reported on the SNC.</p> <p>c. Heritage assets and stewardship land transferred from other Federal entities or acquired by donation or devise should be disclosed by the number of physical units by major category.</p> <p>d. Pricing policies and expected losses under goods made to order by entities that provide goods or services to the public or other governmental entities should be disclosed.</p>	<p><i>Item b:</i> A-136, Section II.3.9.23</p> <p><i>Item c:</i> A-136, Section II.3.9.24</p> <p><i>Item d:</i> A-136, Section II.3.9.25</p>
27.	<p>Notes Related to the SBR</p> <p>a. The adjustments during the year to budgetary resources available at the beginning of the year should be disclosed along with an explanation thereof.</p> <p>b. The repayment requirements, financing sources for repayment, and other terms of borrowing authority used should be disclosed.</p> <p>c. The amounts of available borrowing and contract authority at the end of the period should be disclosed.</p> <p>d. The amount of direct and reimbursable obligations incurred against amounts apportioned under Categories A, B, AB, and exempt from apportionment should be disclosed.</p> <p>i. The disclosure must agree with total obligations incurred as reported on the SBR.</p> <p>e. The amount of budgetary resources obligated for undelivered orders at the end of the period should be separately disclosed for FY 2018 Federal, non-Federal, paid, and unpaid amounts.</p> <p>f. The existence, purpose, and availability of permanent indefinite appropriations should be disclosed.</p>	<p><i>Item a:</i> A-136, Section II.3.9.26</p> <p><i>Item b:</i> A-136, Section II.3.9.27</p> <p><i>Item c:</i> A-136, Section II.3.9.28</p> <p><i>Item d:</i> A-136, Section II.3.9.29</p> <p><i>Item e:</i> A-136, Section II.3.9.30</p>



<p>27 cont.</p>	<p>g. Information about legal arrangements affecting the use of unobligated balances should be disclosed.</p> <p>h. The following material differences should be explained:</p> <p>i. Differences between budgetary resources, obligations, and net outlay amounts from the prior year (i.e., FY 2017) SBR and the actual amounts in the “Detailed Budget Estimates by Agency” in the Appendix of the Budget of the United States Government (i.e., the FY 2017 amounts in the FY 2019 Budget).</p> <p>ii. Differences between distributed offsetting receipts from the prior year (i.e., FY 2017) SBR and the actual amount from the “Federal Budget by Entity and Account” in the Analytical Perspectives of the Budget (i.e., the FY 2017 amounts in the FY 2019 Budget).</p> <p>iii. The disclosure should identify that the President’s budget for FY 2020 has not yet been published, when it is expected to be published, and where it will be available.</p>	<p><i>Item f:</i> A-136, Section II.3.9.31</p> <p><i>Item g:</i> A-136, Section II.3.9.32</p> <p><i>Item h:</i> A-136, Section II.3.9.33</p>
<p>28.</p>	<p>The amount of contributed capital received during the year should be disclosed.</p>	<p>A-136, Section II.3.9.34</p>
<p>29.</p>	<p>Notes Related to the SCA</p> <p>a. Entities that collect immaterial amounts of custodial revenues can disclose in a footnote the sources and amounts of the collections and amounts distributed to others.</p> <p>b. For entities preparing a SCA for nonexchange revenue, the basis of accounting, the factors affecting the collectability and timing of taxes and other nonexchange revenues, and cash collections and refunds by tax year and type of tax should be disclosed.</p>	<p><i>Item a:</i> A-136, Section II.3.9.35</p> <p><i>Item b:</i> A-136, Section II.3.9.36</p>



30.	<p>Notes Related to the SOSI</p> <ul style="list-style-type: none">a. Entities that issue a SOSI should disclose:<ul style="list-style-type: none">i. the underlying significant assumptions;ii. the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements within the program; andiii. that the actuarial net present value of the excess of future scheduled expenditures paid to or on behalf of current participants, that is, of the “closed group” of participants, over future contributions and tax income from them or paid on their behalf is calculated by subtracting the actuarial present value of future contributions and tax income paid by and for current participants from the actuarial present value of the future scheduled expenditures to them or on their behalf.	A-136, Section II.3.9.37
31.	<p>Entities collecting and managing cash and other assets in which non-Federal individuals or entities have an ownership interest that the Federal government, as a fiduciary, must uphold should disclose for each major fiduciary activity and all other fiduciary activities combined:</p> <ul style="list-style-type: none">a. the fiduciary relationship, e.g., the applicable legal authority, the objectives of the fiduciary activity, and a general description of the beneficial owners or class of owners;b. a schedule of fiduciary activity, displaying the beginning balance of net assets; the inflows from the fiduciary activities by category; the outflows by category; the change in net assets; and the ending balance of net assets;c. a schedule of fiduciary net assets, displaying the current and prior period ending balances of cash and any other assets by category and liabilities by category; andd. a description of the composition of non-monetary assets, the method(s) of their valuation, and the changes, if any, from prior period accounting methods.	A-136, Section II.3.9.38



