Certificate of Excellence In Accountability Reporting® (CEAR) Program

GUIDELINES©
for preparing and evaluating Fiscal Year 2021 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 2021

TABLE OF CONTENTS

AGA

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR)

PROGRAM GUIDELINES
FOR FISCAL YEAR 2021

AGENCY FINANCIAL REPORTS AND
PERFORMANCE AND ACCOUNTABILITY REPORTS

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

The Certificate of Excellence in Accountability Reporting (CEAR) Program was established by the Association of Government Accountants in 1996, in conjunction with the Office of Management and Budget (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 been evolving during the last 25 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.

Hence, OMB initiated a Pilot Program in FY 2007. The Pilot Program allowed an entity to eliminate the Performance Section from the PAR and instead issue an 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 six 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.

<u>The Guidelines</u> - 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 five 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. That would be to provide a complete, yet concise, clear, inviting, and informative overview of how the entity is doing; what it has accomplished, particularly in relation to prior years and targets; and how it is managing its programs and resources. 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 manner in which the financial information is presented in the financial statements, the CEAR Program relies primarily on the organization auditing the financial statements to assure adherence with the applicable standards and criteria.

- **Part E** addresses the **Other Information** which contains, 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 non-compliances;

    - 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

[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.

Section V provides sections in which reviewers can **provide their overall impressions with and recommendations** for the PAR or AFR and SPFI. Space is provided for the reviewer to 1) identify 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.

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

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

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

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

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

THE EVALUATION PROCESS

The purpose of the CEAR Program is to recognize entities that issue complete, informative, and candid 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 presentation of the information
- Eliminate reporting or disclosure deficiencies
- Make the report more useful to the user
- Address editorial matters
- Improve the Summary of Performance and Financial Information (if one has been issued and reviewed).

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

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

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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 the manner in which 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. Hence, Section V provides two methods for submitting recommendations. In the first method, there is space to specify each of the four elements listed above for each recommendation. With the second method, the reviewer can write the recommendation as he or she proposes it be presented in the combined recommendations provided, however, 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, CEAR believes the AFRs and PARs can become even better communicators of agencies' accountability and results. Accordingly, reviewers are encouraged to include recommendations such as cited above.

Considering Entity Responsiveness - 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 each 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. This too is a reflection of an entity's responsiveness.

Preliminary Decision Regarding Certificate of Excellence and Special Award(s) - Reviewers should make a preliminary decision as to whether the 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. The auditors' opinion on the financial statements is unmodified as of that date.**

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

[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.

The completed Sections V and VI should be submitted to AGA electronically. Sections I, II, and III **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 Coordinator—Kia Lor, who can be reached at klor@agacgfm.org or the Review Team's Lead Reviewer.

THE SPECIAL AWARDS COMPONENT

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

The following are categories for which a Special Award have been or could be considered: The CFO's message and the Summary of Performance and Financial Information, which are now optional, are still categories for which a Special Award may be recommended,

- Creative and innovative
- Report tells a story
- Inspiring photos and captions
- Easy report to find on the web
- Creative and innovative ways to access information
- Inclusion of interactive data visualizations
- Hyperlinks and drilldowns
- Internet links to a data dashboard

- Ease of accessibility to multi-media information
- Opportunities for interaction
- Addressing matters of importance to all Americans/Innovative presentation of a matter of wide public interest
- Visual presentation of information/Graphic displays
- Inspiring photographs with captions
- Editorial excellence
- Using sidebars to present beneficial information for readers' everyday use
- Motivating and inspiring stories
- Executive Summary
- Frequently Asked Questions
- Visual timeline of agency's history
- Summary of financial and performance highlights
- Description of what the entity does
- Innovative approach to communicating technical information
- Agency Head Message
- Management's Discussion and Analysis
- Presentation of the strategic planning and management process
- Presentation of the agency's strategic framework
- Description of the strategies and processes to achieve the strategic goals
- Presentation of performance in an Agency Financial Report
- Process for assuring performance data reliability
- Analysis of financial position and results
- Candor and transparency in financial management
- Graphic display of complex financing

- Overview of social insurance data and status
- Description of management control and enterprise risk management program
- Management assurance statements – Federal Managers' Financial Integrity Act and Federal Financial Management Improvement Act
- Corrective action plans
- Financial management systems strategy and status
- Improving financial management
- Management's presentation of forward-looking information, i. e., future challenges
- COVID-19 response
- MD&A summary of improper payments
- Effective performance section in a Performance and Accountability Report
- Chief Financial Officer's message
- Summary of Significant Accounting Policies
- Excellence in required footnote disclosures
- Schedule of Spending
- Inspector General's summary of most serious management and performance challenges
- Improper payments elimination and recovery improvement act detail
- Fraud reduction report
- Glossary of technical terms
- Contacts for obtaining additional information about programs
- Summary of Performance and Financial Information
- Acknowledgement of employees' contributions to fulfillment of the agency's mission
- Responsiveness to prior year's CEAR recommendations

Reviewers should consider whether the report they review either 1) contains a truly innovative feature that has not been included in other agencies' reports, or 2) presents an aspect of the report in such an exemplary manner that it could be considered "Best-in-Class" for that aspect. They can note the report in Section V of the Guidelines, but then must provide a bullet 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 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. 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 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/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 actually contributed 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.

CONCLUSION

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

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

REPORT ELEMENTS NOT TO OVERLOOK

The electronic versions of many Agency Financial Reports or Performance and Accountability Reports are accessed under the title "Budget and Performance" or "Performance," with no indication that this is the location of the Report. Inserting the word "Financial" would increase the likelihood that people could readily access and read the Report. This would also pertain to agencies that provide access to their Agency Financial Reports or Performance and Accountability Reports under the "About this Agency" menu tab.
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.
Most reports fail to present narrative or performance measures that help readers assess the relative efficiency and effectiveness of programs. Presenting this type of information would further understanding of the relationship between performance and costs.
Statements of assurance frequently neglect to include assurance for the financial systems, as required by Section 4 of the Federal Managers' Financial Integrity Act and the Federal Financial Management Improvement Act. These assurances should not be forgotten.
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. Providing this information would help readers understand the reasons for the planned future actions.
In many Inspector 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. Working with the IG to include within the summary, a complete assessment of progress would enable readers to view the progress as more objective, plus avoid conflicts in the report.

