Certificate of Excellence In Accountability Reporting® (CEAR) Program

GUIDELINES©
for preparing and evaluating Fiscal Year 2023 Agency Financial Reports or Performance and Accountability Reports

and

Summaries of Performance and Financial Information

Prepared initially as a public service by KPMG LLP

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) PROGRAM

GUIDELINES
FOR FISCAL YEAR 2023

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CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR)

PROGRAM GUIDELINES
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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 AGA in 1996, in conjunction with the Office of Management and Budget (OMB) 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 evolved over the last 26 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 for 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.

As a result, 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 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 now optional). The Pilot Program addressed some 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 linkages between performance and financial information**. The designation of the Agency Performance Report as the primary document for comprehensive organizational performance reporting, combined with the elimination of the PAR's Performance Section, **does not mean** that it is no longer necessary to present 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. Immediately following this Introduction is a relatively new section in the Guidelines titled Report Elements Not To Be Overlooked. It lists several elements the CEAR program has concluded that, while often missing from reports, could, if included, greatly improve the understanding of how the agency is performing.

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, the Guidelines and 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

[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.

practices and thus do not carry an authoritative reference.[2] CEAR Guidelines can also be used to assist persons reviewing PARs, AFRs, and SPFIs.

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

Section I is concerned with both **AFRs** and **PARs**.

- **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, specifically 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. It also serves a roadmap to the remainder of the AFR or PAR. Hence, 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 (CFO) (which is optional), the auditors' report, the financial statements and notes, and Required Supplementary Information (RSI) if applicable. The portion of Part D related to the financial statements and RSI is included primarily for the preparers of the financial statements. Although some reviewers will still evaluate the way 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, among other things:

    - 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 noncompliances;

    - information on payment integrity;

    - the most recent inflationary adjustments to civil monetary penalties required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act;

    - a summary of expired, but not closed, Federal grants and cooperative agreements; and

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[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.

- possibly other information.

Section II is for the **Performance and Accountability Reports** and addresses the Performance Section included in a PAR, but not in an AFR. Thus, it 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 that will become effective in future years. This information will help preparers ascertain reporting requirements they will need to meet in subsequent periods.

A separate **CEAR Reviewer Submission Form** is used by the independent CEAR reviewers to document the results of their review. The Form, has two components:

a. **Noteworthy Features, Recommendations, and Special Awards**. This section documents the reviewer's overall impressions and recommendations for the PAR or AFR and SPFI. Space is provided for the reviewer to 1) identify report sections that could be considered exemplary applications 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.

b. **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; and if not, the major reasons that preclude the Report(s) from receiving a Certificate of Excellence.

Included in 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 reports[3] 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 report presentation or usefulness
- Eliminate reporting or disclosure deficiencies
- Address editorial matters
- Improve the Summary of Performance and Financial Information (if one has been issued and reviewed).

The first category, "Improve the report presentation or usefulness" 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.

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[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 AFR, PAR 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 AFR, PAR, 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, paymentintegrity.gov, or other websites to ascertain whether the information required to be posted to those websites has been posted.

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

- the deficient/improvable 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. Section V provides guidance to the reviewer for writing the recommendation as he or she proposes it be presented in the combined recommendations, to ensure that the reviewer includes all four of the necessary elements within the recommendation.

One last point. Traditionally, the CEAR program has focused its recommendations to agencies on how to more effectively adhere to the published guidance, including A-136, A-11, GPRA Modernization Act, FMFIA, FFMIA, etc. During the review process, some reviewers also comment on such matters as improving a report's visual impact, increasing the coverage of matters of public interest, and/or the failure to achieve performance targets. **At this point in the evolution of reporting, the CEAR Board believes the AFRs and PARs can become even better communicators of agencies' accountability and results.** Accordingly, reviewers are encouraged to include recommendations that go beyond the aesthetics of the report and focus more on improving the performance reporting to provide users/readers a comprehensive perspective on how the agency is using its resources to accomplish its mission.

<u>Considering Entity Responsiveness</u> - The most recent letter transmitting the prior year's recommendations to the agency, the 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 <u>each</u> of the CEAR Program's recommendations demonstrates a commitment to continuous improvement. Simply stating that the recommendation applied to last year's report and is no longer relevant or simply justifying (without further addressing) matters identified for suggested improvement could be appropriate in some instances but is likely to be viewed in many instances 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, as this too, reflects upon an entity's responsiveness.

<u>Preliminary Decision Regarding Certificate of Excellence and Special Award(s)</u> - Reviewers should make a preliminary decision as to whether the CEAR 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 CFO, 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, there were just a few reports that 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. **The PAR or AFR is issued by the date prescribed by OMB, specifically November 15, 2023. The auditors' opinion on the financial statements is unmodified as of that date.[7]**

The reviewer should then complete the separate **CEAR Reviewer Submission Form**. 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

[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.

[7] In unusual circumstances, the CEAR Program may consider reports for a CEAR award when the opinion is not unmodified on one or more statements, if such limitations are the result of legal requirements.

of Excellence will want to know, in addition to the recommendations for improvement, the major reasons why they are not being recognized for the CEAR.

Only the completed **CEAR Reviewer Submission Form** should be submitted to AGA electronically. The CEAR Program Guidelines document **should not** be submitted.

VETTING AND COMMUNICATING THE RESULTS

The last step is vetting and communicating the results. AGA will combine the outstanding features of the report, recommendations, and special award nominations into a single document and send the document to the team members. The review team will convene 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 participate in 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 Manager—Christen Denson, who can be reached at cdenson@agacgfm.org or the Review Team's Lead Reviewer.

THE SPECIAL AWARDS COMPONENT

First presented for the FY 2009 reports, Special Awards are an important 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 generally cannot win more than one Special Award each year, although circumstances may dictate otherwise.

The CEAR program was envisioned to enhance federal **accountability** reporting by focusing on **BOTH** financial and mission/performance reporting excellence. Financial accounting and accountability are related. Whereas accounting involves recording and reporting useful financial information and disclosures on an entity to its stakeholders, accountability more broadly involves being answerable, transparent, and responsible for the entity's activities. With commercial entities, accountability information often focuses on financial matters, such as assets, liabilities, and net income. With government entities, accountability information includes financial matters, but it also includes accountability for faithful compliance with relevant laws and regulations, efficiency in operations, stewardship, and performance results of programs and activities.

In prior years, Special Awards have been made in various categories covering components of the AFR/PARs, such as the secretary's message, the performance summary, financial highlights, the forward-looking information, specific informative footnotes, the IGs report of the most serious management and performance challenges – or overall report aspects such as inspiring photos and captions, interactive features, or the ability of the MD&A to “tell a story.” Identifying such best practices has been very helpful as a resource for other agencies’ reference in enhancing their reports.

Given the importance of the MD&A in demonstrating accountability, which includes both financial and mission/performance reporting, for FY 2023 the Special Awards will again include a significant focus on integrated accountability reporting and financial and performance information. While Special Awards may still be made for any area of the AFR/PAR, it is expected that FY 2023 Special Awards will include some or all the following categories:

- Description of the agency’s mission (and how it benefits the public) and organizational structure
- Presentation of the agency's strategic framework/performance structure, including goals, objectives, and results/indicators
- Description of the strategies and processes being pursued to achieve the agency’s strategic goals and objectives
- Balanced and integrated presentation of financial and performance results
- Clear and concise presentation of performance highlights (targets and results, including summary information on indicators/measures)
- Presentation of the most important existing and anticipated financial and performance demands, risks, uncertainties, events, conditions, and trends
- Meaningful and innovative integration of performance and financial information, including mission performance goals, objectives, and results/indicators (financial and non-financial) with agency financial information
- Integrated (financial and performance) discussion of important problems that need to be addressed and actions needed, taken, or planned to address such problems.
- Linking the costs of pursuing strategic performance goals and the costs associated with achieving reported performance results
- Linking cost information or responsibility segment information in the Statement of Net Cost and/or budgetary resource information with performance information
- Description of the systems and controls (or process) for assuring performance data reliability
- Integration of risk information/concepts, such as ERM or internal control risk information into performance reporting

Reviewers should consider whether the report they review either 1) presents one of the above aspects of the report in such an exemplary manner that it could be considered noteworthy or “Best-in-Class” for that aspect, or 2) contains a truly innovative feature that has not been included in other agencies’ reports. They can note the report in Section V of the Guidelines, but then must provide a bulleted list of reasons to support that nomination. The bulleted list of reasons 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.

CEAR WITH VALUE ADDED DISTINCTION

A third category of award has been added to the CEAR program. Too often, an agency’s Office of the Chief Financial Officer (OCFO) is viewed as simply a processor of financial data, and preparation of the AFR or PAR is considered a compliance process. Yet the CFO function can be much more impactful. The CFO can be a key figure in the senior management decision-making process; the OCFO can contribute substantially to accomplishment of the agency’s mission.

AGA will award a “CEAR With Value Added Distinction” when it is apparent from an agency’s AFR or PAR (or materials referenced in the AFR or PAR) that the CFO and financial management function have spearheaded one or more initiatives in the agency that have enabled improvement in delivery of the agency’s mission, i.e., not just the OCFO operation. Examples of initiatives that could contribute to improved accomplishment of the agency’s mission are:

- the introduction of robotics that contribute to more effective and efficient mission delivery;
- analysis of the full cost of agency shutdowns that contribute to better future shutdown policies and minimally interrupted mission delivery;
- integration of financial and performance data that enables more efficient mission delivery;
- applications of data analytics that produce more effective mission delivery; or
- establishment of an enterprise risk management program that results in the identification and mitigation of major agency and programmatic risks.

Assurance that the initiatives did contribute to improvements in mission accomplishments necessitates the inclusion of measurable results, e.g., improvements in performance outcomes for agency programs, or at least outputs; reductions in costs; etc.

The initial determinations of whether an AFR or PAR reflects financial management’s contribution to measurable and measured accomplishments of agency mission will be made by the Lead Reviewers. They will present their recommendations to the CEAR Board who will make the final decisions.

POTENTIAL FUTURE CEAR PROGRAM CHANGES

In recognition of the 25th Anniversary of the CEAR program, the CEAR Board is reflecting on the program's original intent, results, and potential future enhancements. The CEAR program has helped agencies to strengthen federal accountability reporting by awarding reporting excellence and providing specific recommendations for agencies to improve their reporting. Federal financial reporting has significantly matured over the past few decades. However, mission/performance reporting could be improved, particularly in the integration of financial and performance information. Further, some agencies continue to struggle with providing clear, balanced, and concise reporting (among other attributes that could enhance the understanding and usefulness of their MD&A).

As mentioned in page 1 of these Guidelines, one of the primary purposes of PARs was to present a comprehensive and integrated reporting on the services the entity is providing, the results it is achieving, what these achievements cost, and how it is managing its resources. While the Annual Performance Report provides comprehensive, detailed performance reporting, the MD&A is required to present organizational performance results compared to broad organizational outcomes, as well as to link costs to performance results. In other words, information about an agency's mission and organization should include performance accomplishments and challenges. Further, the MD&A should explain to users how available resources supported performance results. While these objectives are contained in SFFAS 15 and OMB Circular A-136 guidance, the CEAR Board continues to closely monitor draft proposals to replace SFFAS 15 for potential unintended consequence that could compromise the quality of mission/performance information in the MD&A.

The CEAR program was intended to focus on "Accountability" which includes both financial and performance reporting. Therefore, to promote improved mission/performance reporting envisioned by the federal reporting framework, should the CEAR program also evolve to focus more broadly on the mission and performance results envisioned for federal reporting?