31 cont.	e. A Schedule of Changes in Non-Valued Fiduciary Assets presenting the beginning quantity, quantity received, quantity disposed of, net increase/decrease, and ending total quantity of non-valued fiduciary assets.	
32.	<p>If the financial statements have been restated by a known amount due to material errors, the following information should be disclosed in a separate note, titled Restatements:</p> <ul style="list-style-type: none"> a. nature of the error and the reason for the restatement; b. specific amount(s) of the material misstatement(s), the related effect on the previously issued financial statements, and the impact on the financial statements as a whole; and c. actions the entity took after discovering the restatement; 	A-136, Section II.3.9.39
33.	<p>If the specific amount of the restatement is unknown, the entity should disclose:</p> <ul style="list-style-type: none"> a. that a material misstatement(s) or potential material misstatement(s) affects a previously issued financial statement(s), but the specific amount(s) of the misstatement(s) and the related effect(s) of such are not known; b. the nature and cause(s) of the misstatement(s) or potential misstatement(s); c. an estimate of the magnitude of the misstatement(s) or potential misstatement(s) and the related effect(s) of such on the previously issued financial statement(s) that are known and a statement that the specific amount(s) and the related effect(s) of such cannot be determined without further investigation; and d. that a restatement(s) to a previously issued financial statement(s) will or may occur. 	A-136, Section II.3.9.39

34.	<p>Reconciliation of Net Cost of Operations to Budget³⁹</p> <ul style="list-style-type: none"> a. The footnotes should include a reconciliation of proprietary and budgetary information in a way that helps users relate the two. b. The reconciliation should be disclosed for the current and prior years. 	A-136, Section II.3.9.40
35.	<p>Entities that disclose the existence of public-private partnerships should disclose the following:</p> <ul style="list-style-type: none"> a. the purpose, objective, rationale, statutory authority, costs, and benefits of the partnership; b. the amounts, if known, of Federal and non-Federal funding over the life of the partnership and a description of the funding; c. the contractual terms governing payments to and from the partnership (including information on how the expected partnership life was determined, when payments are expected, whether payments are made directly or indirectly, and any non-monetary payments), payments to and from the partnership for the reporting periods, and expected payments over the life of the partnership; d. information about the contractual risks of loss and potential monetary effects if the risks are/were realized and information about remote risks of loss if included in the terms of the partnership; and e. amounts recognized on the statements, instances of non-compliance with provisions governing the partnership, borrowing or capital investment by the private entity that is contingent on the reporting entity's promise to pay, and a description of events of termination. 	A-136, Section II.3.9.41
36.	<p>For entities included in the agency's financial statements as disclosure entities, the agency should disclose information to meet the following objectives:</p>	A-136, Section II.3.9.42

³⁹ Agencies may disclose the reconciliation of net cost of operations to budget based on the format in Statement of Federal Financial Accounting Standards (SFFAS) No. 53 *Budget and Accrual Reconciliation*, provided the format meets the requirements of paragraphs 80-82 of SFFAS No. 7 *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.



	<ul style="list-style-type: none"> a. The nature of the Government’s relationship with the entity or entities; b. the nature and magnitude of the relevant activity during the period and balances at the end of the period; and c. a description of financial and non-financial risks, potential benefits, and, if possible, the amount of the Government’s exposure to gains or losses from the past or future operations of the disclosure entity or entities.⁴⁰ 	
37.	<p>For entities included in the agency’s financial statements as related parties, the following should be disclosed:</p> <ul style="list-style-type: none"> a. the name of the party or a description of the parties if there are multiple parties; b. the nature of the Government’s relationship with the party; c. the percentage of Government ownership interest, if any; d. the financial exposure (gain or loss), if any, resulting from the relationship; and e. any other information necessary to explain the potential impact of the relationship on reported financial information. 	A-136, Section II.3.9.42
38.	Specific footnotes should be provided for all significant, unique line items.	
39.	The footnotes should be readable, understandable, informative, complete, and consistent. They should assist the reader in understanding the entity’s operations and financial position.	

⁴⁰ Agencies with a small number of disclosure entities or no balances from transactions with disclosure entities may report this information in Note 1 Summary of Significant Accounting Policies. Agencies reporting information about future exposures may include this information in their existing note on commitments or contingencies.



40.	The entity should use good judgment in limiting the size of footnotes related to semi-important line items, and omitting footnotes related to insignificant line items.	
41.	The footnotes should provide answers for all important questions. The line items and reported financial elements should be explained fully.	