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2020 GUIDELINES FISCAL YEAR 2021		
#	**Description**	**Guideline**
1.	The Guideline requiring the Agency Head Letter, or CFO Letter if included, to explain the reason for an inability to comply with the deadline for issuance of the report has been deleted in accordance with the revised OMB Circular A-136.	
2	To reflect changes in OMB Circular A-136, a Guideline has been added to stress that the information in the MD&A may be organized in any manner management determines would be beneficial to users; and that there is no requirement that the information be presented in sections that correspond to each type of required information.	Guideline I.C.1
3.	The Guideline requiring a description of the entity's mission and organizational structure has been modified to reflect changes in OMB Circular A-136 requirements.	Guideline I.C.5
4.	The Guideline pertaining to reporting performance goals, objectives, and results has been modified to reflect changes in OMB Circular A-136 requirements.	Guideline I.C.7
5.	The basis for the Guideline that states the performance discussion should include a narrative or performance measures that help the reader assess the relative cost, efficiency, or cost-effectiveness of programs has been changed from a Circular A-136 requirement to a best practice.	Guideline I.C.8
6.	The Guideline requiring a discussion that reflects results of services performed through allocation transfers if material has been deleted in accordance with the revised OMB Circular A-136.	
7.	The Guideline pertaining to an analysis of the entity's financial results, position, and condition has been modified to reflect changes in OMB Circular A-136 requirements.	Guideline I.C.11
8.	The Guideline pertaining to summarizing the financial impact, if significant, of the coronavirus disease (COVID-19) on the entity has been modified to reflect changes in OMB Circular A-136 requirements.	Guideline I.C.12.a & b
9	A Guideline has been added to reflect OMB Circular A-136's requirement for reporting the efforts taken or planned to assess, measure, and mitigate financial risks related to climate change.	Guideline I.C.12.c

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2020 GUIDELINES FISCAL YEAR 2021		
#	**Description**	**Guideline**
10.	A Guideline has been added to indicate that entities with significant stewardship activities may include a discussion of such activities in the MD&A.	Guideline I.C.13
11	The individual Guidelines requiring a summary of efforts to maintain compliance with applicable laws, an overview of the entity's current and future financial management systems framework, and a summary of the entity's financial management systems strategy and how it will achieve the goals of improving financial and budget management entity-wide have been deleted in accordance with the revised OMB Circular A-136, although the Circular still requires a summary of the agency's financial management systems, including systems critical to financial reporting and financial control, the agency's financial management systems improvement strategy, and a summary of efforts to maintain compliance with applicable laws.	Guideline I.C.19
12	The Guidelines pertaining to providing management's assurance related to the FMFIA and FFMIA have been modified to reflect changes in OMB Circular A-136 requirements.	Guidelines I.C.20 to I.C.26
13.	The Guideline pertaining to presentation of the Balance Sheet has been modified to reflect the Circular A-136 requirement for more detail information for certain line items.	Guideline I.D.III.B.1
14.	A Guideline has been added to state that agencies are encouraged to present Funds from Dedicated Collections on a consolidated basis in the SCNP and on a combined basis in the notes,	Guideline I.D.III.D.2
15.	A Guideline has been added to indicate that 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.	Guideline I.D.III.D.3
16.	A Guideline has been added to provide for the optional reporting of custodial collections on the Statement of Changes in Net Position.	Guideline I.D.III.D.5
17.	Guidelines have been expanded and added to reflect changes in A-136 requiring separate reporting of Funds From Dedicated Collections in the Statement of Changes in Net Position.	Guideline I.D.III.D.6

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2020 GUIDELINES FISCAL YEAR 2021		
#	**Description**	**Guideline**
18.	The Guidelines for reporting changes in accounting principles on the Statement of Changes in Net Position have been expanded to reflect a change in Circular A-136.	Guidelines I.D.III.D.9 and I.D.III.D.10
19.	A Guideline has been added to indicate that information in the Summary of Significant Accounting Policies should not be duplicated in other footnotes.	Guideline I.D.III.I.1
20.	The Guideline pertaining to the Investments footnote has been expanded to require that a reconciliation of the beginning balance to the ending balance be disclosed for investments in non-Federal securities to reflect a change in Circular A-136.	Guideline I.D.III.I.8.b.v
21	The Guideline pertaining to the Other Assets footnote has been modified to require identifying the number of the line title listed in the Balance Sheet Template of any other assets included because they are too immaterial to report separately on the Balance Sheet.	Guideline I.D.III.I.15
22	The Guideline pertaining to disclosing liabilities not covered by budgetary resources has been expanded to require disclosure of information needed to understand the nature of liabilities not covered by budgetary resources.	Guideline I.D.III.I.16
23.	The Guideline pertaining to Commitments and Contingencies no longer requires disclosure of estimated obligations related to canceled appropriations which the entity is contractually committed to pay or amounts for contractual arrangements which may require future financial obligations to reflect a change in Circular A-136.	Guideline I.D.III.I.23
24	The Guideline requiring reporting of actions taken pursuant to the Fraud Reduction and Data Analytics Act has been deleted to reflect its omission from Circular A-136.	
25.	The Guideline requiring a link to real property information and a description of their real property portfolio has been deleted to reflect its omission from Circular A-136.	