This question will be considered by the CEAR Board over the next year. For example, the program's primary award could be modified in future years to offer two types of certificates:

- The current certificate award for reporting that demonstrates basic accountability reporting excellence. This basic reporting provides information that is compliant with related federal reporting guidance.
- An advanced certificate award for reporting that demonstrates enhanced accountability reporting excellence. The enhanced reporting would include information that is more than compliant with related federal reporting guidance. Such enhanced reporting could integrate clear, concise, complete, reliable summary mission results performance information and trends and required financial information. Such reporting should also demonstrate the availability of timely, reliable financial data for decision making, which was the vision of the CFO Act.

Such enhanced reporting also may be demonstrated by reporting that also:

- integrates cost and mission performance efficiency and/or effectiveness information,
- integrates reliability validation practices and disclosure/assurance information for mission performance information,
- integrates critical risks, management challenges, controls, and related remedial strategies and actions information, and
- illustrates how management uses financial data throughout the year in its decision-making process.

Alternatively, or additionally, more focus could be directed to the Special Awards component to highlight best practices in mission/performance results reporting. For the FY 2022 CEAR awards, the CEAR Board did focus 50 percent of the Special Awards to the performance results presentations in the AFRs/PARs.

The CEAR Board is interested in your views on this topic and any comments on how the CEAR Program might be adjusted in future years to better promote and inspire improvements to accountability reporting and deliver value to participants in the program. Comments should be sent to AGA's CEAR Program Manager Christen Denson, at cdenson@agacgfm.org.

CONCLUSION

Each entity's PAR or AFR is an important vehicle for presenting service efforts, costs, and accomplishments. 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.

The CEAR program provides actionable and specific recommendations and serves as a consistent mechanism for entities improve their PARs, AFRs, and SPFIs. The program also publicly recognizes the dedication and hard work of individuals within the entities who prepare the reports. The program also provides developmental and service opportunities for reviewers who perform in-depth analyses of other entities' PARs, AFRs, and SPFIs and learn how to make their own entities' reports better. Further, the readers have the assurance that the entities have prepared highly informative, useful, and complete documents that are reflective of the entity's participation in the program.

REPORT ELEMENTS NOT TO OVERLOOK

Agency Head Message - Many agency head messages describe the agency's accomplishments without identifying the agency's mission and strategic goals. Presenting the mission and strategic goals in the agency head message would enable the accomplishments to have a context. Further the message should identify any issues or challenges associated with the mission and the agency's response thereto, and the results of the auditors' report. Adding this information would demonstrate the Administrator's acknowledgement of the issues and audit results and enhance the integration and cohesiveness of the overall report. Nevertheless, we also noted that many agency head messages are long and overwhelmingly positive. While challenging to write, a concise but balanced agency head letter is encouraged.
Performance Reporting - Many reports fail to present narrative or performance measures that help readers assess the relative efficiency and effectiveness of programs, and do not discuss the entity's performance measurement process. A-136 states that the MD&A should summarize organizational performance information, including the agency's success in achieving key performance goals for the year. Further, the MD&A should summarize organizational performance goals, objectives, and results (including output and outcome measures) and link goals to cost categories or responsibility segments associated with net cost and/or budgetary resources. Adding this required information would increase readers' understanding of relationship between performance and costs and how the entity manages and measures program performance. The following actions should also be considered to improve performance reporting: • Provide additional context and discussion of each strategic goal and objective and related performance measures; • Where data is available, provide more direct alignment between selected performance measures and the performance status; • For measures/metrics that were not met - identify why those metrics were not met (would provide a more balances presentation), and • Provide comparative information on selected performance results.
Enterprise Risk Management – Most agencies discuss the ERM program, required by the July 2016 revisions to OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. However, improvements could be made to ensure that this discussion is not a restatement of the requirements, but rather is a more robust description of how ERM is embedded in the agency mission and to highlight the results of having done so. The report should discuss the maturity of ERM and fraud risk management programs and what has been achieved or remains to be achieved.
Forward-looking Information – OMB Circular A-136, Section II.2.5 states that "Forward-looking information should reflect entity-specific known and anticipated risks, uncertainties, future events or conditions, and trends that could significantly affect the entity's future financial position, condition, or operating performance and entity actions that have been planned or taken to address those challenges." Although most reports present "forward-looking information," they frequently fail to identify the entity-specific risks, uncertainties, future events or conditions, and trends that are triggering the actions the agency plans to take in ensuing years. Instead, many agencies focus inward on operational and staffing challenges and other short-term initiatives, rather than outwardly focused emerging issues and risks that can impact

program performance and changes to mission delivery. Providing this information would help readers understand the reasons for the planned future actions.
Resolving Audit Findings – Agencies should summarize the planned timeframes for correcting audit weaknesses and instances of non-compliance. Unfortunately, many weaknesses persist year after year. Rather than say that the agency is making remediation progress (i.e., a general statement), agencies should highlight root causes, short-and long-term actions and the timeline for such corrective actions. This will improve transparency and provide more accountability for remediation results.
IG Summaries of the Most Serious Management and Performance Challenges - In many Inspectors General (IG) summaries of the most serious management and performance challenges, the IG does not assess the required agency progress addressing the challenges. This causes management to prepare an extensive description of steps it has taken and plans to take for each of the challenges. • The reader should be able to readily understand management's position and ongoing and planned actions (including timeframes for completion). The management response should be concise, and any differences/disagreements should be explained. • Some agencies work with the IG to include within the IG summary, a complete assessment of progress would enable readers to view the progress as more objective, plus avoid conflicts in the report.
Editorial Matters - There are frequent issues with acronyms, typographical issues, rounding errors, and inconsistent fonts/formats. Most reports would benefit by a thorough editing process to: • Eliminate inconsistencies that could cause reader confusion; • Use one format consistently throughout the document to increase the report's professional appearance; • Ensure that acronyms are spelled out when first used (perhaps by report section), then consistently used, to improve the readability of the document; and • Resolve rounding errors in statements, tables, and footnotes. A leading practice is to have a cold reader, who has a high level of technical knowledge, perform a final review of the AFR/PAR before publication. Also, agencies should review the document after uploading it to the agency website to ensure that formatting is consistent with the published document in its final form.
Responsiveness to Prior Year CEAR Comments – Agencies should ensure that comments to prior year AGA recommendations are responsive and if a recommendation is not implemented, sufficient detail should be provided to explain the reasons why. Agencies are also encouraged to submit a crosswalk of the CEAR Guidelines to the AFR/PAR.

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2022 GUIDELINES FISCAL YEAR 2023		
#	**Description**	**Guideline**
1.	The Guidelines have been edited throughout, to conform to minor wording edits made to the revised OMB Circular A-136.	
2.	The Guidelines have been clarified to discuss that risk and forward-looking information, which are required in the MD&A, may be discussed throughout the MD&A (as long as it is integrated into the MD&A as a whole) or in a separate section. For significant entities, the risk and forward-looking information should include reporting the efforts taken or planned to assess, measure, and mitigate financial risks related to climate change.	Guideline I.C.2 and Guideline 1.C.28
3.	The Guideline pertaining to the MD&A analysis of the entity's financial results, position, and condition has been modified to reflect changes in OMB Circular A-136 requirements. Significant changes to be discussed in the MD&A include (1) changes in excess of 10 percent that are material to the agency's financial statements; (2) changes in excess of 10 percent and $10 billion, and (3) changes in excess of $50 billion (regardless of percentage change). Factors to consider in identifying significant changes include likely public or congressional interest in the change and historical trends in the amount. Note – for **significant entities**, these significant changes are also expected to be discussed in the financial statement notes, in more detail than presented in the MD&A. The MD&A discussion should summarize and may cross-reference to the more detailed discussion in the notes.	Guideline I.C.11 and Guideline I.D.III.I.3
4.	A Guideline has been added indicating that the Department of Veterans Affairs should report in its MD&A the present value of projected future payments for the Veterans Pension Program.	Guideline I.C.13

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2022 GUIDELINES FISCAL YEAR 2023		
#	**Description**	**Guideline**
5.	Various Guidelines have been modified to clarify accounting and disclosures for seized and forfeited cryptocurrency and other digital assets. Current FASAB standards to not define or provide recognition or valuation criteria for cryptocurrency or other digital assets. Until FASAB issues specific guidance to the contrary, cryptocurrencies and other digital assets are considered non-monetary instruments and should be accounted for/disclosed as follows: • **Seized** cryptocurrency/digital assets should not be recognized as an asset with an offsetting liability (because only monetary instruments are recognized). • **Forfeited** cryptocurrency and other digital assets should be recognized at fair market value at the time of forfeiture, with an offsetting deferred revenue when the forfeiture judgement is obtained. (See SFFAS 3, paragraphs 70-71). • The types and quantity of **Forfeited and seized** cryptocurrency and other digital assets, as well as the fair market value (at time of seizure or forfeiture) should be disclosed. Note 1, *Summary of Significant Accounting Policies*, should disclose the accounting treatment of any seized and forfeited cryptocurrency and any other digital assets and disclose that the assets are considered non-monetary instruments.	Guideline I.D.III.B.9, Guideline I.D III.I.6 and Guideline I.D.III.I.12
6.	The Guideline pertaining to COVID-19 Activity has been updated to streamline both the MD&A and note disclosure requirements. These disclosures are required for COVID-19 activity that was material in FY 2022, whether or not it is material in FY 2023, as well as COVID-19 activity that was material in FY 2023, whether or not it was material in FY 2022. (If not material in either year, a separate COVID-19 note is not necessary.)	Guideline I.C.12 and Guideline I.D.III.I.45
7.	A Guideline has been added to clarify that the liabilities for Federal employee and veteran benefits include the actuarial portion of these benefits and unfunded accrued annual leave, but not the liabilities related to funded employee accrued salary or annual leave, which are reported in Other Liabilities. (Regarding unfunded accrued annual leave, if entities do not use the Federal employee and veteran benefits note, they may report unfunded accrued annual leave in Other Liabilities but must separately disclose this amount within that note.)	Guideline I.D.III.B.17 and Guideline I.D. III.I.24

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2022 GUIDELINES FISCAL YEAR 2023		
#	**Description**	**Guideline**
8.	A Guideline has been added to indicate that financial statement notes that refer to only one line item on a statement should generally be titled the same as the line item.	Guideline I.D.III.I.1
9.	A Guideline has been modified related to Payment Integrity. For FY 2023, agencies with High-Priority programs (programs with estimates of improper payments resulting in monetary loss that exceeds $100 million annually) are **required** to provide in their AFR or PAR a summary of their payment integrity activities and results. (in FY 2022 this was encouraged, but not required.) The summary should include: • In plain language, a description of improper payments made by the agency; an estimate of the improper payment amount and rate; an explanation of the causes of improper payments; and any major actions taken or planned to mitigate those causes. • An explanation for changes in payment integrity methodologies, activities, or results that occurred during the reporting period. • A hyperlink for PaymentAccuracy.gov and should not be in conflict with data that is available on PaymentAccuracy.gov as PaymentAccuracy.gov is intended to be the complete source for all qualitative and quantitative payment integrity information, including contextual information. (Note - All agencies that report improper payments as part of the Annual Data Call under Phase 2 of OMB M-21-19 are also encouraged to report this information in FY 2023, and in FY 2024 this will be required.)	Guideline I.E.8

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2022 GUIDELINES FISCAL YEAR 2023		
#	**Description**	**Guideline**
10.	A Guideline has been added that **requires** all reporting entities covered by the Commerce, Justice, Science, and Related Agencies Appropriations Act must report the following Grants Program information pursuant to OMB Memorandum, M-16-18, *Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts.* a. Information about future actions the entity will take to resolve undisbursed balances for grant awards for which the period of performance has expired. b. The method that the entity uses to track undisbursed balances for expired grant awards. c. The identification (or dollar amounts) of undisbursed balances for expired grant awards that may be returned to the Treasury (i.e., the amount of undisbursed balances from expired grants whose underlying budget authority has been canceled). d. The number of expired grant awards with undisbursed balances and the amounts that have not been obligated to a specific grant or project remaining in the appropriations accounts (i.e., appropriated, but unobligated amounts) as of September 30, 2023, 2022, and 2021. All other agencies may (but are not required to) report this information.	Guideline I.E.12

#	Description	Source
	CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES	
	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 or Performance and Accountability 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, 2023.	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
7.	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. The address should be the specific address at which the report is located, either in a single file and/or multiple files.[8]	
8.	Internet links should be included in the text to enable readers to access additional information. The links should be user-friendly, i.e., not require searching or multiple clicks.	
9.	A Table of Contents should be included.	
10.	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, *Management's Responsibility for Internal Control and Enterprise Risk Management*	

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	**Description**	**Source**
	Section I – AFR and PAR	
	Part A – Overall Report	
	(A-123), should be identified. Specifically, there should be a section and table of contents reference labeled "Analysis of Systems, Controls, and Legal Compliance." b. The location of the IG's summary of the most serious management and performance challenges should be separately identified.	
11.	The page numbers in the AFR or PAR should be sequential.	
12	The report should be logically organized with a structure easy to navigate and that facilitates understanding.	
13.	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.	
14.	Formats for presenting similar information should be consistent.	
15.	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.[7]	
16.	The report should avoid including materials that are not needed for presenting performance and accountability information.	
17.	The use of technical language, jargon, and acronyms should be limited.	
18.	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.	