III.J Required Supplementary Stewardship Information (RSSI)		
1.	The full costs of the investments in non-Federal property should be reported for the current and preceding four years (and additional years of data if it provides a better indication of the investment) with descriptions of the Federal property transferred to state and local governments.	A-136, Section II.3.10.2
2.	The full costs of the investments in human capital programs, i.e., major education and training programs for other than Federal civilian and military personnel, should be reported for the current and preceding four years (and additional years of data if it provides a better indication of the investment). a. Outputs and outcomes with readily apparent relationships to the human capital investments should be reported.	A-136, Section II.3.10.3
3.	The full costs of the investments in major research and development programs should be reported for the current and the preceding four years (and additional years of data if it provides a better indication of the investment). a. Outputs and outcomes with readily apparent relationships to the research and development investments should be reported.	A-136, Section II.3.10.4
4.	The RSSI should be presented on a comparative basis when meaningful.	A-136, Section II.3.2, Question 3

III.K Required Supplementary Information (RSI)		
1.	<p>Entities receiving revenues from oil and gas should present the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves.</p> <p style="padding-left: 20px;">a. A schedule of oil and gas revenues to be distributed to others, with accompanying narratives, must be presented to report the value of estimated petroleum royalty revenue designated for others.</p>	A-136, Section II.3.11.2
2.	<p>Entities responsible for managing natural resources other than oil and gas should report the value of the estimated royalties and other revenues that are under long-term lease, contract, or other agreement and reasonable estimable as of the reporting date.</p>	A-136, Section II.3.11.3
3.	<p>The report should:</p> <p style="padding-left: 20px;">a. describe the entity's maintenance and repairs policies and how they are applied;</p> <p style="padding-left: 20px;">b. discuss how it ranks and prioritizes maintenance and repair activities among other activities;</p> <p style="padding-left: 20px;">c. identify factors considered in determining acceptable condition standards;</p> <p style="padding-left: 20px;">d. state whether deferred maintenance and repairs relate solely to capitalized general property, plant and equipment (PP&E) and stewardship PP&E or also to non-capitalized or fully depreciated general PP&E;</p> <p style="padding-left: 20px;">e. identify PP&E for which management does not measure and/or report deferred maintenance and repairs and the rationale for the exclusion of other than non-capitalized or fully depreciated general PP&E;</p> <p style="padding-left: 20px;">f. provide beginning and ending deferred maintenance and repairs balances by category of PP&E; and</p> <p style="padding-left: 20px;">g. explain significant changes from the prior year.</p>	A-136, Section II.3.11.4

4.	<p>Entities operating social insurance programs should:⁴¹</p> <ul style="list-style-type: none"> a. disclose the following (unless it is disclosed in the notes that are presented as an integral part of the basic financial statements): <ul style="list-style-type: none"> i. long-range cash flow projections; ii. long-range projections of the ratio of contributors to beneficiaries, i. e., the dependency ratio (appropriate for the Old-Age, Survivors, and Disability Insurance and Hospital Insurance programs); iii. sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the projections and present values; and iv. state-by-state solvency analysis for the Unemployment Insurance program; and b. describe the program, how it is financed and how benefits are calculated, plus provide an analysis of the trends revealed by the data. 	A-136, Section II.3.11.5
5.	<p>Budget information aggregated for the SBR should be disaggregated for each of the entity's major budget accounts in a Combining SBR.</p> <ul style="list-style-type: none"> a. The total of the major accounts (and aggregate of smaller accounts) should agree with the amounts reported on the SBR. 	A-136, Section II.3.11.6
6.	<p>Entities that collect taxes and duties should provide information about the:</p> <ul style="list-style-type: none"> a. factors affecting the collectability of compliance assessments recognized as taxes receivable; b. claims for refunds that are not yet accrued but likely to be paid when administrative action is complete, if reasonably estimable; c. amount of assessments the entity has statutory authority to collect at the end of the period, but has no future collection potential and are therefore defined as write-offs; and 	A-136, Section II.3.11.7

⁴¹ The programs defined as social insurance programs are Social Security, Medicare, Railroad Retirement benefits, Black Lung benefits, and Unemployment Insurance.



6 cont.	d. amounts by which the trust funds may be over or underfunded in comparisons with requirements of law, if reasonably estimable.	
7.	Risk-assumed information, i.e., the present value of unpaid expected losses net of associated premiums, for insurance and guarantee programs other than social insurance, life insurance, and loan guarantees should be reported.	A-136, Section II.3.11.8
8.	The RSI should be presented on a comparative basis when meaningful.	A-136, Section II.3.2, Question 3