SIGNIFICANT ADDITIONS AND CHANGES FROM THE FY 2020 GUIDELINES FISCAL YEAR 2021		
#	Description	Guideline
26.	A Guideline has been added to reflect that the Performance Section of a Performance and Accountability Report should include the findings from agency-funded evaluations and other relevant evidence-building activities completed during the prior fiscal year,	Guideline II.A.18

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	**Description**	**Source**
	Section I – AFR and PAR	
	Part A – Overall Report	
1.	The report should be the final printed report available for public distribution (although in some instances, the reviewers will be provided with a camera-ready version of the report).	
2.	The report should be titled Agency Financial Report 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, 2021.	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. a. The address should be the specific address at which the report is located, either in a single file and/or multiple files.[7]	
8.	Internet links should be included in the text to enable readers to access additional information. a. The links should be user-friendly, i. e., not require searching or multiple clicks.	
9.	A Table of Contents should be included.	

[7] The specific address at which the AFR or PAR is located might also provide copies of prior years' AFRs/PARs or the entity's Summary of Performance and Financial Information.

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	**Description**	**Source**
	Section I – AFR and PAR	
	Part A – Overall Report	
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* (A-123), should be separately identified. 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.[8]	
14.	Formats for presenting similar information should be consistent.	

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

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	**Description**	**Source**
	Section I – AFR and PAR	
	Part A – Overall Report	
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.[9]	
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.	
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. a. They should be contiguous to and complement the text they illustrate.	
21.	Photographs and graphics should be used to increase visual appeal. a. They should be contiguous to and complement the text they illustrate.	

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

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING (CEAR) GUIDELINES		
#	**Description**	**Source**
	Section I – AFR and PAR	
	Part A – Overall Report	
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)[10]		
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.	A-123, Section II.2.1
2	The sections within the MD&A should be presented in an integrated manner, e. g., performance information and financial statement information, if presented separately, could be organized in the same manner, such as by major program. a. Information on risk, including both financial risk and risk to the agency's achievement of its goals and objectives, could be discussed throughout the MD&A sections, as appropriate.	A-123, 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 describe the reporting entity (including any consolidated or disclosure entities under SFFAS 47) and the entity's mission(s), major programs (as defined by management and shown on the Statement of Net Cost (SNC)), and organizational structure.	A-136, Section II.2.2
6	A description of the entity's performance measurement process is helpful for understanding how the entity manages and measures program performance.	

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

7.	The MD&A should discuss organizational performance results compared to broad organizational outcomes a.The MD&A should link goals to cost categories or responsibility segments in the SNC and/or budgetary resources, as appropriate.	A-136, Section II.2.3
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.2.3
11.	The MD&A should provide an integrated summary of the entity's financial results, position, and condition and performance, including: a. key matters that caused significant changes in the financial statements; (i.e., changes typically in excess of 10 percent in types or amounts of assets, liabilities, net costs, revenues, obligations, outlays, or budgetary resources; 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 anticipated financial risks and actions take or planned to mitigate those risks.	A-136, Section II.2.4

12	The MD&A should continue the FY 2020 discussion of the financial impact, if significant, of the coronavirus disease 2019 (COVID-19) on the entity. The discussion should focus on FY 2021, but information about FY 2020 should be included if significant amounts of FY 2020 COVID-related budgetary resources were expended in FY 2021 or remain at the end of FY 2021. a. The discussion should summarize the purpose and amount of significant COVID-related budgetary resources received in FY 2021, obligations incurred, the portion of the budgetary resources that remain available beyond FY 2021 (including a reference to the existence and purpose of any indefinite budgetary resources), and the financial and performance impact of the additional budgetary resources. b. The discussion and analysis of the financial impact should include the impact on assets, liabilities, net costs, revenue, Funds from Dedicated Collections, net position, and other results, as appropriate. c. The summary 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 programs affected by climate-related events; recognized and contingent liabilities, including loan guarantee liabilities for programs affected by climate-related events; and risks to program costs.	A-136, Section II.2.4
13.	The MD&A of entities with significant stewardship activities may include a discussion of such activities.	A-136, Section II.2.4
14.	Entities required to report a Statement of Social Insurance (SOSI) should discuss critical measures. a. A table or other display showing such items as financing sources, net costs, net changes in cumulative results of operations, assets, liabilities, net position, the open group measure, and the change in these amounts since the prior reporting period must be included. b. The most significant changes in the open group measure from the end of the previous reporting period should be explained.	A-136, Section II.2.4

14 cont. .	c. A discussion of the closed group measure and how it differs from the open group measure and the significance of the difference should be included. d. The amounts discussed in MD&A for the open group measure should be the same as the amounts in the summary section of the SOSI	
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 principal financial statements as follows: The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b).The statements are prepared from the books and records of the entity in accordance with Federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.	A-136, Section II.2.4
19.	The MD&A must summarize: a. the agency's financial management systems, including systems critical to financial reporting and financial control; b. the agency's financial management systems improvement strategy; and c. efforts to maintain compliance with applicable laws.	A-136, Section II.2.5

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.2.5
21.	The assurance statement(s) for the FMFIA and FFMIA must be signed by the entity head.	A-136, Section II.2.5
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.	Areas of FFMIA non-compliance 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.2.5
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 material weaknesses disclosed in the auditors' report, management can explain why it does not agree but must describe how the disagreement will be addressed.	A-136, Section II.2.5
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 may include the amount(s) of the material misstatement(s), the effect(s) on the previously issued financial statements, and actions taken after discovering the restatement.	A-136, Section II.2.5

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 listed.	A-136, Section II.2.6
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[11]		
1.	The AFR can include a letter from the entity's CFO that briefly summarizes: a. planned time frames for correcting audit weaknesses[12] 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.	

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

[12] 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[13] 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[14] 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, 2021, or prior.	A-136, Section I.5

[13] 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).