[7] 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	
	Part A – Overall Report	
19.	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).	
20.	Vignettes, success stories, and examples should be used to illustrate abstract, complex information and improve readability. They should be contiguous to and complement the text they illustrate.	
21.	Photographs and graphics should be used to increase visual appeal. They should be contiguous to and complement the text they illustrate.	
22.	The report should contain a glossary of acronyms.	
23.	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.	
24.	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.	
25.	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 address the major widely-recognized issues and challenges associated with the agency's mission and the agency's response thereto.	
5.	The Agency Head Message must contain an assessment by the agency head of the completeness and reliability of the performance and financial data used in the report.	A-136, Section II.1.1; A-11; Section 240.26 (for PARs)
6.	The Agency Head Message must describe any material inadequacies in the completeness and reliability of the data, and the actions the agency can take and is taking to resolve such inadequacies.	A-136, Section II.1.1
7.	The Agency Head Message should describe any material weaknesses in internal control and actions the agency is taking to resolve the weaknesses.	A-136, Section II.1.1
8.	The Agency Head Message should address the auditors' report, including the reports on internal control and compliance with laws and regulations.	
9.	The Agency Head Message should be well-rounded and candid.	
10.	The Agency Head Message should be non-partisan.	
11.	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 IG's summary of the most serious challenges.	

PART C — MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)[8]		
1	The information in the MD&A may be organized in any manner that management determines would be beneficial to users. There is no requirement that the information be presented in sections that correspond to each type of required information. The topics within the MD&A should contain section titles that would be meaningful to the report.	
2	The MD&A should be balanced (presenting positive and negative results), integrated, concise, and understandable. Information on risk, including both financial risk and risk to the agency's achievement of its goals and objectives must be discussed in the MD&A. Risk can be addressed in a separate section of the MD&A or discussed throughout the MD&A sections, as appropriate.	A-136, Section II.2.1
3.	Although certain 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.	
4.	The MD&A should reflect a joint effort of the CFO, Performance Improvement Officer (PIO), program offices, and offices responsible for performance reporting,	
5.	The MD&A should summarize the mission and organizational structure of the reporting entity (including any consolidated or disclosure entities under SFFAS 47), and the entity's major programs (as defined by management and consistent with the Statement of Net Cost (SNC)). In addition, the MD&A should summarize organizational performance information, including the agency's success in achieving key performance goals for the year.	A-136, Section II.2.2
6.	The MD&A should summarize organizational performance goals, objectives, and results (including output and outcome measures) and link goals to cost categories or responsibility segments associated with net cost and/or budgetary resources, as appropriate.	A-136, Section II.2.2
7.	A description of the entity's performance measurement process is helpful for understanding how the entity manages and measures program performance.	

[8] 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 MD&A.

8.	The performance discussion should include narrative or performance measures that help the reader assess the relative costs, efficiency, or cost-effectiveness of programs.	
9.	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.	
10.	Agencies producing an AFR should state when and where the APR will be available.	A-136, Section II.2.2
11.	The MD&A should provide an integrated summary of the entity's financial results, position, and condition and performance, including: a. Significant changes, which include (2) changes in excess of 10 percent that are material to the agency's financial statements; (2) changes in excess of 10 percent and $10 billion, and (3) changes in excess of $50 billion (regardless of percentage change). Factors to consider in identifying significant changes include likely public or congressional interest in the change and historical trends in the amount. (Note – for significant entities, these significant changes are also expected to be discussed in the financial statement footnotes, in more detail than presented in the MD&A. The MD&A can summarize and cross-reference key notes discussing these significant changes.) b. purpose, source, and type of budgetary resources, including any supplemental appropriations, and the relationship between any fees collected and the cost of goods or services provided; and c. financial management issues arising during the reporting period and entity-specific financial risks and actions take or planned to mitigate those risks.	A-136, Section II.2.3

12.	The MD&A should continue the FY 2022 discussion of the financial impact on the entity, if significant, of the Federal Government's response to the coronavirus disease 2019 (COVID-19), focusing on FY 2023 activity. The discussion should summarize the purpose of the budgetary resources received in FY 2023, obligations incurred, and the financial and performance impact of the additional budgetary resources.	A-136, Section II.2.3

	Note - Information about FY 2022 should be included if significant amounts of COVID-related budgetary resources appropriated prior to FY 2022 were (1) expended in FY 2022 but not in FY 2023, (2) expended in 2023, or (3) remain at the end of FY 2023.	
13.	The Department of Veterans Affairs should report in its MD&A the present value of projected future payments for the Veterans Pension Program.	A-136, Section II.2.3
14. .	Entities required to report a Statement of Social Insurance (SOSI) should discuss critical measures pursuant to SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*, paragraphs 23 through 27, in a table or other display showing such items as net costs, assets, liabilities, net position, and the open group measure.	A-136, Section II.2.3
15.	Charts and graphs should be used to present the significant balances and major changes from prior years.	
16.	Graphics should be used to improve the understanding of complex financing streams.	
17.	The financial amounts in the MD&A should be consistent with amounts in the financial statements.	
18.	The MD&A should state the limitations of the financial statements using the following or similar language: The financial statements are prepared to report the financial position and results of operations of the reporting entity, consistent with 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.	A-136, Section II.2.3
19.	The MD&A must summarize: a. the agency's financial management systems, including systems critical to financial reporting and financial control;	A-136, Section II.2.4

	b. the agency's financial management systems improvement strategy; and c. efforts to maintain compliance with applicable laws.	
20.	The section should provide management's assurances related to the FMFIA and the FFMIA in a single statement or two separate statements in a section labeled "Analysis of Systems, Control, and Legal Compliance."	A-136, Section II.2.4
21.	The assurance statement(s) for the FMFIA and FFMIA must be signed by the entity head.	A-136, Section II.2.4
22.	The statement related to the FMFIA should provide management's assessment of the effectiveness of the entity's internal controls (FMFIA §2), and an assessment of whether financial management systems comply with Federal financial systems requirements (FMFIA §4);	
23.	Corrective action plans for FMFIA material weaknesses, including target dates for completion, should accompany the statement of assurance or be included in Other Information.	
24.	Financial management systems that are not in substantial compliance with FFMIA must be identified, along with the remediation activities planned or underway, the target dates for remediation, and the offices responsible for bringing systems into compliance.	A-136, Section II.2.4
25.	The corrective action plans and remediation activities should indicate whether the entity is on target to achieve the projected target dates or slippage has occurred from target dates reported in the prior year's report; and if the latter, the reasons for the slippage and how the slippage shall be offset.	
26.	In instances where management does not include in the assurance statement findings disclosed in the auditors' report, management should explain why it does not agree and must describe how the disagreement will be addressed.	A-136, Section II.2.4
27.	If there has been a previous assertion of an unmodified opinion on previously issued financial statements and an error in the financial statements required a restatement, the MD&A should include a discussion of events that caused the restatement and the nature of the error; and should include the amount(s) of the material misstatement(s), the effect(s) on the previously issued financial statements, and actions taken after discovering the misstatement.	A-136, Section II.2.4

28.	The MD&A should present forward-looking information reflecting entity-specific known and anticipated risks, uncertainties, future events or conditions, and trends that could significantly affect the entity's future financial position, condition, or operating performance. Entity actions that have been planned or taken to address those challenges should be discussed. Forward-looking information may be discussed throughout the MD&A (if it is integrated into the MD&A as a whole) or in a separate section. The forward-looking information should include the efforts taken or planned to assess, measure, and mitigate financial risks related to climate change that could affect the entity's financial performance, position, or condition, including risks to assets, such as property, plant, and equipment; loan portfolios for loan and loan guarantee programs affected by climate-related events; contingent liabilities, and program costs.	A-136, Section II.2.5
29.	The reasons for the unique risks, uncertainties, future events, conditions, or trends should be presented to provide context for the actions planned or already taken.	

PART D – FINANCIAL SECTION		
I. CFO Letter[9]		
1.	The AFR may include a letter from the entity's CFO that briefly summarizes: a. planned time frames for correcting audit weaknesses[10] and instances of noncompliance; b. any 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.	If included, the letter should: 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.	

[9] The Financial Section may, but is not required to, contain a CFO Letter,

[10] 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.	If the Report includes a memorandum from the IG transmitting the auditors' reports, the transmittal letter should: a. identify the audit requirements and objectives; b. state the audit results, referencing: i. the opinion on the financial statements; ii. whether the entity had effective[11] internal control over financial reporting (including safeguarding assets) and compliance with laws and other matters; iii. whether the entity's financial management systems substantially complied[12] 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.: 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.	GAO/CIGIE Financial Audit Manual 670.21 & 670B
2.	The auditors' reports should be dated November 15, 2023, or prior.	A-136, Section I.5
3.	The auditors' report on the financial statements may be 1) combined with the reports on internal control over financial reporting and compliance with laws, regulations, contracts, and grant	OMB Bulletin 24-01, *Audit Requirements for*

[11] 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).

[12] 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.

II. Auditors' Reports		
	agreements; or 2) separate from the reports on internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements, in which government audit standards requires a reference to those reports	*Federal Financial Statements* (OMB Bulletin 24-01), para 7.1
4.	The auditors' report(s) must state that the audit was conducted in accordance with *Government Auditing Standards* and the provisions of OMB Bulletin 24-01, unless the auditor is also giving an opinion on internal control. (If an auditor is giving both an opinion on the financial statements and an opinion on internal control, the OMB Audit Bulletin does not provide additional requirements; thus, referring only to *Government Auditing Standards* is appropriate.)	OMB Bulletin 24-01, para 7.2.
5. .	The auditors' report on the financial statements must 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.[13] 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. 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. 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.	OMB Bulletin 24-01, para. 7.3 and 7.4
6.	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	OMB Bulletin 24-01, para 7.5

[13] For agencies whose financial statements receive other than an unmodifiedd opinion, recommendations will be provided, but a Certificate cannot be awarded.