PART E – OTHER INFORMATION⁴²		
1.	If an entity discloses differences between the prices it charges in exchange transactions and the full cost or market price, it should consider disclosing revenue forgone and explaining whether and to what extent the quantity demanded was assumed to change because of the price differential.	A-136, Section II.4.1
2.	Entities that collect taxes may report the following: <ul style="list-style-type: none"> a. a perspective on the income tax burden; and b. available information on the size of the tax gap. 	A-136, Section II.4.2
3.	Entities with information on tax expenditures relevant to the performance of their programs may present such information.	A-136, Section II.4.2
4.	The report should include a statement prepared by the entity’s IG that summarizes what he or she considers the most serious management and performance challenges facing the entity and assesses the entity’s progress in addressing those challenges. <ul style="list-style-type: none"> a. Comments by management, if provided, should follow the IG’s statement and address each IG challenge. 	A-136, Section II.4.3
5.	The statement should be clearly identified as the IG’s statement.	
6.	The location of the statement should be identified in the Table of Contents.	
7..	The IG’s assessment of the entity’s progress addressing the challenges should be comprehensive, i. e., include the assessment of the entity’s progress addressing the challenges, and coordinated with management to preclude the latter’s need to add its own lengthy recital of progress.	

⁴² In addition to the required sections, some agencies might opt to include in Other Information, a Schedule of Spending. Reviewers can provide recommendations to improve that presentation by referring to the FY 2016 Guidelines which are available at <https://www.agacgfm.org/Standards-Guidance/CEAR.aspx> or the FY 2016 revision of OMB Circular A-136.

<p>8.</p>	<p>The report should include summary tables of material weaknesses as determined by the audits of the financial statements, management’s evaluation of internal control as required by the FMFIA and A-123, and management’s evaluation of financial systems as required by the FMFIA and FFMIA</p> <ul style="list-style-type: none"> a. Separate tables should be presented for the material weaknesses resulting from the financial audit, the evaluation of internal control over financial reporting, the evaluation of internal control over operations, the conformance with financial system requirements, and the compliance with the FFMIA. b. The tables summarizing effectiveness of internal control over financial reporting and over operations should state whether the statements are unmodified, modified, or no assurance. c. The table summarizing the non-compliances with the FFMIA should be: <ul style="list-style-type: none"> i. divided according to the three requirements addressed in the Act: system requirements, accounting standards, and the U. S. Standard General Ledger at the transaction level; and ii. present separately management’s assessment for each requirement and the auditors’ assessment for each requirement. d. The material deficiencies and non-compliances should be listed using unique, short, and easily understood names. e. The names should be kept constant among the tables and from year to year. f. For each weakness and non-compliance, the tables should report the beginning balance, new entries, resolved entries, consolidated entries, reassessed entries, and ending balance. g. The information in the tables should be consistent with the management assurance statement and the independent auditors’ report. 	<p>A-136, Section II.4.4</p>
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	h. If management does not agree with the auditor, management can explain why it does not agree, but it must describe how the disagreement will be addressed.	
9.	Entities that have provided data to OMB for display on https://paymentaccuracy.gov/ should include the website link and inform readers that the link contains more detailed information on improper payments.	A-136, Section II.4.5
10.	<p>The report should present for all programs and activities whose gross annual improper payments (i.e., the total amount of overpayments and underpayments) exceed (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays):</p> <ul style="list-style-type: none"> a. the program/activity outlays for the current fiscal year, estimated amount of payments properly paid, improperly paid, and the corresponding percent for each by program or activity for the current fiscal year; b. the estimated amount of improper payments that resulted in an overpayment, a under payment for each by program or activity for the current fiscal year; c. the estimated amount of improper payments made directly by the Federal Government and the amount of improper payments made by recipients of Federal monies by program or activity for the current fiscal year; d. the root cause for overpayments and underpayments by amount and by program or activity for the current fiscal year. The root cause categories include: <ul style="list-style-type: none"> i. Program Design or Structural Issue ii. Inability to Authenticate Eligibility iii. Failure to Verify: <ul style="list-style-type: none"> a. Death Data b. Financial Data 	A-136, Section II.4.5.I

<p>10 cont.</p>	<ul style="list-style-type: none"> c. Excluded Party Data d. Prisoner Data e. Other Eligibility Data (explain) iv. Administrative or Process Error Made by: <ul style="list-style-type: none"> a. Federal Entity b. State and Local Entity c. Other Party (explain) v. Medical Necessity vi. Insufficient Documentation to Determine; e. reduction targets by program or activity for the next fiscal year; f. the corrective action plans for reducing the estimated IP rate and amount, with each action clearly linked to the root cause it is addressing, the results of the actions taken to address the root causes, and the planned or actual completion dates of the actions taken to address each root cause; or the justification for not having a corrective action; and g. explanations, by entities with high-priority programs, of how the corrective actions have been specifically tailored to better reflect the unique processes, procedures, and risks involved in each specific program. 	
<p>11.</p>	<p>The report should describe, for all programs and activities that expend \$1 million or more annually:</p> <ul style="list-style-type: none"> a. actions the entity has taken or plans to take to recover improper payments and intends to take to prevent future improper payments; 	<p>A-136, Section II.4.5.II</p>