[14] 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		
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 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	OMB Bulletin 21-04, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 21-04), para 7.1
4.	The auditors' report(s) should state that the audit was conducted in accordance with Government Auditing Standards and the provisions of OMB Bulletin 21-04.	OMB Bulletin 21-04, para 7.2.
5. .	The auditors' report on the financial statements should include an opinion as to whether the reporting entity's basic statements are fairly presented in all material respects in accordance with U.S. generally accepted accounting principles, unless the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are materially misstated or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.[15] 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 theauditor 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 21-04, para. 7.3 and 7.4

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

II. Auditors' Reports		
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 disclosed in the financial statements that, using professional judgment, is of such importance that it is fundamental to users' understanding of the financial statements.	OMB Bulletin 21-04, para 7.5
	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 21-04, para 7.6
7.	When there is a restatement of previously issued financial statements to correct a material misstatement, the auditors will include the following in an emphasis-of-matter paragraph in the reissued or updated auditors' report on the restated financial statement(s): 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 21-04, para 7.7

II. Auditors' Reports		
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 include: a. a statement disclosing that a material misstatement(s) or potential material misstatement(s) affects a previously-issued financial statement(s) but the specific amount(s) of the misstatement(s) and the related effect(s) of such are unknown; b. a reference to the note(s) to the financial statements that discusses the restatement or potential restatement; and c. a statement disclosing that a restatement(s) to a previously-issued financial statement(s) will or may occur.	OMB Bulletin 21-04, para 7.8
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 21-04, paras. 6.3 and 7.9
10.	An auditors' report reporting on RSI should follow the requirements in AU-C 730B, *Required Supplementary Information.*	OMB Bulletin 21-04, para 7.10
11.	An auditors' report reporting on other information included in the AFR or PAR should follow the requirements in AU-C 720B.	OMB Bulletin 21-04, 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;	 OMB Bulletin 21-04, para 7.13

II. Auditors' Reports		
12 cont.	b. an identification of significant deficiencies and material deficiencies in internal control over financial reporting, a description of the significant deficiencies and material deficiencies, if any, and an explanation of their potential effects; a description of the scope of the auditors' testing of internal control over financial reporting, and whether the tests performed provided sufficient, appropriate evidence to support an opinion on the effectiveness of internal control.	OMB Bulletin 21-04, para 7.14
	(If no material deficiencies were identified during the audit, the report will state that no deficiencies in internal control were identified that were considered to be material deficiencies during the audit of the financial statements.)	OMB Bulletin 21-04, para 7.15
	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 21-04, para 7.16, 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; 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;	

II. Auditors' Reports		
12 cont.	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.	
	e. an identification of material deficiencies disclosed by the audit that were not identified in the entity's FMFIA report.	OMB Bulletin 21-04, para 7.17

II. Auditors' Reports		
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, 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.[16, 17] 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.	OMB Bulletin 21-04, para 7.18
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.[18]	OMB Bulletin 21-04, para 7.21

[16] 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.

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

[18] **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		
14 cont.	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; 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.[19]	
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.[20]	OMB Bulletin 21-04, para 7.22
16.	The auditors' report (or the Inspector General) should identify material weaknesses disclosed during the audit that were not reported in management's assurance statement for the FMFIA and FFMIA.	A-136, Section II.2.5
17.	The final report(s) should be signed by the auditor.	A-136, Section II.1.1

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

20 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.

II. Auditors' Reports		
18.	The auditors' reports should be easy to read, with the opinions clearly stated.	

III.A Financial Statements (General)		
1.	The basic financial statements should be included.[21] 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.[22] f. Statement of Social Insurance (SOSI), when applicable.[23] 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.	

21 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.

22 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.

23 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. a. Notes should contain information necessary for full disclosure of the current year and information necessary to understand 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 major components or lines of business as well as the consolidated total shall be titled consolidating statements and include on the face of the consolidating statements a column of the eliminations needed to arrive at the consolidated amounts.	A-136, Section II.3.1
6.	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 principal statements notes and RSI (including MD&A).	A-136, Section II.3.1

III.A Financial Statements (General)		
9 cont. .	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

III.B Financial Statements (Balance Sheet)		
1.	The asset and liability line titles on the numbered lines shown in the template must 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 may use either "with the public" or "other than intragovernmental" to refer to amounts that are not intragovernmental.	A-136, Section II.3.2.2
3.	Entity assets should be consolidated 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 non-Federal entities.	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.	If seized monetary instruments are reported, a corresponding liability should also be reported.	A-136, Section II.3.2.3
10.	A note that discloses information about heritage assets and stewardship land must be referenced, but no dollar amount should be shown on the Balance Sheet.	A-136, Section II.3.2.3
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 non-Federal entities.	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 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

18.	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
19.	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
20.	The liability for capital leases should be reported as a component of Other Liabilities, with the components and other information about the lease liability disclosed in a separate footnote.	A-136, Section II.3.2.4
21.	Liabilities for claims or other contingencies for which the conditions of an actual liability have been met, i. e., a past event or transaction has occurred, the future outflow of resources is probable and measurable, should be reported.	A-136, Section II.3.2.4
22.	The portion of unexpended appropriations and cumulative results of operations attributable to Funds from Dedicated Collections, if material, should be shown separately on the Balance Sheet, with the amounts presented as either combined or consolidated and the presentation labeled accordingly. a. Entities have the option to use separate lines or parenthetical amounts within the line item totals to display the Funds from Dedicated Collections on the face of the Balance Sheet.[24]	A-136, Section II.3.2.1, and II.3.2.5
23	Unexpended appropriations reported on the Balance Sheet should equal unexpended appropriations reported on the SCNP. Unexpended appropriations attributable to Funds from Dedicated Collections, if shown separately on the face of the Balance Sheet, should equal to the unexpended appropriations shown in the Funds from Dedicated Collections note disclosure.	A-136, Section II.3.2.5

[24] Agencies that display the Funds from Dedicated Collections separately on the face of the Balance Sheet are encouraged to do the same on the Statement of Changes in Net Position; and agencies that use parenthetical amounts within the line item totals to display the Funds from Dedicated Collections on the face of the Balance Sheet should do the same on the Statement of Changes in Net Position.