II. Auditors' Reports		
	disclosed in the financial statements that, using professional judgment, is of such importance that it is fundamental to users' understanding of the financial statements. a. The auditors' report may include an "other matter" paragraph if the auditor considers it necessary to draw users' attention to any other matter other than those 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, such as certain situations related to prior period financial statements that have been audited by a predecessor auditor or have not been audited.	 OMB Bulletin 24-01, para 7.6
7.	When there is a restatement of previously issued financial statements to correct a material misstatement, the auditors must include certain information in an emphasis-of-matter paragraph in the reissued or updated auditors' report on the restated financial statement(s), as indicated in AU-C 560, 700, 705, 706, and 708, such as: 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; 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; c. a reference to the note(s) to the financial statements that discusses the restatement; and 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 to prevent or detect the misstatement and what action management has taken to address the deficiency.	OMB Bulletin 24-01, para 7.7
8.	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 should include:	OMB Bulletin 24-01, para 7.8

II. Auditors' Reports		
	a. a statement 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.	
9.	An auditors' opinion on supplementary information (such as consolidating information in relation to the financial statements taken as a whole) should follow the requirements in AU-C 725, *Supplementary Information in relation to the Financial Statements as a Whole.*	OMB Bulletin 24-01, paras. 6.3 and 7.9
10.	An auditors' report reporting on RSI should follow the requirements in AU-C 730, *Required Supplementary Information.* (Consistent with AU-C 730.07, the auditors' report should explain, as applicable, whether any required supplementary information is omitted, any material departures from the prescribed guidelines, the auditor's inability to complete certain procedures, prescribed by AU-C 730.05, and unresolved doubts about whether the required supplementary information is presented in accordance with prescribed guidelines.)	OMB Bulletin 24-01, para 7.10
11.	An auditors' report reporting on other information included in the AFR or PAR should follow the requirements in AU-C 720.	OMB Bulletin 24-01, para 7.11
12.	The report on internal control should include: 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. an identification of significant deficiencies and material deficiencies in internal control over	OMB Bulletin 24-01, para 7.13

II. Auditors' Reports		
	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. If no material deficiencies were identified during the audit, the report must state that no deficiencies in internal control were identified that were considered to be material deficiencies during the audit of the financial statements.	OMB Bulletin 24-01, para 7.14
	If the auditor identifies any material weakness(es) not reported by the entity in its FMFIA Statement of Assurance, the auditor's report must include a statement about this.	A-136, Section II.2.5 and OMB Bulletin 24-01 para 7.14.
	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.	OMB Bulletin 24-01, para 7.15, AU-C 940
	d. in those instances where the auditor provides an opinion on internal control, 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; 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;	OMB Bulletin 24-01, para 7.16

II. Auditors' Reports		
	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' 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; xii. the auditors' manual or printed signature; and xiii. the date of the report.	
13.	The report on compliance should include: a. noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements identified in the audit, except for those instances of noncompliance that, in the auditor's judgment,	OMB Bulletin 24-01, para 7.17 and 7.19

II. Auditors' Reports		
	are clearly inconsequential; a description of the scope of the auditor's testing of compliance with provisions of laws, regulations, contracts, and grant agreements; and whether b. the tests they performed provided sufficient, appropriate evidence to support an opinion on compliance with provisions of laws, regulations, contracts, and grant agreements.[14] c. whether the objective (1) 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 such an opinion, or (2) was to provide an opinion on compliance with provisions of applicable laws, regulations, contracts, and grant agreements.	
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, 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.[15] 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; 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: i. which of the three requirements the reporting entity's systems did not substantially comply with;	OMB Bulletin 24-01, para 7.20

[14] 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.

[15] This requirement applies only to agencies encompassed by the CFO Act. 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.

II. Auditors' Reports		
	ii. the entity or organization responsible for the system(s) found not to comply substantially; iii. 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 iv. the recommended remedial actions and time frames for implementing the actions.[16]	
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.[17]	OMB Bulletin 24-01, para 7.21
17.	The final report(s) should be signed by the auditor.	A-136, Section II.1.1
18.	The auditors' reports should be easy to read, with the opinions clearly stated.	

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

17 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.

III.A Financial Statements - General		
1.	The basic financial statements should be included.[18] 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.[19] f. Statement of Social Insurance (SOSI), when applicable.[20] g. Statement of Changes in Social Insurance Amounts (SCSIA), when applicable. h. Related note disclosures.	A-136, Section II.3.2 to II.3.8
2.	The purpose and content of the financial statements should be described in laymen's terms.	
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.	

[18] AFRs or PARs 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.

[19] 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.

[20] 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,.

III.A Financial Statements - General		
4.	Comparative financial statements should be presented, except for the SOSI which has different requirements for the presentation of comparative data, and except in cases where Treasury and OMB have approved a single-year presentation. a. Notes should contain information necessary for an understanding of changes between the current and prior years.	A-136, Section II.3.1
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 primary 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 derive the consolidated amounts.	A-136, Section II.3.1
6.	Disaggregated Balance Sheets, Statement of Changes in Net Position, or Statement of Custodial Activity, when presented, shall be included in Other Information.	A-136, Section II.3.1
7.	With the exception of the Balance Sheet for which certain presentation rules have been prescribed, 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
8.	Schedule totals presented in the notes in support of amounts presented in financial statements must agree with the amounts presented in the financial statements.	A-136, Section II.3.1
9. .	Dollar amounts should be rounded to the nearest thousand dollar, or million dollar, based upon informative value. a. Entities should maintain the chosen rounding level throughout the statements notes and RSI (including MD&A).	A-136, Section II.3.1

III.A Financial Statements - General		
	b. Individual line items should sum to the column totals by adjusting the line items for differences created by rounding.	
10.	Line numbers should not appear on the financial statements.	A-136, Section II.3.1
11.	Footnotes should be sequentially numbered.	A-136, Section II.3.1
12.	Corrections of material errors should be presented by correcting the individual amounts in the financial statements of the period affected; or if the material 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). The information should include: a. The nature and cause of the known or likely misstatement(s), the amount(s) of the known or likely misstatement(s) and the related effect(s) on the previously issued financial statement(s) and the effect of its correction on relevant balances, and a notice that the previously issued financial statement(s) will or may be restated. should be disclosed in the footnotes, and 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.3.1
13.	Prospective changes in accounting principles should be reported in the following manner: a. report the change in accounting principle by recording and presenting an adjustment to the beginning balance of cumulative results of operations in the SCNP for the period that the change is made; b. present prior period financial statements presented for comparative purposes as previously reported; and c. disclose the nature of change in accounting principle and its effect on relevant balances.	A-136, Section II.3.1
14.	For retrospective changes in accounting principles, agencies should:	A-136, Section II.3.1

III.A Financial Statements - General		
	a. report the cumulative effect of the change as a prior period adjustment if only current period statements are presented, with the adjustment made, as applicable, to the beginning balance of cumulative results of operations and/or unexpended appropriations in the SCNP and to the beginning unobligated balance from prior year budget authority in the SBR; b. modify individual amounts on the financial statements in the earliest affected period presented (if the earliest period presented is not the period in which the change in accounting principle is retrospectively applied and the cumulative effect is attributable to prior periods, the cumulative effect should be reported as a prior period adjustment as stated in the previous bullet; and In addition, disclose the nature of the change in accounting principle and its effect on previously issued financial statements and relevant balances.	
15.	Changes to prior year financial statements (including notes) presented in the current year comparative financial statements that are made to conform to the current year presentation and that are not the result of a correction of an error or a change in accounting principle are generally changes in presentation. These include changes in aggregation of line items, such as other assets or other liabilities, reclassification changes for components of line items, and changes in presentation under this circular. Describe any significant change in presentation in Note 1.	A-136, Section II.3.1

III.B Financial Statements - Balance Sheet		
1.	The asset and liability line titles on the numbered lines shown in the template should be used. a. If a line title is not applicable to an entity, the line title should not be used. If a line title is immaterial to an entity, the entity must (1) use the numbered line title with the immaterial amount presented, (2) present the immaterial amount in the numbered line title as a discrete component under Other Assets or Other Liabilities, or (3) disclose the amount for the numbered line title under Other Assets or Other Liabilities. b. An entity may disaggregate a required line title into two or more entity-specific line titles. The detail must sum to the total that would otherwise be required for the numbered line item. c. Subtotal lines for numbered lines may be added where detail lines are used and, if added, must be placed underneath the detail lines.	A-136, Sections II.3.2.1 and II.3.2.2
2.	Entities should use “other than intragovernmental” to refer to amounts that are not intragovernmental but may use “with the public”.	A-136, Section II.3.2.2
3.	Entity assets should be combined with non-entity assets, except for non-entity assets meeting the definition of fiduciary assets.	A-136, Section II.3.2.3
4.	Intragovernmental assets must be reported separately from assets with the Federal Reserve, Government-sponsored enterprises and other non-consolidation entities (which would include organizations and individuals considered to be a part of the general public).	A-136, Section II.3.2.3
5.	Investments in Federal securities must be reported separately from investments in non-Federal securities.	A-136, Section II.3.2.3
6.	Gross receivables must be reduced to net realizable value by an allowance for doubtful accounts.	A-136, Section II.3.2.3
7.	Interest receivable should be reported as a component of the appropriate asset account.	A-136, Section II.3.2.3

8.	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.3.2.3
9.	For seized property, only monetary instruments should be recognized. If seized monetary instruments are reported, a corresponding liability should also be reported. Forfeited cryptocurrency and other digital assets should be recognized at fair market value at the time of forfeiture (see SFFAS 3, paragraphs 70-71). Forfeited and seized cryptocurrency and other digital assets should be disclosed.	A-136, Section II.3.2.3
10.	A note that discloses information about stewardship PP&E must be referenced, but no dollar amount should be shown on the Balance Sheet.	A-136, Section II.3.2.3
11.	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.3.2.3
12.	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.3.2.4
13.	Intragovernmental liabilities should be reported separately from liabilities to the Federal Reserve, Government-sponsored enterprises and other entities not considered to be consolidation entities (which would include organizations and individuals considered to be a part of the general public).	A-136, Section II.3.2.4
14.	Interest payable should be reported as a component of the appropriate liability account.	A-136, Section II.3.2.4
15.	Negative total loan guarantees should be reported as an asset, rather than as a liability.	A-136, Section II.3.2.4
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. The notes should disclose the actuarial liabilities, assumptions used to compute the actuarial liabilities, assets, and the components of the expenses for the period.	A-136, Section II.3.2.4

17.	The liabilities for Federal employee and veteran benefits include the actuarial portion of these benefits and unfunded accrued annual leave, but not the liabilities related to funded employee accrued salary or annual leave, which are reported in Other Liabilities.	A-136, Section II.3.2.4
18.	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.3.2.4
19.	The liability for insurance and guaranties programs, except social insurance and loan guarantee programs, should be reported a as a separate line item if material and as a component of other liabilities if immaterial. The separate disclosure for the insurance and guaranties programs would be in the Insurance Programs note; for the life insurance program in the Federal Employee and Veteran Benefits note.	A-136, Section II.3.2.4
20.	Liabilities that are immaterial to the entity and do not warrant separate reporting should be reported as Other Liabilities (with the amount and any additional information necessary to understand the liabilities disclosed in the notes to the financial statements).	A-136, Section II.3.2.4
21.	For FY 2023, 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. (Note: starting in FY 2024, for leases and other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases, the guidance in SFFAS 54, *Leases*, will apply.	A-136, Section II.3.2.4
22.	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.3.2.4
23.	The portion of unexpended appropriations and cumulative results of operations attributable to Funds from Dedicated Collections, if material, should be shown separately on a consolidated basis on the Balance Sheet, and should equal amounts disclosed in the notes. 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.	A-136, Section II.3.2.1, and II.3.2.5