<p>11 cont.</p>	<ul style="list-style-type: none"> b. if applicable, payment recapture audit efforts, including: <ul style="list-style-type: none"> i. the actions and methods used to recoup overpayments; ii. a justification of any overpayments that have been determined not to be collectable; and iii. any conditions giving rise to improper payments and how those conditions are being resolved (e.g., the business process changes and internal controls instituted and/or strengthened to prevent further occurrences); c. for any programs or activities excluded from a payment recapture audit program, the justification and a summary of the analysis used to determine that conducting a payment recapture audit program was not cost effective; d. for each program or activity that expends \$1 million or more annually and either conducts a payment recapture audit or recaptures payments outside of a payment recapture audit: <ul style="list-style-type: none"> i. the amount recovered through recapture audits in that fiscal year including the percent such amounts represent of the total overpayments identified through payment recapture audits during that fiscal year; and ii. amounts recovered through sources other than payment recapture audits during that fiscal year, including the percent such amounts represent of the total overpayments identified for recapture through sources other than payment recapture audits; e. a summary of how the overpayments recaptured through payment recapture audits in that fiscal year were used, e. g., entity expenses to administer the program, payment recapture auditor fees, financial management improvement activities, original purpose, Office of Inspector General and, returned to Treasury; f. an aging schedule of the amount of overpayments identified through the payment recapture audit program that are outstanding, including the percent such amounts represent of the total overpayments from recaptures audits (i.e., overpayments that have been identified but not recaptured), grouped by 0-6 months, 6 months-year, and over 1 year; and 	
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11 cont.	g. the amount of overpayments identified through payment recapture audit program determined to be not collectable in that fiscal year, including the percent such amounts represent of the entity's total overpayments identified through payment recapture audits.	
12.	The report should include a brief narrative of the reduction in improper payments attributable to the Do Not Pay Initiative, as applicable. ⁴³	A-136, Section II.4.5.III
13.	The report may present for all programs and activities whose gross annual improper payments (i.e., the total amount of overpayments and underpayments) exceed (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays) any statutory or regulatory barriers, which may limit the entity's corrective actions in reducing improper payments and actions taken by the entity to mitigate the barriers' effects.	A-136, Section II.4.5.IV
14.	The report should present for all programs and activities whose gross annual improper payments (i.e., the total amount of overpayments and underpayments) exceed (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays) the steps the entity has taken and plans to take, including timelines, to ensure that entity managers, (including the entity head), accountable officers, program officials/owners, and States and localities (where appropriate) are held accountable for reducing and recapturing improper payments through annual performance appraisal criteria.	A-136, Section II.4.5.V

⁴³ This section is optional.



15.	<p>The report should describe, for all programs and activities whose gross annual improper payments (i.e., the total amount of overpayments and underpayments) exceed (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays) whether the entity has the internal controls, human capital, and information systems and other infrastructure needed to reduce improper payments to the levels targeted by the entity.</p> <p>a. In instances where the entity does not have such internal controls, human capital, and information systems and other infrastructure, a description of the resources the entity requested in its most recent budget submission to Congress to establish and maintain the necessary internal controls, human capital, and information systems and other infrastructure.</p>	A-136, Section II.4.5.VI
16.	<p>The report should describe, for all programs and activities whose gross annual improper payments (i.e., the total amount of overpayments and underpayments) exceed (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays) the statistical sampling process conducted to estimate the improper payment rate for each program identified as being susceptible to significant improper payments, or</p> <p>a. a description by entities granted OMB approval to use a non-statistical sampling and estimation methodology, the justification for using the non-statistical methodology.</p>	A-136, Section II.4.5.VII
17.	<p>Agencies performing improper payment risk assessments should include a description of the assessments, including the risk factors considered, if applicable.</p> <p>a. Agencies should discuss the basis for groupings of programs or activities, if applicable, and highlight any changes that have been made to the risk assessment from the prior year, if applicable.</p>	A-136, Section II.4.5.VIII