24.	Cumulative results of operations reported on the Balance Sheet should equal cumulative results of operations reported on the SCNP. a. Cumulative results of operations attributable to Funds from Dedicated Collections, if shown separately on the face of the Balance Sheet, should be equal to the cumulative results of operations shown in the funds from dedicated collection note disclosure.	A-136, Section II.3.2.5

III.C Financial Statements (SNC)		
1.	The SNC should show the net cost of operations of the reporting entity, as a whole and by major programs. a. Programs not deemed “major” should be grouped together.	A-136, Section II.3.3.1
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. a. The costs of program outputs should include the following costs of services provided by other entities, whether or not the providing entity is fully reimbursed: 1) employees’ pension, postretirement health, and life insurance benefits, 2) other post-employment benefits for retired, terminated, and inactive employees (including unemployment and workers compensation under the Federal Employees Compensation Act), and 3) losses in litigation proceedings.	A-136, Section II.3.3.3
4.	Costs that are related to the production of outputs should be reported separately from non-production costs. a. The costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets, other than multi-use heritage assets, or acquiring stewardship land should be reported separately from other non-production costs.	A-136, Section II.3.3.3

III.C Financial Statements (SNC)		
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. a. Earned revenue should be deducted from the gross cost to determine the net cost of each program.	A-136, Section II.3.3.4
6.	Entities reporting liabilities for Federal civilian and military employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation, should report on a separate line, gains and losses from changes in long-term assumptions used to measure 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.[25]	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

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

III.D Financial Statements (SCNP)		
1.	Unexpended Appropriations should be presented first, followed by Cumulative Results of Operations to reflect that appropriations are first received and unexpended, but are then expended and become part of Cumulative Results of Operations.	
2.	Agencies are encouraged to present Funds from Dedicated Collections on a consolidated basis in the SCNP and on a combined basis in the notes,	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. Employee retirement funds should not be included in the Funds from Dedicated Collections.	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 I.D.II.3.4.2C
6.	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
7.	Material net position balances attributable to Funds from Dedicated Collections should be reported separately from all other funds. a. Beginning balances should agree with net position on the prior year's Balance Sheet.	A-136, Section II.3.4.4

III.D Financial Statements (SCNP)		
8.	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. 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.3.4.4
9.	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 the change in accounting principle and its effect on relevant balances.	A-136, Section II.3.4.7
10.	For retrospective changes in accounting principles, agencies should: 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.;	A-136, Section II.3.4.7

III.D Financial Statements (SCNP)		
10 cont.	b. modify individual amounts on the financial statements in the earliest affected period presented i. 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.; c. disclose the nature of the change in accounting principle and its effect on previously issued financial statements and relevant balances	
11.	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.	
12.	The amount reported as net cost of operations should agree with the amount reported as net cost of operations on the SNC.	A-136, Section II.3.4.6
13.	Net position-end of period should be consistent with net position reported on the current year's Balance Sheet.	A-136, Section II.3.4.8

III.E Financial Statements (SBR)		
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 (SCA)		
1.	A SCA should be prepared if the entity collects material amounts of non-exchange revenues for the General Fund of the Treasury, a trust fund, or other recipient entity.	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 of the Sources of Collections should equal the total of the Disposition of Collections. The net custodial activity should equal zero.	A-136, Section II.3.6.5

III.G Financial Statements (SOSI)		
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 (SCSIA)		
1.	The SCSIA should reconcile the beginning and ending open group measures and present: a. 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[26]		
1.	Information disclosed in the Summary of Significant Accounting Policies should not be duplicated elsewhere, although cross-references to relevant notes may be made.	A-136, Section II.3.8.1
2.	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 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;[27] 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; i. disclosing the basis for the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources; and ii. describing changes in GAAP affecting the financial statement; e. should explain the concepts such as FBWT and Funds from Dedicated Collections unique to Federal financial statements;	A-136, Section II.3.8.1

[26] 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.

[27] 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[26]		
2 cont.	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; 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*; a	
3.	The Summary of Significant Accounting Policies should disclose any additional significant accounting policies specific to the agency not reported in the AFR or PAR.	
4.	The accounting policy disclosures should be informative, especially to readers without a Federal government or accounting background.	
5.	The amounts of non-entity assets should be disclosed by type of asset.	A-136, Section II.3.8.2

III.I Notes to the Financial Statements[26]		
5 cont.	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.	
6.	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 dis-closed.	A-136, Section II.3.8.3
7.	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

III.I Notes to the Financial Statements[26]		
8.	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: 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., available-for-sale, held-to-maturity, or trading securities; ii. whether the security is in debt, equity, or other securities; iii. the fair value measurements hierarchy classification (Levels 1, 2, 3 or other) by investment iv. type; and	A-136, Section II.3.8.5

III.I Notes to the Financial Statements[26]		
8 cont.	v. 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.[28]	
9.	The gross accounts receivable, the method used to estimate an allowance for uncollectable amounts for receivables, and the net amount due should be disclosed. a. The amounts related to material criminal restitutions should be separately disclosed.	A-136, Section II.3.8.6
10.	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
11 .	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;	A-136, Section II.3.8.8

[28] Comparative information if not required for 2021

III.I Notes to the Financial Statements[26]		
11 cont.	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; 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;	

<table>
<tr><th colspan="3">III.I Notes to the Financial Statements[26]</th></tr>
<tr><td>11
cont.</td><td>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:

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;</td><td></td></tr>
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III.I Notes to the Financial Statements[26]		
11 cont.	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 guaranteed loans, the amount of outstanding principal that is guaranteed, in total and for the current and prior reporting years;	

III.I Notes to the Financial Statements[26]		
11 cont.	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 gross receivables from the prior year.	

