

PUBLIC SUBMISSION

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GSA Information Collections -2022

Comment On: GSA-GSA-2022-0001-0034
Agency Information Collection Activities; Proposals, Submissions, and Approvals: Federal Audit Clearinghouse

Document: GSA-GSA-2022-0001-DRAFT-0016
Comment on FR Doc # 2022-27893

Submitter Information

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General Comment

See attached file(s)

Attachments

AICPA Response to FR Notice 2023 Form SF-SAC



February 21, 2023

Ms. Beth Anne Killoran
Deputy Chief Information Officer
General Services Administration
1800 F St NW
Washington, DC 20405

Dear Ms. Killoran :

The American Institute of CPAs® (AICPA®) is the world's largest member association representing the CPA profession, with more than 421,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting. AICPA sets ethical standards for its members and U.S. auditing standards for private companies, not-for-profit organizations, and federal, state, and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives continuing education to advance the vitality, relevance, and quality of the profession.

On behalf of the AICPA and its Governmental Audit Quality Center (GAQC), we appreciate the opportunity to comment on the General Services Administration (GSA) *Federal Register* (FR) notice regarding the Federal Audit Clearinghouse (FAC) and the Data Collection Form (DCF or the Form). Our comments are responsive to both the burden of collection estimates provided in the proposal and the proposed revisions to the Form and its Instructions. This comment letter was prepared based on input received by members of the AICPA that have experience preparing the auditor sections of the Form, as well as working with clients that must prepare and submit the Form.

Overall, we support the efforts of the GSA to take over the responsibility of the FAC and to update the Form. The following sections of this letter include our detailed feedback on the proposal.

Annual Reporting Burden

The proposal provides an estimate of the number of hours that will be needed by respondents (both auditors and auditees) to complete the DCF which is unchanged from the previous 2018 FAC annual reporting burden estimate. While the changes to the Form appear minor, the FR notice states that the method of collection to upload the majority of data will now occur via templates rather than graphical user interface (GUI), subject to creation of a GUI for additional data submission options before expiration of this proposed clearance. Further, it states that the collection items are not changing, just the means of collection. Without more detail about this change and what information it applies to, it is challenging for us to determine whether the burden hour estimates provided are reasonable. For example, many smaller auditees are not likely familiar with the current template upload process used today by some larger recipients for a portion of the DCF. Further, auditors submit their information directly into the current FAC system and it is unclear how their inputting process will change, if at all.

In particular, it is unclear to us how the laborious process of cutting and pasting audit findings may change and whether the new templates will have similar constraints as the current FAC regarding tables and charts. Regardless, we encourage GSA to test the upload process with both small and large auditors and auditees and to provide detailed instructions and support for this change.

The number of respondents used in the estimate also remains unchanged at 80,000. We question why this number has not been increased due to the numerous additional single audits resulting from pandemic funding, as well as required submission of U.S. Department of Treasury Coronavirus State and Local Government Fiscal Recovery Fund (SLFRF) Alternative Compliance Examination Engagements. The current number of submissions in the FAC for fiscal year 2021 is over 43,000 and that does not include any of the Treasury engagements as fiscal year 2021 reporting was made directly to Treasury. Fiscal year 2022 FAC submissions are not complete enough for us to evaluate, but we would expect they would at least be in the same range as 2021, if not significantly more. While the spending of pandemic funding will wane over the next several years, there is a significant new influx of funding expected from the Infrastructure Investment and Jobs Act that should keep the number of single audits higher than usual. Finally, it is our understanding that some agencies are wanting to explore the FAC collection of audits of for-profit entities expending federal financial assistance. If that is a possibility, the number of respondents used in the FR notice estimate would be even more understated. GSA and OMB should consider all of these factors in determining whether the respondent number in the estimate should be increased.

Finally, we are unclear about the approach taken to perform the burden estimate and what type of evidence and outreach the FAC takes to determine its reasonableness. For example, we had questioned the hours estimate in the prior 2018 Information Collection due to the new requirement for audit finding text to be collected. There was apparently no change made to the estimate based on our prior comment considering that the current hours estimate is the same as the 2018 estimate. Since then, we question whether an effort has been made to poll a sampling of both large and small auditees and auditors to determine the actual time it takes them to complete the submission. If not, this task should be undertaken in the future.

Comments on Proposed Changes Identified in the FR Notice

End Collection of the DUNS Number. We support this proposed change as the DUNS number is being replaced with the Unique Entity Identifier (UEI).

Collect Auditee's Unique Entity Identifier for 2016-2021 Fiscal Periods. While we support this proposed change, we are concerned about its impact on tracking prior year submissions. Does GSA or OMB plan to retroactively insert the UEI into previously filed DCFs for 2016-2021 fiscal periods? With the elimination of the DUNS number, it would be difficult to match prior year submissions for the same entity without keeping the DUNS number in the 2016-2021 submissions or inserting the UEI into the previously submitted DCFs for 2016-2021.