18.	<p>The report should include a report on the entity’s fraud reduction efforts that includes the entity’s progress implementing (1) financial and administrative controls established pursuant to the Fraud Reduction and Data Analytics Act, (2) the fraud risk principle in the Standards for Internal Control in the Government, and (3) A-123 with respect to leading practices for managing fraud risk.</p> <p>a. The report should include information on entity progress identifying risks and vulnerabilities to fraud, (including with respect to payroll, beneficiary payments, grants, large contracts, and purchase and travel cards) and entity progress on establishing strategies, procedures, and other steps to curb fraud.</p>	A-136, Section II.4.6
19.	<p>The report should present the total square office and warehouse footage associated with the entity’s assets subject to the “Reduce the Footprint” policy pursuant to the requirements in the Freeze the Footprint policy from the latest available reporting year, and compare it to the FY 2015 “Freeze the Footprint” baseline implementing guidance⁴⁴, including:</p> <p>a. the annual operating costs incurred for owned and direct lease facilities subject to the “Reduce the Footprint” policy; and</p> <p>b. a brief narrative highlighting actions the entity is taking to reduce its FY 2015 Freeze the Footprint office and warehouse baseline, the cost of its lease portfolio, and operation and maintenance costs of unneeded property.</p>	A-136, Section II.4.8
20.	<p>The report should include information, if applicable, about the entity’s civil monetary penalties within their jurisdiction and the adjustments made under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, preferably in a table that presents for each penalty the statutory authority, name or description of the penalty, year enacted, latest year of adjustment, current penalty level in dollars or as a range, sub-entity/bureau/unit, and location for penalty update details.</p>	A-136, Section II.4.9
21.	<p>In accordance with the Grants Oversight and New Efficiency (GONE) Act Requirements, the report should include a brief high-level discussion on a subset of GONE Act information, including</p> <p>a. a summary table of the total number of Federal grant and cooperative agreement awards and balances for which closeout has not yet occurred but for which the period of performance has elapsed by more than two years.</p>	A-136, Section II.4.10

⁴⁴ This requirement applies only to CFO Act agencies and their components.



21 cont.	<ul style="list-style-type: none"> i. The table should present the Number of Grants/Cooperative Agreements with Zero Dollar Balances, Number of Grants/Cooperative Agreements with Undisbursed Balances, and the total amount of undisbursed balances. ii. The table should present the amounts of awards and balances not closed out for 2-3 years, 3-5 years, and over 5 years. <p>b. a brief narrative of the progress made in closing grant and cooperative agreement awards listed in the 2017 GONE Act submission, challenges that remain, and any remaining actions to be taken.</p>	
22.	The report may include the results of the biennial review of fees, royalties, rents and other charges imposed by the entity for services and things of value it provides and any recommendations on revising those charges. ⁴⁵	A-136, Section II.4.11

⁴⁵ This section is optional



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
Part A – Performance Section⁴⁶		
<p>A-136, Section II.1.1 states that entities producing a PAR shall include a Performance Section that includes all of the required elements for the Annual Performance Report as specified in OMB Circular No. A-11, Part 6b. Although the following reflects all the requirements listed in that section, preparers should realize that some of the required information may have already been presented in the MD&A, per the requirements of SFFAS 15 <i>Management’s Discussion and Analysis</i>, and A-136, Sections II.1.1 and II.2.5. Hence, preparers should be careful to not unnecessarily repeat information presented elsewhere in the report.</p>		
1.	The Performance Section should be linked to and from Performance.gov.	A-11, Section 210.5
3.	A high level summary of the entity, which may include a description of core functions, organizational size, and key legislative authorities or initiatives, including key data and narrative describing the number and kinds of people or businesses served, locations or characteristics of operation, and problems and opportunities addressed should be presented.	A-11, Section 210.15.1.1
4.	Information about the entity’s structure, such as an organization chart that shows the entity components, bureaus, or offices and how they are related, should be presented.	A-11, Section 210.15.1.4

⁴⁶ Components of CFO Act agencies tend to be smaller than CFO Act agencies and have a limited number of programs. They also are not subject to many of the legislative and administrative reporting requirements, applicable to CFO Act agencies. Accordingly, they might conclude that it is more effective to present in the MD&A the complete performance information CFO Act agencies present in the Performance Section, and thereby eliminate the need for a separate presentation of highlights of the most important performance goals and results in the MD&A.



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
5.	Entities that contribute to Cross-Agency Priority Goals should include a list of Cross Entity Priority (CAP) Goals to which the entity contributes and explain the entity’s contribution to the CAP goals. <ul style="list-style-type: none"> a. The report should direct readers to performance.gov with the following language, “Per the GPRRA Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report please refer to www.performance.gov for the entity’s contributions to those goals and progress, where applicable..” which then lists the applicable Cross-Agency Priority Goals 	A-11, Section 210.15.2.1
6.	The section should present the general, outcome-oriented, long-term (strategic) goals for the entity’s major functions and operations.	A-11, Section 210.15.3.1
7.	The section should present the entity’s strategic objectives that reflect the outcomes or management impact the entity is trying to achieve.	A-11, Section 210.15.4.1
8.	The section should include a brief description of achievements during the last fiscal year on the strategic objectives indicating where progress was made and where it was not, with an explanation of what worked and what did not. <ul style="list-style-type: none"> a. Challenges encountered during the last year should be described. b. An identification of the entity’s progress as either noteworthy or requiring focused improvement should be included in the narrative, with further explanation for the reasons for the characterization of progress.⁴⁷ 	A-11, Section 210.15.4.5

⁴⁷ To keep the progress update brief, the entity should use hyperlinks or citations to supporting evidence, instead of including all the detail within the progress update