24.	Unexpended appropriations reported on the Balance Sheet must equal unexpended appropriations reported on the SCNP.	A-136, Section II.3.2.5
25.	Cumulative results of operations reported on the Balance Sheet should equal cumulative results of operations reported on the SCNP.	A-136, Section II.3.2.5

III.C Financial Statements – Statement of Net Cost		
1.	The SNC should show the net cost of operations of the reporting entity, as a whole and by major programs. Programs not deemed "major" should be grouped together.	A-136, Section II.3.3.1
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.3.3.1
3.	The reporting entity should report the full cost, which consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other programs within the reporting entity and other reporting entities. 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.3.3.3
4.	Costs that are related to the production of outputs should be reported separately from non-production costs. 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.3.3.3
5.	The full amount of exchange revenue is to be reported on the SNC regardless of whether the entity is permitted to retain the revenue in whole or in part. Earned revenue should be deducted from the gross cost to determine the net cost of each program.	A-136, Section II.3.3.4

III.C Financial Statements – Statement of Net Cost		
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 program liabilities.	A-136, Section II.3.3.6
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 a program; and non-production costs that cannot be assigned to a program should be reported separately as "costs not assigned to other programs.	A-136, Section II.3.3.7
8.	Earned revenues that are immaterial or cannot or should not 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.3.3.8

III.D Financial Statements – Statement of Changes in Net Position		
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.	
2.	Agencies should present Funds from Dedicated Collections (FDC) on a consolidated basis in the SCNP and on a combined and consolidated basis in the notes. Agencies should label the presentation of the FDC as combined or consolidated amounts.	A-136, Section II.3.4.1
3.	Agencies have the option to use separate lines or columns to display information on Funds from Dedicated Collections on the face of the SCNP or to use an alternative format with parenthetical amounts within line-item titles.	A-136, Section II.3.4.1
4.	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 if one (or more) of the entity's Fund(s) from Dedicated Collections is (are) of immediate concern to the constituents of the fund, politically sensitive, controversial, or accumulating large balances or if the information provided in the financial statements would be a primary source of financial information for the public.	A-136, Section II.3.4.1
5.	Entities that include custodial collections on the Statement of Changes in Net Position may report the sources and disposition of the collections.	A-136, Section II.3.4.2B
6.	Material net position balances attributable to Funds from Dedicated Collections should be reported separately from all other funds.	A-136, Section II.3.4.3
7.	Nonexchange revenue, other financing sources, appropriations, and net cost of operations for Funds from Dedicated Collections meeting the criteria in SFFAS 27 should be reported separately.	A-136, Section II.3.4.3
8.	Beginning balances should agree with net position on the prior year's Balance Sheet.	A-136, Section II.3.4.4
9.	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.	

III.D Financial Statements – Statement of Changes in Net Position		
10.	The amount reported as net cost of operations should agree with the amount reported as net cost of operations on the SNC.	
11.	Net position-end of period should be consistent with net position reported on the current year's Balance Sheet.	

III.E Financial Statements – Statement of Budgetary Resources		
1.	The information in the SBR must be presented on a combined basis.	A-136, Section II.3.5.2
2.	Non-budgetary credit financing accounts, if any, should be displayed in a separate column.	A-136, Section II.3.5.3
3.	The amount reported as total status of budgetary resources must equal the amount reported as total budgetary resources available.	A-136, Section II.3.5.6

III.F Financial Statements – Statement of Custodial Activity		
1.	A SCA should be prepared if the entity collects amounts of non-exchange revenues for the General Fund of the Treasury, a trust fund, or other recipient entity, or certain exchange revenues (e.g., oil and gas revenues), ad specified in SFFAS 7.	A-136, Section II.3.6.1
2.	The components of cash collections should be separately reported.	A-136, Section II.3.6.3
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.3.6.3
4.	Accrual adjustments should be separately reported.	A-136, Section II.3.6.3
5.	The disposition of collections, including amounts transferred to others along with the names of the transferees, 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.3.6.4
6.	The total Custodial Revenue should equal the total of the Disposition of Collections. The Custodial Revenue less Disposition of Collections (i.e., net custodial activity) should equal zero.	A-136, Section II.3.6.5

III.G Financial Statements – Statement of Social Insurance		
1.	The SOSI should present, for the current and each of the four preceding years, 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; scheduled expenditures paid to or on behalf of current and future participants; and the difference between these two present values.	A-136, Section II.3.7.1
2.	The SOSI should include a summary statement at the end of the Statement that presents the open and closed group measures. 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. b. The summary section should include assets held by the program, if any, and the totals for the open group unfunded obligation.	A-136, Section II.3.7.1

III.H Financial Statements – Statement of Changes in Social Insurance Amounts		
1.	The SCSIA should reconcile the beginning and ending open group measures and present significant components of the changes in the open group measure for two years, e.g., the change in the valuation period; changes in demographic data, assumptions, and methods; changes in economic data, assumptions, and methods; changes in health care data, assumptions, and methods; changes in methodology and programmatic data; changes in law, regulation, or policy; and changes in the projection base.	A-136, Section II.3.7.1
2.	The reasons for the significant changes should be disclosed on the statement's face, in the notes to the financial statements, or both.	A-136, Section II.3.7.1

III.I Notes to the Financial Statements[21]		
1.	Notes that refer to only one line item on a statement should generally be titled the same as the line item.	A-136, Section II.3.8
2.	Information disclosed in the Summary of Significant Accounting Policies should not be duplicated elsewhere in the notes, although cross-references to relevant notes may be made.	A-136, Section II.3.8.1
3.	**Significant entities** are encouraged to disclose the reasons for significant changes to material line items on the Balance Sheet, SNC, and SCNP within the corresponding line-item note. Significant changes are (1) changes in excess of 10 percent that are material to the agency's financial statements; (2) changes in excess of 10 percent and $10 billion; and (3) changes in excess of $50 billion (regardless of the percentage change). Note - These significant changes to material line items are also summarized in the Analysis of Financial Statements section of the MD&A, which is expected to be at a higher level and not a duplicate of the more detailed discussion in the notes.	A-136, Section II.3.8
4.	The footnotes should be readable, understandable, informative, complete, and consistent. They should assist the reader in understanding the entity's operations and financial position.	
5.	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.	
6.	The footnotes should provide answers for all important questions. The line items and reported financial elements should be explained fully.	
7.	The Summary of Significant Accounting Policies: a. may state "The reporting entity is a component of the U. S Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U. S. Government entity. These financial	A-136, Section II.3.8.1

[21] When Note information is presented for the first time, it need not be reported for the prior year. When Circular A-136 no longer requires Note information for the current year that was required by A-136 for the prior year and when such information is not required by FASAB standards, it need not be reported for the prior year.

III.I Notes to the Financial Statements[21]		
	statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity;" b. should describe the reporting entity and identify its major components if not fully described in the MD&A; c. should describe any consolidated entities and disclosure entities and explain that disclosure entities are not consolidated entities;[22] d. should summarize the accounting principles and methods of applying those principles that management has concluded are appropriate for presenting fairly the entity's assets, liabilities, revenues, net cost of operations, changes in net position, and budgetary resources: • disclosing the basis for the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources; • describing changes in GAAP affecting the financial statements, including those resulting from the adoption of new FASAB standards (such as implementation of SFFAS 54 in FY 2024); and changes from one generally accepted accounting principle to another one that can be justified as preferable; and • describing any significant change in presentation. e. should explain the concepts such as FBWT and Funds from Dedicated Collections unique to Federal financial statements, as well as Federal budget terms and concepts. f. should disclose significant changes in the composition of the reporting entity or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes; g. should explain that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information;	

[22] Agencies with a large number of disclosure entities or balances resulting from transactions with disclosure entities may provide this information in a separate note and include a reference to that note in Note 1

III.I Notes to the Financial Statements[21]		
	h. should disclose that fiduciary cash and other assets are not assets of the Federal Government; i. if a "parent" or transferring entity involved in an allocation transfer with another Federal entity, should explain that there are amounts reported in its net cost of operations, changes in net position, and budgetary resources that reflect activity performed by another Federal entity; j. if an entity that reports liabilities for Federal employee pensions, ORB, and OPEB, including veterans' compensation, should disclose the entity's policy regarding consistency in the number of historical rates used to calculate the average historical Treasury rates from one reporting period to the next. k. if an entity that prepares a Statement of Social Insurance, should 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, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements.* l. If material, disclose the accounting treatment of any seized and forfeited cryptocurrency and any other digital assets, and disclose that the assets are considered non-monetary instruments.	
8.	The Summary of Significant Accounting Policies should disclose any additional significant accounting policies specific to the agency not reported in the other notes to the financial statements.	
9.	The accounting policy disclosures should be informative, especially to readers without a Federal government or accounting background.	
10.	The amounts of non-entity assets should be disclosed by type of asset. a. The intragovernmental non-entity assets should be disclosed separately from other non-entity assets. b. Information should be presented, when necessary, to provide an understanding of the nature of the non-entity assets.	A-136, Section II.3.8.2

III.I Notes to the Financial Statements[21]		
11.	Fund Balance with Treasury 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. b. Explanations should be provided for unobligated balances apportioned for future use. c. Discrepancies between the fund balance reflected in the entity's general ledger and the balance in the Treasury accounts should be explained. d. Any other information necessary for understanding the nature of the Fund Balance should be disclosed.	A-136, Section II.3.8.3
12.	The components of cash and other monetary assets shall be disclosed. Also disclosed should be: a. the nature and reasons for any restrictions on cash and other monetary assets; and b. bid deposits held in commercial banks and any restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects, if any, on net position of changes in the exchange rate that occur after the end of the reporting period, but before the issuance of the financial statements.	A-136, Section II.3.8.4
13.	The components of investments; and the acquisition cost, amortization method, amortized amount, interest receivable, net investment, other adjustments, and market value for each component, should be disclosed grouped by type of security. a. If the entity holds investments in Treasury securities for Funds from Dedicated Collections, the Investments footnote should disclose that:	A-136, Section II.3.8.5

III.I Notes to the Financial Statements[21]		
	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 dedicated receipts. iii. Treasury securities held by the Funds from Dedicated Collections 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 Funds from Dedicated Collections redeem their Treasury securities to make expenditures, the U. S. Treasury will finance those expenditures in the same manner that it finances all other expenditures. b. if the entity holds investments in non-Federal securities, disclose: i. the investment type, i.e., debt securities, equity securities or other assets; ii. the fair value measurements hierarchy classification (Levels 1, 2, 3 or other) by investment type; iii. a reconciliation of the beginning balance to the ending balance disclosing such investment activity as valuation adjustments, gains or losses on sales and dispositions, acquisitions, sales and repayments, changes in accrued dividends and interest, and other; and iv. if the reporting entity's non-intragovernmental investments are reported on the balance sheet using a method other than fair value, the reporting entity should reconcile the total fair value measurements disclosed in the table to the amount reported on the balance sheet.	
14.	The gross accounts receivable, the method used to estimate an allowance for uncollectible amounts for receivables, and the net amount due should be disclosed. The amounts related to material criminal restitutions should be separately disclosed.	A-136, Section II.3.8.6

III.I Notes to the Financial Statements[21]		
15.	The gross taxes receivable, allowance for uncollectable taxes, net taxes receivable, and method used to compute the allowance should be disclosed.	A-136, Section II.3.8.7
16. .	Entities reporting loans receivable, net and loan guarantee liabilities should disclose: a. the direct loan and/or loan guarantee programs administered 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 (FCRA), as amended, which requires that the present value of the subsidy costs which arises from interest rate differentials, interest supplements, defaults (net of recoveries, fee offsets, and other cash flows) associated with direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed; c. that direct loans are reported net of an allowance for subsidy at present value and loan guarantee liabilities are reported at present value. d. whether pre-1992 and other non-FCRA direct loans and loan guarantees are reported on a present value basis or are reported under the allowance-for-loss method; e. 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; f. 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; g. 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 reestimates; h. 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;	A-136, Section II.3.8.8