Import the Auditee Name and Address Directly from Sam.gov. We support this change as we believe it will provide consistency across DCF submissions from different years from the same auditee. We also believe GSA should explore pre-populating other information about the auditor and auditee. For example, the audit firm's name could be pre-populated based on the Tax Identification Number (TIN) entered. This could provide a validation that the correct TIN was entered and prevent multiple variations of the audit firm's name in the FAC. Additionally, personal information of the auditee and

auditor could be pre-populated based on the login information of each individual. For example, once an individual selects their e-mail address as the auditee or auditor certifier, their contact information could be pre-populated.

Update Terminology. We agree with GSA making terminology changes to comply with the GREAT Act. However, during our review of the Instructions we noted several terminology changes that were not made which are described in our comments below.

Clarify On-Screen and/or Form Instructions. We agree with these proposed changes and have provided several suggestions for improvements in our comments below. As we are not able to access the GSA system, we are unable to comment on any on-screen clarifications that are being considered.

Comments on Single Audit Component Checklist

Auditor Reports Referred to Not Aligned to Actual Reports Issued. This section in the existing Form can be confusing for auditors to complete because it refers to the auditor reporting by various sections of the Uniform Guidance rather than by the standard report titles that most auditors issue. Those reports are based on illustrations in the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, and are referred to in practice as follows:

- Report on Financial Statements
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance
- Reporting on the Schedule of Expenditures of Federal Awards (this reporting may be included in either the report on the financial statements, the Uniform Guidance report, or in a separate stand-alone report)
- Schedule of Findings and Questioned Costs

We recommend that GSA revise the checklist to refer to the report titles above instead of various components of those reports which is the approach taken now.

Key Code Applicability. The key for the checklist states in a Note that the codes do not apply to a program-specific audit. We recommend that this statement be expanded to also state that the codes do not apply to the SLFRF Alternative Compliance Examination Engagement.

Comments on the Form

Part I, General Information. There were two versions Part 1 of the Form provided to us for review and we noted that is also the case for the 2022 PDF version of the Form posted to the current FAC Web site. The second page of Part 1 is very similar to the first page but includes an “International Address” section for the auditor. There is no mention of this nuance in the Instructions. If this almost identical page is retained, we suggest the Instructions be expanded to explain when this page would be used.

Part II, Federal Awards. The footnotes on this page were cut off on the version of the Form provided to us for review. However, there appears to be the same number of footnotes noted in the text on this page as in the 2022 Form. We assume the existing footnotes will be retained with needed updates for terminology made. In our review of the existing Form footnotes, they use Catalog of Domestic Assistance (or CFDA) which should be revised to Assistance Listing. They also reference beta.sam.gov which has been replaced with sam.gov.

Part II, Item 2, Notes to the Schedule of Expenditures of Federal Awards. We suggest that text or a footnote be added near the title to the page that explains that if the notes to be input contain any charts or tables within the text, that “See the Notes to the SEFA for chart/table” should be included in place of the chart or table. We recognize this information is already in the Instructions, but we believe it would be more user friendly to also indicate on the Form. Separately, we see that the Form includes several character limitations for the note titles and text boxes. However, these limitations are never mentioned in the Instructions or what should be done if the actual titles or text exceed the limitations. We suggest this be added to the Instructions.

Part II, Item 1, Federal Awards Expended During Fiscal Period, Item f, Cluster Name. GSA should consider having the cluster name pre-populate based on the assistance listing number entered into this section of the Form. Currently, it is completed using a drop-down box.

Part III, Information from The Schedule of Findings and Questioned Costs, Item 5, Text of the Audit Findings. We make the same comment here as in the previous comment on Part II, Item 2, about explaining the limitations of the text boxes as it relates to charts and tables and to consider adding information about text limitations to the Instructions for this item.

Part IV, Corrective Action Plan. We make the same comment here as in the previous comment on Part II, Item 2, about explaining the limitations of the text boxes as it relates to charts and tables and to consider adding information about text limitations to the Instructions for this item.

Comments on the Form Instructions

Page 1, Introduction. We believe the Instructions could be improved by introducing what the SLFRF Alternative Compliance Examination Engagement is in this section. This engagement is referred to various times throughout the Form and Instructions, but many auditees and auditors may be confused about what is being referred to. Further, it is important to explain since a respondent is not able to change the type of engagement once the four questions have been entered at the outset to verify the engagement is subject to the Uniform Guidance and eligible to be entered in the FAC. We recommend that it be explained with the addition of the underlined sentence that follows: “This Form SF-SAC version, dated xx-xx-2023, is to be used for audits covering fiscal periods ending in 2023, 2024, and 2025. It is also to be used to submit Alternative Compliance Examination Engagements of the U.S. Department of Treasury Coronavirus State and Local Government Fiscal Recovery Fund (referred to herein as the SLFRF Alternative Compliance Examination Engagement) for examinations of eligible entities covering fiscal periods ending in 2023, 2024, and 2025 (see the OMB Compliance Supplement section for the SLFRF program to learn more about this engagement and the FAC FAQ at: <https://facweb.census.gov/FAQs.aspx#s-q5>). This Form SF-SAC is only available for submission on the FAC Website: <https://www.fac.gov/>.” Further, we recommend that “SLFRF Alternative Compliance Examination Engagement” be used consistently throughout the Instructions. As it is now,

sometimes it is referred to as ACEE, others the Alternative Compliance Examination Engagement, and even others as SLFRF Alternative Compliance Examination Engagement.