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
9.	<p>Performance goals that are Agency Priority Goals should be identified.^{48, 49}</p> <p>a. A brief explanation of achievements over the last fiscal year should be included, as well as an identification of significant challenges, if any, that impeded progress on the Agency Priority Goals and significant risks of not achieving the planned level of performance, as appropriate.⁵⁰</p>	<p>A-11, Section 210.15.5.1 <i>Item a:</i> A-11, Section 210.15.5.5</p>
10.	<p>Progress made on performance goals should be reported.</p> <p>a. Actual results should be compared with the target levels of performance at least for the prior year and clarification given as to whether the target was met or not.</p> <p>b. Actual results should also be displayed for at least the five preceding years.</p> <p>c. Missing, incomplete, preliminary, or estimated performance indicator information should be identified, along with the date when the actual information will be available.</p> <p>d. Brief explanations of causes of variances, changes in trends, and whether the target was met should be included.</p> <p>i. If sufficient progress in meeting the performance goal is not being met, a discussion of future improvement including why the performance goal was not met and plans for achieving it.</p>	<p>A-11, Section 210.11.6.1 <i>Items a-b:</i> A-11, Section 210.11.6.2</p> <p><i>Item c:</i> A-11, Section 210.11.6.4</p> <p><i>Item d:</i> A-11, Section 210.11.6.5</p>

⁴⁸ Agencies are permitted, but not required, to include the problem opportunity being addressed by the Agency Priority Goal, its relationship to entity strategic goals and objectives, and the key barriers and challenges; and can highlight congressional input, if such input was relevant to setting a specific goal .

⁴⁹ Agencies are permitted, but not required to, publish targets and actual results for the Agency Priority Goals for each reporting period.

⁵⁰ This information may appear only on performance.gov.



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
10 cont.	<ul style="list-style-type: none"> ii. If the performance goal is determined to be impractical or infeasible, an explanation of why that is the case and what action is recommended. e. Performance goals changed or dropped since publication of the Annual Performance Plan, whether the changes were approved by OMB, and the reasons for the changes should be identified. 	<i>Item e: A-11, Section 210.11.6.6</i>
11.	Indicators without targets that have been established to help explain entity performance (called “other indicators”) should be identified and the reasons why they are being used explained.	A-11, Section 210.15.7.1
12.	The actual results for the current and at least five preceding years should be displayed for other indicators, if available.	A-11, Section 210.15.7.2
13.	Missing, incomplete, preliminary, or estimated other indicator information should be identified, along with the date when the actual information will be available.	A-11, Section 210.15.7.3
14.	A description of progress made on management priorities and challenges described in the Annual Performance Plan should be included.	A-11, Section 210.15.8.1
15.	<ul style="list-style-type: none"> Descriptions of how the entity is working with other entities to achieve strategic objectives, Agency Priority Goals, and performance goals, where applicable should be included. <ul style="list-style-type: none"> a. The responsibilities of key entity programs and external entity partners and the nature of their expected contributions should be described. 	A-11, Section 210.12.8.2



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
16.	<p>The findings from entity-funded evaluations or other relevant evidence activities completed during the fiscal year and evaluations relevant to the entity’s understanding of its programs’ performance, the problems the programs aim to address, and the identification of external factors that might influence entity performance should be presented.</p> <ul style="list-style-type: none">a. Discussions of how evaluation and other study findings were used in decision-making processes related to programs, policies, and budget efforts should be provided.b. If no evaluations were completed, the report should so note.c. Links to other, more detailed plans, evaluations, or other studies that support the decisions and strategies described in the report should be included.	A-11, Sections 210.12.8.3 and 12.8.4



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section II – PAR		
17.	<p>There should be an assessment of the reliability and completeness of the performance data in the report that describes how the agency ensures the accuracy and reliability of the data used to measure progress towards its performance goals and identifies the following:⁵¹</p> <ul style="list-style-type: none"> • the means used to verify and validate the measured values, • the sources for the data, • the level of accuracy required for the intended use for the data, • any limitations to the data at the required level of accuracy, and • how the entity will compensate for such limitations, if needed, to reach the required level of accuracy. <p>a. A summary of how the entity uses data to promote improved outcomes should be included.</p>	A-11, Section 210.12.8.5

⁵¹ This information can be presented in a single appendix used to communicate the entity's approaches or wherever the performance information is communicated, even websites.



**CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
GUIDELINES**

#	Description	Source
Section III – Summary of Performance and Financial Information⁵²		
1.	The Summary includes the most relevant performance and financial information.	A-136, Section III
2.	The Summary can be a 1-6 page high level summary, a 6-16 page more detailed summary, an MD&A that can be easily extracted from the PAR or AFR and issued as a stand-alone document, or a short video posted on the entity’s website.	A-136, Section III
3.	The Summary should be the final printed report available for public distribution, or a print-out of the electronic version of the report.	
4.	The cover of the Summary should contain the name of the entity, the title of the report, and the fiscal year.	
5.	The Summary should identify the relationship between the Summary of Performance and Financial Information and the AFR or PAR and APR.	
6.	The information presented in the Summary of Performance and Financial Information should be modified, as necessary, to avoid the impression that the reader is reading the AFR or PAR.	