III.I Notes to the Financial Statements[26]		
12	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, Goods Held Under Price Support 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*.	A-136, Section II.3.8.9
13.	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 the components of acquisition value, accumulated depreciation, and net book value	A-136, Section II.3.8.10
14.	Entities with stewardship property, plant, and equipment should disclose how the stewardship property, plant, and equipment relates to the entity's mission and describe the entity's stewardship policies. The note should describe the major categories of the heritage assets and stewardship land; identify the physical units added and withdrawn during the reporting period and on hand at the end of the reporting period and describe the acquisition and withdrawal methods.	A-136, Section II.3.8.11

III.I Notes to the Financial Statements[26]		
15.	Intragovernmental other assets should be disclosed separately from other assets. a. 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
16.	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
17.	The components of Federal debt and interest payable should be identified; and for each component, the beginning balance, net borrowing, ending balance, and names of entities other than Treasury or the Federal Financing Bank to whom the debt is owed should be disclosed. a. The intragovernmental debt should be disclosed separately from the debt held by the public. with both agreeing to the amounts reported on the Balance Sheet. b. Disclose the names of the agencies other than Treasury or the Federal Financing Bank to which intragovernmental debt is owed, the amounts owed, and 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.)	A-136, Section II.3.8.14

III.I Notes to the Financial Statements[26]		
18.	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. 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 pensions; 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. increases used to determine the life insurance benefits liability and related expense; h. if responsible for administering civilian life insurance benefits, the rates of interest and salary	A-136, Section II.3.8.15

III.I Notes to the Financial Statements[26]		
18 cont.	i. 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 j. if responsible for veterans' compensation and burial benefits, the rates of interest and inflation used to determine the benefits liability and related expense.	
19.	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.	A-136, Section II.3.8.16
20.	The current portion and non-current portions of intragovernmental and of non-intragovernmental Other Liabilities should be disclosed separately. a. Information necessary to understand the nature of other liabilities should be provided. b. Legal liabilities reported in this note must be consistent with accrued probable contingencies reported in the Contingencies note. c. 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..	A-136, Section II.3.8.17

III.I Notes to the Financial Statements[26]		
21	Leases 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.[29]	A-136, Section II.3.8.18

[29] 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[26]		
21 cont.	c. If the entity is a lessor, there should be a: 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[30];	
22.	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.	A-136, Section II.3.8.19
23.	Funds from Dedicated Collections are encouraged to be reported on both a consolidated and a combined basis. a. If a significant entity: i. Federal and non-Federal amounts must be disclosed separately; and	A-136, Section II.3.8.20

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III.I Notes to the Financial Statements[26]		
23 cont.	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).	
24.	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. The number of physical units of heritage assets and stewardship land transferred from other Federal entities and the fair value and number of physical units by major category acquired by donation or devise should be disclosed. c. Pricing policies and expected losses incurred providing goods or services to the public or other governmental entities should be disclosed.	 A-136, Section II.3.8.21 A-136, Section II.3.8.22 A-136, Section II.3.8.23
25.	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.
26.	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	 *Item a:* A-136, Section II.3.8.25

III.I Notes to the Financial Statements[26]		
	Budget Execution and Budgetary Resources should be disclosed.	
26 cont.	b. The repayment requirements, financing sources for repayment, and other terms of borrowing authority used should be disclosed.	*Item b:* A-136, Section II.3.8.26
	c. The amounts of available borrowing and contract authority at the end of the period should be disclosed.	*Item c:* A-136, Section II.3.8.27
	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.	*Item e:* A-136, Section II.3.9.28
	e. The existence, purpose, and availability of permanent indefinite appropriations should be disclosed (or in Note 1 Summary of Significant Accounting Policies).	*Item f:* A-136, Section II.3.8.29
	f. Information about legal arrangements affecting the use of unobligated balances should be disclosed.	*Item f:* A-136, Section II.3.8.30
	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 2020 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 2020 amounts in the FY 2021 Budget). ii. Differences between distributed offsetting receipts from the prior year (i.e., FY 2020) SBR and the actual amount from the “Federal Budget by Entity and Account” in the Analytical Perspectives of the Budget (i.e., the FY 2020 amounts in the FY 2021 Budget). iii. The disclosure should identify that the actual amounts for the current year (i.e., FY 2021) will be available at a later date at President's Budget/The White House..	*Item g:* A-136, Section II.3.8.31
27.	The amount of contributed capital received during the year should be disclosed.	A-136, Section II.3.8.32

III.I Notes to the Financial Statements[26]		
28.	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.3.8.33
29.	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. 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	A-136, Section II.3.8.34
30. .	Notes Related to the SOSI a. Entities that issue a SOSI should disclose: i. the underlying significant assumptions; ii. the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements within the program; and iii. 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.	A-136, Section II.3.8.35

III.I Notes to the Financial Statements[26]		
30 cont.	c. Entities responsible for the Railroad Retirement program should disclose the financial interchange revenue received from the Social Security program.	
31.	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; 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.	A-136, Section II.3.8.36
32.	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;	A-136, Section II.3.8.37

III.I Notes to the Financial Statements[26]		
32 cont.	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;	
33.	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); c. an estimate of the magnitude of the misstatement(s) or potential misstatement(s) and the related effect(s) of such on the previously issued financial statement(s) that are known and a statement that the specific amount(s) and the related effect(s) of such cannot be determined without further investigation; and d. that a restatement(s) to a previously issued financial statement(s) will or may occur.	A-136, Section II.3.8.37
34.	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.	A-136, Section II.3.8.38
35.	Entities that disclose the existence of public-private partnerships 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;	A-136, Section II.3.8.39

III.I Notes to the Financial Statements[26]		
35 cont.	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 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.	
36. .	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	A-136, Section II.3.8.40

III.I Notes to the Financial Statements[26]		
36 cont.	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.[31]	
37.	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 e. any other information necessary to explain the potential impact of the relationship on reported financial information.	A-136, Section II.3.8.40
38.	Insurance Programs a. For exchange transaction insurance programs other than life insurance, 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;	A-136, Section II.3.8.41

[31] 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[26]		
38 cont.	iv. duration of the arrangement and renewal characteristics; v. premium pricing policies; 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; iv. any events that caused a material change in the amounts recognized during the reporting period; and v. 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;	