III.I Notes to the Financial Statements[21]		
	i. if appropriate, the subsidy expense resulting from reestimates that are included in the financial statements, but not reported in the budget until the following year; j. for reported foreclosed property, the 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; k. for direct loans obligated prior to FY 1992 and any other non-FCRA direct loans, a table that presents loans receivable, gross, interest and fees receivable, and estimated net realizable value of related foreclosed property; and: i. if the present value method is used, the present value allowance; ii. If the allowance-for-loss method is used, the allowance for loan losses; and iii. the net value of the assets related to the direct loans; l. for FRCA direct loans, that presents 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; m. a table that presents the total amount of post-1991 direct loans disbursed for the current and prior reporting years for each program; n. the subsidy expense for direct loan programs by component, specifically:	

III.I Notes to the Financial Statements[21]		
	i. the subsidy expense for new direct loans disbursed by program and component, during the current and prior years, i.e., interest rate differential costs, default costs (net of recoveries), fees and other collections, other costs, total; ii. the subsidy expense for modifications and re-estimates in the current reporting year; iii. the total direct loans subsidy expense; o. for each program, the budget subsidy rates for the current reporting year's cohorts by component, i.e., interest rate differential costs, default costs (net of recoveries), fees and other collections, and other costs; i. The following disclosure should be included "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 reestimates; p. a reconciliation between the beginning and ending balances of the subsidy cost allowance for outstanding FCRA direct loans and reported in the Balance Sheet; q. for each program with defaulted guaranteed loans from pre-1992 and any other Non-FCRA guarantees, a table that presents the gross receivables from defaulted guaranteed loans assumed for direct collection, related interest and fees 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; r. for each program with defaulted guaranteed loans from FCRA guarantees, a table that presents 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; s. for each loan guarantee program, a table that presents the face value of outstanding principal of	

III.I Notes to the Financial Statements[21]		
	guaranteed loans, the amount of outstanding principal that is guaranteed, in total and for the current and prior reporting years; t. for each loan guarantee program, a table that presents the liability for losses on pre-1992 guarantees using the present value or the estimated future default claims, the present value liability for post-1991 guarantees, and the total liability for loan guarantees; u. the subsidy expense for loan guarantees by component, specifically: i. the subsidy expense for new loan guarantees during the current and prior years, i.e., interest supplement, default costs (net of recoveries), fees and other collections, other costs, total; ii. the subsidy expense for modifications and re-estimates in the current reporting year; iii. the total loan guarantees subsidy expense; v. a table that presents the subsidy rates for loan guarantees by program and component (interest supplement costs, default costs (net of recoveries), fees and other collections, and other costs) for the current year's cohorts; w. a reconciliation between the beginning and ending balances of the liability for outstanding loan guarantees reported in the Balance Sheet for FRCA loan guarantees; x. the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan programs and loan guarantee programs. i. expenses for individual programs, if material, should be reported; and y. if a significant entity with loans receivable and defaulted guaranteed loans receivable, a summary table that shows the change in net receivables from the prior year.	
17.	Disclosures should be made for each of the following categories of inventory and related property (Inventories, Operating Materials and Supplies, Stockpile Materials, Seized Property, Forfeited Property, Seized and Forfeited Digital Assets, Foreclosed Property, and Goods Held Under Price Support	A-136, Section II.3.8.9

III.I Notes to the Financial Statements[21]		
	and Stabilization Programs), in accordance with Statement of Federal Financial Accounting Standard 3 Accounting for *Inventory and Related Property,* as amended, and Federal Financial Accounting and Auditing Technical Release (TR) 4, *Reporting on Non-Valued Seized and Forfeited Property*.	
18.	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. 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. b. Significant entities should include a table disclosing the year-to-year changes in net PP&E. Note: For FY 2024, additional disclosures will be required for certain leases – see SFFAS 54. For FY 2026, land values will be removed from the Balance Sheet – see SFFAS 59.	A-136, Section II.3.8.10
19.	Entities with heritage assets should disclose information in accordance with SFFAS 29, paragraphs 25 through 27. The note should describe the major categories of the heritage assets; 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. Entities should refer to unaudited supplementary information for information related to deferred maintenance and repairs.	A-136, Section II.3.8.11
20.	Intragovernmental other assets should be disclosed separately from other assets. Note - If amounts from numbered lines appearing on the Balance Sheet Template are included in Other Assets because they are immaterial, the proper numbered line title must be disclosed in the footnote.	A-136, Section II.3.8.12

III.I Notes to the Financial Statements[21]		
21.	Intragovernmental liabilities not covered by budgetary resources should be disclosed separately from other liabilities not covered by budgetary resources. a. Information needed to understand the nature of liabilities not covered by budgetary resources should be provided. b. Material amounts of liabilities that do not require the use of budgetary resources should be disclosed and briefly described. c. The note should also disclose the total liabilities covered by budgetary resources thereby enabling the total liabilities to be ascertained.	A-136, Section II.3.8.13
22.	The components of Federal debt and interest payable/Debt should be identified; and for each component, the beginning balance, net borrowing, premium/discount, Total principal balance, interest payable, ending balance, and names of agencies such as Treasury, the Federal Financing Bank, or entities other than Treasury or the Federal Financing Bank, to whom the debt is owed, should be disclosed. a. The intragovernmental debt should be disclosed separately from the debt owed to the public. with both agreeing to the amounts reported on the Balance Sheet. b. Disclose any other information relevant to debt (e.g., redemption or call of debts owed to the public before maturity dates, write-offs of Debts owed Treasury or the Federal Financing Bank, etc.). The illustrated Debt footnote differs for those entities issuing debt securities versus debt owed by other agencies.	A-136, Section II.3.8.14
23.	Entities responsible for administering pensions, ORB, and OPEB (including post-retirement health, civilian life insurance, veterans' compensation and burial, and veteran education benefits) should disclose a. a reconciliation of beginning and ending pension, ORB, and OPEB liability balances, broken out by program.	A-136, Section II.3.8.15

III.I Notes to the Financial Statements[21]		
	i. Significant pension, ORB, and OPEB programs should be presented individually in separate columns along with an "all other" column, if applicable, and a "total" column for each line item; b. Information related to pension assets; c. information about discount rates, and other assumptions; d. if responsible for administering pensions, the rates of interest and inflation, projected salary increases, and the cost-of-living adjustment. i. Separate rates must be disclosed for the Federal Employees' Retirement System (FERS), the Civil Service Retirement System (CSRS), and the military retirement system. e. If the assumptions used differ from those used by the Civil Service Retirement System, the Federal Employees' Retirement System, and the Military Retirement System, how and why the assumptions differ; f. if responsible for administering post-retirement health benefits, the rate of interest, the single equivalent medical cost trend rate, and the ultimate medical trend rate used to determine the health benefits liability and related expense; g. if responsible for administering civilian life insurance benefits, the rates of interest and salary; h. if responsible for workers compensation benefits, the cost-of living adjustments and the consumer price index-medical used to determine the benefits liability and related expense; and i. if responsible for veterans' compensation and burial benefits, the rates of interest and inflation used to determine the benefits liability and related expense. In addition, disclose the accounting policy that explains why only amounts due and payable are reflected as a liability for the Veteran Program. (the present value of projected future payments for the program should be reported in the MD&A.	
24.	Entities should disclose the amount of unfunded accrued annual leave within the Federal Employee and Veteran Benefits Payable note. (If entities do not use this note, they may report unfunded accrued annual leave in Other Liabilities but must separately disclose this amount within that note.)	A-136, Section II.3.8.15

III.I Notes to the Financial Statements[21]		
25.	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. a. Environmental and disposal liabilities involving multiple component entities should be disclosed by the component reporting entity recognizing the general PP&E until the general PP&E and the associated liability are transferred to another entity for cleanup, at which time, the liability should be recognized by the component reporting entity that will liquidate the liability. b. 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. c. Note – contingent liabilities related to litigation reported in the agency legal letter, including environmental and disposal related litigation, should be reported in the Other Liabilities note.	A-136, Section II.3.8.16
26.	Insurance Programs a. For exchange transaction insurance programs other than life insurance, disclosure: i. what is insured or guaranteed, for whom, and what other government agencies and/or commercial insurance programs administer or assume risk for any part of the program; ii. full costs, premiums collected, appropriations used, borrowing needed during the period, and the ability to repay the borrowing; iii. investing activities; iv. duration of the arrangement and renewal characteristics; v. premium pricing policies;	A-136, Section II.3.8.17

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III.I Notes to the Financial Statements[21]		
	vi. nature and magnitude of uncertainty of estimated amounts to be paid to settle future claims; vii. total amount of insurance-in-force coverage provided as of the end of the reporting period; and viii. any events that caused a material change in the amounts recognized during the reporting period. b. For nonexchange transaction insurance programs, there should be disclosure of: i. what is insured or guaranteed, for whom, and what other government agencies and/or commercial insurance programs administer or assume risk for any part of the program; ii. full costs, premiums collected, appropriations used, borrowing needed during the period, and the ability to repay the borrowing; iii. investing activities; i. any events that caused a material change in the amounts recognized during the reporting period; and ii. the components of the unpaid insurance claims liability to include beginning balance, claims expense, claims adjustment expenses, payments to settle claims, recoveries and other adjustments, and ending balance. c. For life insurance programs, there should be disclosure of: i. type of life insurance and specific characteristics of the product; ii. premium pricing policies; iii. full costs, premiums collected, appropriations used, borrowing needed during the period, and the ability to repay the borrowing;	

III.I Notes to the Financial Statements[21]		
	iv. investing activities; v. nature and magnitude of uncertainty of estimated amounts to be paid to settle future claims; vi. total value of life insurance policies issued at the end of the reporting period; vii. net cash surrender value of the policies at the end of the reporting period; viii. any events that caused a material change in the amounts recognized during the reporting period; and ix. the components of the changes in the liability for unpaid insurance claims to include beginning balance, claims expense, claims adjustment expenses, payments to settle claims, recoveries, and other adjustments, and ending balance.	
27.	The current portion and non-current portions of intragovernmental and of other than intragovernmental Other Liabilities should be disclosed separately. a. Information necessary to understand the nature of other liabilities should be provided. a. Legal liabilities reported in this note must be consistent with accrued probable contingencies reported in the Contingencies note. b. If amounts from numbered lines appearing on the Balance Sheet Template are included in Other Liabilities because they are immaterial, the proper numbered line title must be disclosed in the footnote. c. Disclose accrued funded payroll and leave, contingent liabilities, allocation or special drawing rights, actuarial liabilities for Treasury-managed benefit programs, other liabilities without related budgetary obligation and other liabilities with related budgetary obligations. For FY 2024, disclosures also include lease liability and unearned lease revenues, according to SFFAS 54.	A-136, Section II.3.8.18

III.I Notes to the Financial Statements[21]		
28.	Leases – For FY 2023: a. If the entity is a lessee on a capital lease, there should be separately for both Federal and non-Federal leases i. a summary of the assets under capital lease, by major asset category, and the related total accumulated amortization; ii. a description of the nature of the leases, such as major asset categories and/or the number of locations where building space is leased, the range of dates when lease terms expire, and, if applicable, the accounting treatment of rent holidays and leasehold improvements; iii. a table disclosing the future payments for each of the next five years, all years thereafter, and in total; imputed interest, executory costs, and net capital lease liability for leases payable; and iv. disclosure of total capital lease liabilities covered by budgetary resources and not covered by budgetary resources. b. If the entity is a lessee on an operating lease, there should be for both Federal and non-Federal leases separately: i. a description of the nature of the leases, such as major asset categories and the range of dates when lease terms expire; and ii. a table disclosing the future payments for each of the next five years, all years thereafter, and in total for non-cancellable leases payable with terms longer than one year.[23] c. If the entity is a lessor, there should be a:	A-136, Section II.3.8.19

[23] Disclosure of future payments for cancellable leases is optional, but if disclosed, future payments for cancellable leases should be separate from future payments for non-cancelable leases.