⁵² Agencies may, but are not required to, publish a Summary of Performance and Financial Information



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING		
SFFAS No.	Description	Effective Date
Section IV – Statements of Federal Financial Accounting Standards effective in future years		
49	Public-Private Partnerships: Disclosure Requirements	Beginning after 9/30/18 (FY 2019) Early adoption permitted.
51	Insurance Programs	Beginning after 9/30/18 (FY 2019)
52	Tax Expenditures	Beginning after 9/30/18 (FY 2019) Earlier implementation is encouraged.
53	Budget and Accrual Reconciliation	Beginning after 9/30/18 (FY 2019) Earlier implementation is encouraged.
54	Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment	Beginning after 9/30/20 (FY 2021) Early adoption is not permitted.



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

Section V – Noteworthy features, Recommendation, and Special Awards

Noteworthy features - Please identify below creative applications of the Guidelines or presentations of materials not addressed by the Guidelines that you believe might be of interest for possible reference by preparers of other entities' reports. (This is separate from the nominations for the Special Awards.)

1. _____

2. _____

3. _____

4. _____

5. _____

Recommendations for improvement - For each weak or deficient practice you have noted, please provide below, and on additional pages as necessary, a recommendation for improvement. Included in this section should be recommendations that will 1) improve the presentation of the information, 2) eliminate reporting or disclosure deficiencies, 3) make the report more useful to the readers, 4) address editorial matters, and 5) improve the SPFI (if one has been issued).

The recommendations should include:

- the weak or deficient practices stated in explicit terms;
- the page number, if applicable, on which the weak or deficient practices exist;



- an explicit recommendation to address each weak or deficient practice, and
- the rationales for why the recommendations would result in an improvement.

An example of an effective, and therefore useful, recommendation that includes the four required elements is as follows.

For several Performance Indicators, the targets established for FY 2018 were for a lower level of performance than was achieved in prior years (e. g., Performance Indicator 19: Number of acres treated that are in condition class...; Performance Indicator 23: Number of stream/shoreline miles achieving watershed...; Performance Indicator 24 Percent of known, contaminated sites...-page 99). Presenting the reason(s) why a target has been established below prior years' performance would assure readers that targets have not been arbitrarily set at a level at which achievement will be virtually automatic.).

Refer to the Guidelines' Introduction for more information.

Improve the presentation of the information

1. _____

2. _____

3. _____

4. _____

5. _____



Eliminate reporting or disclosure deficiencies

- 6. _____

- 7. _____

- 8. _____

- 9. _____

- 10. _____

Make the report more useful to the user

- 11. _____

- 12. _____

- 13. _____

- 14. _____

- 15. _____



Address editorial matters

- 16. _____

- 17. _____

- 18. _____

- 19. _____

- 20. _____

Summary of Performance and Financial Information

- 21. _____

- 22. _____

- 23. _____

- 24. _____



Special Award - Please note whether you believe this report should be considered for a Special Award, as discussed in the Introduction section titled The Special Awards Component. Identify the aspect of the report for which you believe a Special Award is merited. **Provide a bullet list of why this element of the report should be considered for this Special Award** the reasons for your recommendations. Awards cannot be considered without the bullet list providing the rational.

Awards can be recommended for more than one category.

Special Award Category

- _____
- _____
- _____

Special Award Category

- _____
- _____
- _____



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

Section VI – Request for preliminary vote

Reviewers, please complete the final two items:

(A) PRELIMINARY VOTE

Please indicate below your vote for or against awarding a Certificate of Excellence. *I have reviewed the Performance and Accountability Report or Pilot Program reports prepared by the:*

_____ *NAME OF ENTITY* _____ *and believe that:*

A CERTIFICATE OF EXCELLENCE SHOULD BE AWARDED ()
A CERTIFICATE OF EXCELLENCE SHOULD NOT BE AWARDED ()

Signature of Reviewer Date

(B) MAJOR REASONS WHY A CERTIFICATE SHOULD NOT BE AWARDED

(If you voted “NO” to (A) above, please indicate the major reason(s) you believe a Certificate of Excellence should not be awarded:

SUBMITTING YOUR GUIDELINES AND RECOMMENDATIONS (next page)



Please submit the completed Sections IV and V of the Guidelines to AGA **electronically**.

This would include:

- impressions
- noteworthy features
- recommendations for improvement
- preliminary vote
- if applicable, major reasons why a Certificate of Excellence should not be awarded.
- Nomination for a Special Award

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