III.I Notes to the Financial Statements[26]		
38 cont.	ii. premium pricing policies; iii. full costs, premiums collected, appropriations used, borrowing needed during the period, and the ability to repay the borrowing; 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.	
39.	Entities with a significant amount of budgetary activity in FY 2021 associated with responding to COVID-19 (and the economic consequences of it) should include a separate COVID-19 note. a. The note should specify the source and amount of budgetary resources used, the programs or activities funded, obligations incurred, any budgetary resources remaining available for FY 2021, 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. b. If COVID-19 activity was disclosed in FY 2020, the FY 2021 note should be comparative and unobligated balances carried over from FY 2020 should be disclosed c. The note should identify all other notes that discuss COVID-19 impacts.	A-136, Section II.3.8.42

III.I Notes to the Financial Statements[26]		
40.	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. a. If such disclosure is made elsewhere in the notes, this note should include references to the applicable notes.	A-136, Section II.3.8.43
41.	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.3.8.44
42.	Note Related to the Government-wide Financial Report a. All 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 electing not to use the illustrative statement for Note 20 Dedicated Collections must disclose a reclassification of the Balance Sheet.	A-136, Section II.3.8.45

III.I Notes to the Financial Statements[26]		
42 cont.	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 2020 *Financial Report* can be found here: Bureau of the Fiscal Service - Reports, Statements & Publications (treasury.gov) and a copy of the 2021 *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. 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.I Notes to the Financial Statements[26]		
42 cont.	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.	
43.	The footnotes should be readable, understandable, informative, complete, and consistent. They should assist the reader in understanding the entity's operations and financial position.	
44.	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.	
45.	The footnotes should provide answers for all important questions. The line items and reported financial elements should be explained fully.	

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).	A-136, Section II.3.9.1
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. 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;	A-136, Section II.3.9.4

III.J Required Supplementary Information (RSI)		
4 cont.	f. provide beginning and ending deferred maintenance and repairs balances by category of PP&E; and g. explain significant changes from the prior year.	
5.	Entities operating social insurance programs should:[32] 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. a. The total of the major accounts (and aggregate of smaller accounts) should agree with the amounts reported on the SBR.	A-136, Section II.3.9.6

[32] 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)		
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 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.	A-136, Section III.9.7

PART E – OTHER INFORMATION[33]		
1.	If an entity discloses differences between the prices it charges in exchange transactions and the full cost or market price, it should consider disclosing revenue forgone and explaining to what extent the quantity demanded was assumed to change because of the price differential.	A-136, Section II.4.1
2.	Entities that collect taxes may report the following: a. a perspective on the income tax burden; and b. information on the size of the tax gap.	A-136, Section II.4.2
3.	Entities with information on tax expenditures relevant to the performance of their programs may present such information.	A-136, Section II.4.2
4.	The report should include a statement prepared by the entity's IG that summarizes what he or she considers the most serious management and performance challenges facing the entity and assesses the entity's progress in addressing those challenges. a. The agency head may comment on, but may not modify, the IG statement.	A-136, Section II.4.3
5.	The statement should be clearly identified as the IG's statement.	
6.	The location of the statement should be identified in the Table of Contents.	
7.	The IG's assessment of the entity's progress addressing the challenges should be comprehensive, i. e., include the assessment of the entity's progress addressing the challenges, and coordinated with management to preclude the latter's need to add its own lengthy recital of progress.	

[33] In addition to the required sections, some agencies might opt to include in Other Information, a Schedule of Spending. Reviewers can provide recommendations to improve that presentation by referring to the FY 2016 Guidelines which are available at www.agacgfm.org or the FY 2016 revision of OMB Circular A-136.

8.	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[34]: 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.	A-136, Section II.4.4

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

8 cont.	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.	
9.	Entities that have provided data to OMB for display on https://paymentaccuracy.gov/ should include the website hyperlink.	A-136, Section II.4.5
10.	Entities that have a recovery audit program and have received recommendations from their recovery auditors regarding actions that can be taken to prevent overpayments should report the actions taken.	A-136, Section II.4.5
13.	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
14.	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.[35]	A-136, Section II.4.8
15.	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 Federal grant and cooperative agreement awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2021; and	A-136, Section II.4.9

35 This section is optional
38 The narrative is optional if the entity did not report on expired grants in FY 2020.

15 cont.	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. [38]	

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
Part A – Performance Section[36]		
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 210.6 and A-11, Section 210.7
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 210.18.1.1
2.	The agency's mission statement should be brief, easy-to-understand, and usually no more than a sentence long	A-11, Section 210.18.1.2
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 210.18.1.4

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. a. 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 210.18.2.1
5.	The section should present the general, outcome-oriented, long-term (strategic) goals for the entity's major functions and operations.	A-11, Section 210.18.3.1
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 210.18.4.1
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 210.18.4.6

AGA

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	**Description**	**Source**
Section II – PAR		
8.	Performance goals that are agency priority goals should be identified [37],[38] ,[39]	A-11, Section 210.18.5.1
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 210.18.5.6
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.	A-11, Section 210.11.6.1 *Items a-b:* A-11, Section 210.11.6.2 *Item c:* A-11, Section 210.11.6.4 *Item d:* A-11, Section 210.11.6.5

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

[38] 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.

[39] 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		
10 cont.	e. Performance goals changed or dropped since publication of the Annual Performance Plan, as well as changed or dropped performance measures, and the reasons for the changes should be identified. .	*Item e:* A-11, Section 210.9.6.6
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 210.18.7.1
12.	The actual results for the current and at least five preceding years should be displayed for other indicators, if available.	A-11, Section 210.18.7.2
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 210.18.7.3
14.	The section should describe progress made on management priorities and challenges previously described in the Annual Performance Plan.	A-11, Section 210.18.9.1
15.	The section should describe how the agency is working with other agencies to achieve strategic objectives, agency priority goals, and performance goals. a. 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 210.18.9.2
16.	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 210.18.9.3

#	Description	Source
Section II – PAR		
17.	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:[40] • 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 such limitations, if needed, to reach the required level of accuracy; and • a summary of how the entity uses data to promote improved outcomes should be included	A-11, Section 210.18.9.4

[40] 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.