III.I Notes to the Financial Statements[21]		
	i. description of the lease arrangements, including disclosure of the commitment of the entity's assets, including the major asset category and lease terms; and ii. disclosure of projected future lease revenues by major asset category for all capital and non-cancelable operating leases with terms longer than one year. Note - Beginning in FY 2024, SFFAS 54 becomes effective and different disclosure requirements will apply.	
29.	Commitments and Contingencies a. Commitments that are not disclosed elsewhere should be disclosed in this note. b. 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 legal, environmental, and other contingencies, and claims that derive from treaties or other international agreements, should be disclosed separately. 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. c. Accrued probable contingencies disclosed in this note must agree with amounts reported in the Other Liabilities note. d. This note should include a reference to the note that discloses environmental liability if non-legal environmental and disposal loss contingencies are disclosed in this note.	A-136, Section II.3.8.20
30.	Funds from Dedicated Collections (FDC) are encouraged to be reported on both a consolidated and a combined basis. a. If an entity has material amounts of FDC collections: i. Federal and non-Federal amounts must be disclosed separately; and	A-136, Section II.3.8.21

III.I Notes to the Financial Statements[21]		
	ii. amounts should be disclosed for each line title used on the principal financial statements. b. The following statement may be included: Treasury securities reflect a Government commitment to the program and allow the program to continue to provide benefits required by law. When the benefits are paid, the way the Government finances the benefits is similar to the way it finances other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).	
31.	Notes Related to the SNC 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. b. Pricing policies and expected losses incurred providing goods or services to the public or other governmental entities should be disclosed.	A-136, Section II.3.8.22 A-136, Section II.3.8.23
32.	Entities should disclose that only certain inter-entity costs are recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost.	A-136, Section II.3.8.24
33.	Notes Related to the SBR a. The adjustments during the year to budgetary resources available at the beginning of the year that are necessary to reconcile the beginning balance to the prior year's ending balance should be disclosed along with an explanation thereof. i. All adjustments made to the prior year's ending balance to enable the total adjustments plus the prior year ending balance to equal the beginning balances reported in the SF-133, Report on Budget Execution and Budgetary Resources should be disclosed. b. The repayment requirements, financing sources for repayment, and other terms of borrowing authority used should be disclosed. c. The amounts of available borrowing and contract authority at the end of the period should be	A-136, Section II.3.8.25

III.I Notes to the Financial Statements[21]		
	disclosed. d. The amount of budgetary resources obligated for undelivered orders at the end of the period should be separately disclosed for Federal, non-Federal, paid, and unpaid amounts. e. The existence, purpose, and availability of permanent indefinite appropriations should be disclosed (or in Note 1 Summary of Significant Accounting Policies). f. Information about legal arrangements affecting the use of unobligated balances should be disclosed. g. The following material differences should be explained: i. Differences between budgetary resources, obligations, and net outlay amounts from the prior year (i.e., FY 2022 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 2022 amounts in the FY 2024 Budget). ii. Differences between distributed offsetting receipts from the prior year (i.e., FY 2022) SBR and the actual amount from the "Federal Budget by Entity and Account" in the Analytical Perspectives of the Budget (i.e., the FY 2022 amounts in the FY 2024 Budget). iii. The disclosure should identify that the actual amounts for the current year (i.e., FY 2023) will be available at a later date.	
34.	The amount of any capital infusion received during the year should be disclosed.	A-136, Section II.3.8.25
35.	Entities that collect immaterial custodial revenues incidental to their primary mission may disclose the sources and amounts of the collections and the amounts distributed to others. .	A-136, Section II.3.8.26
36.	Entities with significant custodial collections may disclose a note that explains the nature, purpose, and impact of the custodial collections on the agency's financial statements.	A-136, Section II.3.8.27

III.I Notes to the Financial Statements[21]		
	a. The note should disclose (1) the basis of accounting, (2) for entities that collect taxes and duties, the factors affecting the collectability and timing of accounts receivable, (3) for entities that collect taxes and duties, cash collections and refunds by tax year and type of tax during the current fiscal year and during the prior fiscal year(s), as appropriate, and (4) the reason(s), if any, for not recording trust fund revenues in accordance with applicable law.	
37. .	Notes Related to the SOSI a. Entities that issue a SOSI should disclose: iii. the underlying significant assumptions; iv. the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements within the program; and v. 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. b. Entities responsible for the Medicare program should disclose the general revenue contributions under Medicare Parts B and D for the current law and alternative scenarios. c. Entities responsible for the Railroad Retirement program should disclose the financial interchange revenue received from the Social Security program.	A-136, Section II.3.8.28
38.	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: 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;	A-136, Section II.3.8.29

III.I Notes to the Financial Statements[21]		
	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; and d. 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. 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; and f. the number of fiduciary funds for which the entity has management responsibility.	
39.	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: 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.3.8.30
40.	If the specific amount of the restatement is unknown, the entity should disclose: 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);	A-136, Section II.3.8.30

III.I Notes to the Financial Statements[21]		
	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.	
41.	The entity should include a footnote reconciling the entity's net costs to its net outlays. a. The purpose, nature, and significant line items in the reconciliation should be explained. b. Beginning in FY 2024, entities may present the reconciliation as a basic financial statement, rather than as a note, as permitted by SFFAS 53.	A-136, Section II.3.8.31
42.	Entities that disclose the existence of public-private partnerships (P3s) should disclose the following: 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; or a statement that such amounts are not known; c. a description of 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 through a third party, and any non-monetary payments or in-kind contributions), 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; e. the disclosures of risk should state in plain language the nature and magnitude of risk of loss; f. amounts recognized on the statements, instances of non-compliance with provisions governing the	A-136, Section II.3.8.32

III.I Notes to the Financial Statements[21]		
	partnership's 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 or default; and g. the amounts received and paid by the government during the reporting periods and the amounts to be received and paid in the aggregate over the expected life of the public-private partnership. Similar agreements or contracts can be combined.	
43. .	For entities included in the agency's financial statements as disclosure entities, the agency should disclose information to meet the following objectives: 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.[24]	A-136, Section II.3.8.33
44.	For entities included in the agency's financial statements as related parties, the following should be disclosed: 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	A-136, Section II.3.8.33

[24] 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.

III.I Notes to the Financial Statements[21]		
	e. any other information necessary to explain the potential impact of the relationship on reported financial information.	
45.	Entities with a material amount of budgetary activity in FY 2023 associated with responding to COVID-19 (and the economic consequences of it) should include a separate COVID-19 note. a. If COVID-19 activity was disclosed in FY 2022 and the COVID-19 activities was material in FY 2023, the FY 2023 note should be comparative. If the activity was material in FY 2022 but not FY 23, the note should remain for FY 2023. However, if it was not material in FY 2022 or FY 2023 a separate COVID-19 note is not necessary; b. The note should include a table showing the source and amount of budgetary resources carried forward, new budget authority, rescissions, obligations incurred, and budgetary resources remaining available for future years; and c. The note should state the programs or activities funded with COVID resources, and the impact on the entity's assets, liabilities, costs, revenues, net position, and other results, and other information considered useful to readers of the AFR/PAR.	A-136, Section II.3.8.34
46.	Entities should disclose any significant events or transactions that occurred after the date of the Balance Sheet but before the issuance of the entity's audited financial statements that have a material effect on the financial statements and therefore require adjustments to or disclosure in the financial statements. If such disclosure is made elsewhere in the notes, this note should include references to the applicable notes.	A-136, Section II.3.8.35
47.	Disclose information about the collection of non-custodial non-exchange revenues including: (1) basis of accounting; (2) for entities that collect taxes and duties, factors affecting the collectability and timing of accounts receivable; (3) for entities that collect taxes and duties, cash collections and refunds by tax year and type of tax during the current fiscal year and during the prior fiscal year(s) as appropriate; and (4) the reason(s), if any, for not recording trust fund revenues in accordance with applicable law.	A-136, Section II.3.8.36

III.I Notes to the Financial Statements[21]		
48.	Note Related to the Government-wide Financial Report a. Significant entities, including those required to prepare statements in accordance with accounting standards other than those promulgated by FASAB, must disclose a reclassification of the Statement of Net Cost and Statement of Changes in Net Position. b. Significant entities (1) not using the Balance Sheet Template in OMB Circular A-136, and (2) those electing not to use the illustrative statement for Note 21 Dedicated Collections must disclose a reclassification of the Balance Sheet. c. The note should include the following language to explain the reason for the reclassification. To prepare the *Financial Report of the U.S. Government* (*Financial Report*), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet for agencies not using the Balance Sheet Template, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the *Financial Report* statements. This note shows the [Entity]'s financial statements and the [Entity's] reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated *Financial Report* line items. A copy of the 2022 *Financial Report* can be found here: Bureau of the Fiscal Service - Reports, Statements & Publications (treasury.gov) and a copy of the 2023 *Financial Report* will be posted to this site as soon as it is released. The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government. The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.	A-136, Section II.3.8.37

III.I Notes to the Financial Statements[21]		
	d. The Dedicated Collections Combined column should reflect all transactions that involve Funds from Dedicated Collections, including intra-entity and inter-entity transactions. i. Significant entities reporting a consolidated net position of Funds from Dedicated Collections on the Balance Sheet must disclose a crosswalk from a combined to the consolidated net position for the Funds from Dedicated Collections. ii. The Dedicated Collections Elimination column should reflect intra-entity transactions that involve only Funds from Dedicated Collections. iii. The All Other Amounts (with Eliminations) column should reflect inter-entity transactions that involve only non-dedicated collections. iv. The Eliminations between Dedicated and All Other column should reflect intra-entity transactions between Funds from Dedicated Collections and other funds. v. The Total column should reflect inter-entity transactions involving Funds from Dedicated Collections, inter-entity transactions not involving and Funds from Dedicated Collections, and intra-entity eliminations between Funds from Dedicated Collections and all other funds.	

III.J Required Supplementary Information (RSI)		
1.	All RSI should be presented on a comparative basis when meaningful (although information required for the first time need not be reported for the prior year).	
2.	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 in a schedule. 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.	A-136, Section II.3.9.2
3.	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.	A-136, Section II.3.9.3
4.	The report should: a. describe the entity's maintenance and repairs policies and how they are applied; b. discuss how it ranks and prioritizes maintenance and repair activities among other activities; c. identify factors considered in determining acceptable condition standards; 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; 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; f. provide beginning and ending deferred maintenance and repairs balances by category of PP&E; and g. explain significant changes from the prior year.	A-136, Section II.3.9.4

III.J Required Supplementary Information (RSI)		
5.	Entities operating social insurance programs should:[25] a. disclose the following (unless it is disclosed in the notes that are presented as an integral part of the basic financial statements): 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.3.9.5
6.	Budget information aggregated for the SBR should be disaggregated for each of the entity's major budget accounts in a Combining SBR. The total of the major accounts (and aggregate of smaller accounts) should agree with the amounts reported on the SBR.	A-136, Section II.3.9.6
7.	Entities that collect taxes and duties should provide information about the: 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	A-136, Section II.9.7

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

III.J Required Supplementary Information (RSI)		
	has no future collection potential and are therefore defined as write-offs; and d. amounts by which the trust funds may be over or underfunded in comparisons with requirements of law, if reasonably estimable.	
8.	For FY 2023 through FY 2025, as RSI, present a description of Land (PP&E and/or stewardship) and permanent land rights, its relationship to the entity's mission, the estimated land acreage by predominant use subcategory, and the estimated land acreage available for disposal or exchange. If permanent land rights are significant, present a general description of the different types of land rights acquired by the entity, whether such rights are permanent or temporary. Separate disclosure of PP&E land and stewardship land are required either in one table, or two tables. Comparative information is required and may be presented in a table. (Please note - These disclosures will transition to financial statement notes in FY 2026.)	A-136, Section II.9.8

PART E – OTHER INFORMATION		
1.	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. 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. A table summarizing the non-compliances with the FFMIA[26]: 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. presenting 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 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. h. If management does not agree with the auditor, management should explain why it does not agree, and must describe how the disagreement will be addressed.	A-136, Section II.4.1

[26] Agencies subject to the Accountability of Tax Dollars Act are not subject to the requirements of FMFIA. Hence this table may not be included.