Page 1, What's New. The FR notice identifies several other proposed changes that are not mentioned in this section. We recommend they be added.

Part I, General Information, Item 2, Type of Uniform Guidance Audit. See our comment on the introduction to the Instructions above. If our related recommendation is not accepted to expand that section to include discussion of the SLFRF Alternative Compliance Examination Engagement, respondents will have no idea what the reference to the alternative is when responding to this question.

Part I, Item 6(g), Secondary Auditor. To avoid confusion about what this question is asking, we suggest that the reference to “multiple auditors” be changed to “multiple audit organizations.”

Part II, Federal Awards. It would be helpful to expand the first paragraph of this section to state specifically what respondents of the SLFRF Alternative Compliance Examination Engagement must complete in Part II. For example, there are several columns that we believe are not applicable (e.g., Cluster Name, Loan/Loan Guarantee (loan), End of Period Loan Balance, and others). Further, we assume the system will be such that inapplicable columns will be grayed out when a respondent is completing the Form. Finally, if our suggested change is made to the introduction to the Instructions (see comment above), the last sentence can be revised to: “See the introduction to these Instructions for more information about the SLFRF Alternative Compliance Examination Engagement.”

Part II, Federal Awards. We recommend the second paragraph in this section be revised to: “Item 1 includes the required information for each Federal program to be presented in the Schedule of Expenditures of Federal Awards (SEFA), and Item 2 includes notes thereto, both of which are required regardless of whether audit findings are reported.”

Part II, Federal Awards, Assistance Listing Numbers. There are still erroneous references in this section and elsewhere in the Instructions to the Catalog of Domestic Assistance, CFDA, and CFDA Catalog, related to Assistance Listing numbers. It seems as if some of the confusion relates to how to refer to where Assistance Listing numbers are housed. We recommend the lead-in to this section be revised to: “Most Federal programs are included in the Assistance Listing found at www.sam.gov (formerly known as the Catalog of Domestic Assistance or CFDA). An Assistance Listing number consists of...to obtain this number. If the Federal program does not have an Assistance Listing number, follow the specific instructions below.” Similar changes should be made elsewhere in the Instructions and references to CFDA or any other version of that term should be deleted throughout. For example, instead of using “as shown in the CFDA” it should be revised to “as included in the Assistance Listing.”

Part II, Federal Awards, Item (b), Assistance Listing Three-Digit Extension. Consider revising the paragraph for clarity to add the underlined sentence that follows: “The period from the Assistance Listing number is automatically assumed and must not be entered. The three-digit extension identifies the specific program from the Federal awarding agency. Respondents eligible and opting for the SLFRF Alternative Compliance Examination Engagement will only enter SLFRF program information.”

Part II, Federal Awards, Item (e), Amount Expended. Consider adding guidance as to how expenditures are entered when subrecipient payments exceed total expenditures. Currently, there is likely a diversity in practice for how this situation is addressed. For example, some may show expenditures and subrecipient payments as the same on one line and then show negative expenditures on a subsequent line. Others may attempt to address in a different manner.

Part III, Information from the Schedule of Findings and Questioned Costs. Similar to our comment above on Part II, it would be helpful to expand the first paragraph of this section to state specifically what respondents of the SLFRF Alternative Compliance Examination Engagement must complete in Part III. For example, we would assume that certain sections would not apply, (e.g., financial statement information, Type A/B threshold, Low-Risk Auditee, etc.). Further, we assume the system will be such that inapplicable columns will be grayed out when a respondent is completing the Form.

Part III: Information from the Schedule of Findings and Questioned Costs. Like our comment above on the Single Audit Component Checklist, GSA should consider revising this section to refer to the names of the auditor reports to match how auditors generally refer to them as shown in the AICPA Audit Guide, *Government Auditing Standards and Single Audits*. This would avoid confusion about where auditors will find the information to input into the DCF. If shortened report names are used by GSA, consider defining them in the beginning of this section.

Part V, Certifications, Item 1, Auditee Certification Statements. Due to the concerns that federal agencies have expressed regarding ensuring that auditees understand that they are required to prepare both the Summary Schedule of Prior Audit Findings and the Corrective Action Plan, GSA should consider adding an additional certification on this point.

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We would be happy to discuss these comments with representatives of the GSA and the Office of Management and Budget. Please reach out to gaqc@aicpa.org with any specific questions or to schedule a follow-up discussion.

Sincerely,



Mary M. Foelster
Senior Director, Governmental Auditing and Accounting

cc: GAQC Executive Committee