18.	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. a. 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. b. 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.

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING GUIDELINES		
#	Description	Source
Section III – Summary of Performance and Financial Information[41]		
1.	The Summary includes the most relevant performance and financial information.	A-136, Section III
2.	The Summary can be a 1-6 page high level summary, an MD&A that can be easily extracted from the PAR or AFR and issued as a stand-alone document, or a short video posted on the entity's website.	A-136, Section III
3.	The 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.	

[41] 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 2022; Note disclosure for FY 2026

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
Section V – Noteworthy features, Recommendation, and Special Awards

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

1. ____
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2. ____
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3. ____
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4. ____
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5. ____
____
____

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

The recommendations should specify:

- the weak or deficient practices stated in explicit terms;
- the page number, if applicable, on which the weak or deficient practices exist;
- an explicit recommendation to address each weak or deficient practice, and
- the rationales for why the recommendations would result in an improvement.

The recommendations can be provided using either of two methods. Method A is to provide each of the elements of a recommendation listed above and the Lead Reviewer will draft the recommendation for inclusion in the Combined recommendations. Method B is to draft the complete recommendation as you propose it be presented in the Combined recommendations, including all four elements listed above.

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

> For several Performance Indicators, the targets established for FY 2021 were for a lower level of performance than was achieved in prior years (e. g., Performance Indicator 19: Number of acres treated that are in condition class…; Performance Indicator 23: Number of stream/shoreline miles achieving watershed….; Performance Indicator 24 Percent of known, contaminated sites…-page 99). Presenting the reason(s) why a target has been established below prior years' performance would assure readers that targets have not been arbitrarily set at a level at which achievement will be virtually automatic.).

Method A: Providing the four elements of a recommendations.

Improve the presentation of the information:

1.
    - the weak or deficient practices____________________________________
    ____
    - the page number on which the weak or deficient practices exist___________
    - the recommendation____
    ____
    - the rationale for why the recommendations would result in an improvement.
    ____
    ____

2.
    - the weak or deficient practices____________________________________
    ____
    - the page number on which the weak or deficient practices exist___________
    - the recommendation____
    ____
    - the rationale for why the recommendations would result in an improvement.
    ____
    ____

3.
- the weak or deficient practices____
  ____

- the page number on which the weak or deficient practices exist____________

- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

Eliminate reporting or disclosure deficiencies:

4.
- the weak or deficient practices____
  ____

- the page number on which the weak or deficient practices exist____________

- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

5.
- the weak or deficient practices____
  ____

- the page number on which the weak or deficient practices exist____________

- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

6.
- the weak or deficient practices____
  ____

- the page number on which the weak or deficient practices exist____________

- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

Make the report more useful to the user:

7.

- the weak or deficient practices______________________________________
  ____
- the page number on which the weak or deficient practices exist____________
- the recommendation____
  ____
- the rationale for why the recommendations would result in an improvement.
  ____
  ____

8.

- the weak or deficient practices______________________________________
  ____
- the page number on which the weak or deficient practices exist____________
- the recommendation____
  ____
- the rationale for why the recommendations would result in an improvement.
  ____
  ____

9.

- the weak or deficient practices______________________________________
  ____
- the page number on which the weak or deficient practices exist____________
- the recommendation____
  ____
- the rationale for why the recommendations would result in an improvement.
  ____
  ____

Address editorial matters:

10.

- the weak or deficient practices______________________________________
  ____

- the page number on which the weak or deficient practices exist___________
- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

11.
- the weak or deficient practices__________________________________
____
- the page number on which the weak or deficient practices exist___________
- the recommendation____
____
- the rationale for why the recommendations would result in an improvement.
____
____

12.
- the weak or deficient practices__________________________________
____
- the page number on which the weak or deficient practices exist___________
- the recommendation____
____
- the rationale for why the recommendations would result in an improvement.
____
____

Summary of Performance and Financial Information

13.
- the weak or deficient practices__________________________________
____
- the page number on which the weak or deficient practices exist___________
- the recommendation____
____
- the rationale for why the recommendations would result in an improvement.
____
____

14.
- the weak or deficient practices______________________________________
  ____

- the page number on which the weak or deficient practices exist____________
- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

15.
- the weak or deficient practices______________________________________
  ____

- the page number on which the weak or deficient practices exist____________
- the recommendation____
____

- the rationale for why the recommendations would result in an improvement.
____
____

Method B: Present the complete recommendations

Improve the presentation of the information

1. ____
   ____
   ____

2. ____
   ____
   ____

3. ____
   ____
   ____

Eliminate reporting or disclosure deficiencies

4. ____
   ____
   ____

5. ____
____
____

6. ____
____
____

Make the report more useful to the user

7. ____
____
____

8. ____
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9. ____
____
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Address editorial matters

10. ____
____
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11. ____
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12. ____
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Summary of Performance and Financial Information

13. ____
____
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14. ____
____
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15. ____
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SPECIAL AWARD –

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

Awards can be recommended for more than one category.

Special Award Category: ____________________________

- ____
- ____
- ____

Special Award Category: ____________________________

- ____
- ____
- ____

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING
Section VI – Request for preliminary vote

Reviewers, please complete the final two items:

(A) PRELIMINARY VOTE

Please indicate below your vote for or against awarding a Certificate of Excellence.

I have reviewed the Agency Financial Report or *Performance and Accountability Report prepared by the:*

____________*INSERT NAME OF ENTITY*________________ *and believe that:*

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

Signature of Reviewer Date

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

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

SUBMITTING YOUR GUIDELINES AND RECOMMENDATIONS

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

This would include:

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

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