2.	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 to what extent the quantity demanded was assumed to change because of the price differential.	A-136, Section II.4.2
3.	Entities that collect taxes may report the following: a. a perspective on the income tax burden; and b. information on the size of the tax gap.	A-136, Section II.4.3
4.	Entities with information on tax expenditures relevant to the performance of their programs may present such information.	A-136, Section II.4.3
5.	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. a. The agency head may comment on, but may not modify, the IG statement. b. The statement should be clearly identified as the IG's statement. c. The location of the statement should be identified in the Table of Contents. d. 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.	A-136, Section II.4.4
6.	Entities that have provided data to OMB for display on https://paymentaccuracy.gov/ should include the website hyperlink.	A-136, Section II.4.5
7.	Entities that have had a recovery audit and have received recommendations from their recovery audit contractors regarding actions that can be taken to prevent overpayments should report on the actions taken.	A-136, Section II.4.5

8.	For FY 2023, agencies with High-Priority programs (programs with estimates of improper payments resulting in monetary loss that exceeds $100 million annually) are required to provide in their AFR or PAR a summary of their payment integrity activities and results. (For FY 2024, all Executive Branch agencies that report improper payments in accordance with OMB Memorandum M-21-19 will be required to provide this information.) The summary should include: • In plain language, a description of improper payments made by the agency; an estimate of the improper payment amount and rate; an explanation of the causes of improper payments; and any major actions taken or planned to mitigate those causes; • An explanation for changes in payment integrity methodologies, activities, or results that occurred during the reporting period; and • A hyperlink for PaymentAccuracy.gov and should not be in conflict with data that is available on PaymentAccuracy.gov as PaymentAccuracy.gov is intended to be the complete source for all qualitative and quantitative payment integrity information, including contextual information.	A-136, Section II.4.5
9.	The report should include information, if applicable, about the entity's civil monetary penalties within their jurisdiction and the annual inflation 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 and description of the penalty, year enacted, latest year of adjustment, current penalty level in dollars or as a range, bureau name, and location for penalty update details.	A-136, Section II.4.7
10.	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.	A-136, Section II.4.8
11.	Significant entities with Federal grant programs must submit a brief high-level summary of expired, but not closed, Federal grants and cooperative agreements, including: a. a summary table of the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2023; and	A-136, Section II.4.9

	b. a brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported.	
12.	All reporting entities covered by the Commerce, Justice, Science, and Related Agencies Appropriations Act must report the following Grants Program information pursuant to OMB Memorandum, M-16-18, *Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts.* e. Information about future actions the entity will take to resolve undisbursed balances for grant awards for which the period of performance has expired. f. The method that the entity uses to track undisbursed balances for expired grant awards. g. The identification (or dollar amounts) of undisbursed balances for expired grant awards that may be returned to the Treasury (i.e., the amount of undisbursed balances from expired grants whose underlying budget authority has been canceled). h. The number of expired grant awards with undisbursed balances and the amounts that have not been obligated to a specific grant or project remaining in the appropriations accounts (i.e., appropriated, but unobligated amounts) as of September 30, 2023, 2022, and 2021. All other agencies may report (but are not required to report) this information.	A-136, Section II.4.9
13.	Significant entities must include hyperlinks to Climate Action Plans, Sustainability Reports and Implementation Plans, and other similar reports with information relevant to climate-related risk or climate-related financial risk. Significant entities are encouraged to report (this is optional) the following information to the extent it is available: Budget authority or outlays related to reducing the Federal Government's exposure to climate-related financial risks. Related expenditures include: a. preparedness for extreme weather events;	A-136, Section II.4.10

	b. efforts to reduce risks from sea level rise, such as investments in modeling, levees, or natural barriers; c. flood mitigation, flood communication, and flood mapping activities; d. maintenance and repairs to Federal facilities that aim to reduce future risks from climate change; e. investments in federally managed land, infrastructure, and waterways that reduce future climate risks; f. climate-smart agriculture practices; g. response, safety, and preparedness efforts around extreme heat; h. expenditures that improve energy efficiency and the capability of future climate-related risks; i. tools used to assess exposure to future climate risks; and j. incentives for nature-based solutions to climate risks. Significant entities are also encouraged to report (this is optional) the following four types of information regarding the entity's assessment and management of any significant climate-related risk: governance, strategy, risk management, and metrics.	
14.	Entities required to produce audit resolution reports from the Agency Head under 5 U.S.C. Appendix 3 section 5(b) may include such reports or a summary of agency audit resolution in the AFR or PAR as provided by the Reports Consolidation Act.	A-136, Section II.4.11

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
Part A – Performance Section[27]		
In implementing statutory requirements for financial, performance management, and other reporting, OMB Circular A-136, Section II.1 permits agencies to submit combined reports in instances where the consolidation of the reports will enhance the usefulness of the reported information. These reports are titled Performance and Accountability Reports (PAR) and are required to include in a separate Performance Section, the information that is required by the Government Performance and Results Act (GPRA), as amended. The source of those requirements is OMB Circular No. A-11 which are addressed below. Preparers and reviewers should realize, however, that some requirements may already have been presented in the MD&A, per the requirements of SFFAS 15 *Management's Discussion and Analysis,* and A-136, Section II.2. Hence, preparers should be careful to not unnecessarily repeat information presented elsewhere in the report.		
1.	The Performance Section should be linked to and from Performance.gov.	A-11, Section 210.8
2.	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 210.19.1.1
2.	The agency's mission statement should be brief, easy-to-understand, and usually no more than a sentence long	A-11, Section 210.19.1.2
3.	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 210.19.1.4

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
4.	Entities that contribute to Cross-Agency Priority Goals should include a list of Cross Agency Priority (CAP) Goals to which the entity contributes and explain the entity's contribution to the CAP goals. The report should direct readers to performance.gov with the following language, "Per the GPRA 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 210.19.2.1
5.	The section should present the general, outcome-oriented, long-term (strategic) goals for the entity's major functions and operations.	A-11, Section 210.19.3.1
6.	The section should present the entity's strategic objectives that reflect the mission, service or stewardship outcome or impact the agency is trying to achieve.	A-11, Section 210.19.4.1
7.	The section should present a brief narrative describing achievements during the last fiscal year on the strategic objectives, indicating where progress was made and where it was not, a. challenges encountered along with plans or proposed actions for overcoming them, if applicable should be described. b. An identification of the entity's progress as either noteworthy or requiring focused improvement must be included, with further explanation for the reasons for the characterization of the progress. c. Hyperlinks or citations to supporting evidence should be used to keep the description of progress brief.	A-11, Section 210.19.4.6

AGA

#	Description	Source
	CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES	
Section II – PAR		
8.	Performance goals that are agency priority goals should be identified [28],[29],[30]	A-11, Section 210.19.5.1
9.	The section should include a brief explanation of achievements over the last fiscal year, and an identification of significant challenges, if any, that impeded progress on the agency priority goals.	A-11, Section 210.19.5.6
10.	Progress made on performance goals should be reported. 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. b. Actual results should also be displayed for at least the five preceding years, if available. c. Missing, incomplete, preliminary, or estimated performance indicator information should be identified, along with the date when the actual information will be available. d. Brief explanations of causes of variances, changes in trends, and whether the target was met should be included. 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. 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, as	A-11, Section 210.11.6.1 *Items a-b:* A-11, Section 210.19.6.2 *Item c:* A-11, Section 210.19.6.4 *Item d:* A-11, Section 210.19.6.5 *Item e:* A-11, Section 210.19.6.6

[28] Agencies have the option of reporting the titles, organizations, and names of the agency officials responsible for achievement of the agency priority goals.

[29] Agencies have the option of reporting the problem opportunities being addressed by the agency priority goals, the relationship to the agency's strategic goals and strategic objective, key barriers and challenges, and relevant Congressional input.

[30] Agencies have the option of reporting targets and results for each reporting period for the agency priority goals.

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
	well as changed or dropped performance measures, and the reasons for the changes should be identified.	
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 210.19.7.1
12.	The actual results for the current and at least five preceding years should be displayed for other indicators, if available.	A-11, Section 210.19.7.2
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 210.19.7.3
14.	A description of progress made by the agency related to specific strategic objectives or performance goals advancing customer experience efforts, and specifically against “Priority Life Experiences,” as applicable to the agency.	A-11, Section 210.19.9.1
15.	The section should describe progress made on management priorities and challenges previously described in the Annual Performance Plan.	A-11, Section 210.19.10.1
16.	The section should describe how the agency is working with other agencies to achieve strategic objectives, agency priority goals, and performance goals. The description should include the responsibilities of key agency programs and external agency partners and the nature of their expected contribution to strategic objectives.	A-11, Section 210.19.10.2
17.	The section should include links or references to other more detailed plans, evaluations, or other studies to support the decisions and strategies described in the agency plan or report.	A-11, Section 210.19.10.3

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
18.	There should be an assessment by the agency head 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:[31] • the means to be used to verify and validate 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 • how the entity will compensate for any limitations to reach the required level of accuracy • a summary of how the entity uses data to promote improved outcomes should be included	A-11, Section 210.19.10.4

19.	Findings from agency-funded evaluations and other relevant evidence-building activities completed during the prior fiscal year, including those undertaken as part of the agency's Learning Agenda and Annual Evaluation Plan should be described. d. Any evidence related to its understanding of program performance, the problems the program aims to address, and external factors that might influence agency performance should be described. e. Findings from evaluations or other evidence-building activities were used in decision-making processes related to programs, policies, and budget efforts should be articulated i. The relative strength of the evidence should be addressed.	A-11, Section 210.19.10.5

[31] 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 Information[32]		
1.	The Summary includes the most relevant performance and financial information.	
2.	The Summary can be a 1-6 page high level 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.	
3.	The cover of the Summary should contain the name of the entity, the title of the report, and the fiscal year.	
4.	The Summary should identify the relationship between the Summary of Performance and Financial Information and the AFR or PAR and APR.	
5	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.	

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

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
SFFAS No.	**Description**	**Effective Date**
Section IV – Statements of Federal Financial Accounting Standards effective in future years		
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 9/30/23 (FY 2024) Early adoption is not permitted.
57	Omnibus Amendments 2019	Paragraphs 3-8, 11, 12 Beginning after 9/30/23 (FY 2024) Early adoption is not permitted.
59	Accounting and Reporting of Government Land	Permitted as Required Supplementary Information for FY 2023; Note disclosure for FY 2026
60	Omnibus Amendments 2021: Leases-Related Topics	Beginning after 9/30/23 (FY 2024) Early adoption is not permitted.
61	Omnibus Amendments 2023: Leases-Related Topics II	Beginning after 9/30/23 (FY 2024) Early adoption is not permitted.