

OFFICE OF MANAGEMENT AND BUDGET

OMB Circular A-133 Information Collection Under OMB Review

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

ACTION: Notice of Submission for OMB Review, Comment Request.

SUMMARY: In accordance with the Paperwork Reduction Act of 1980, as amended (44 U.S.C. 3501 et seq.), this notice announces that an information collection request was submitted to the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs for processing under 5 CFR 1320.10. The first notice of this information collection request, as required by the Paperwork Reduction Act, was published in the Federal Register on July 11, 2000 (65 FR 42735). The information collection request involves two proposed information collections from two types of entities: (1) reports from auditors to auditees concerning audit results, audit findings, and questioned costs; and, (2) reports from auditees to the Federal Government providing information about the auditees, the awards they administer, and the audit results. These collection efforts are required by the Single Audit Act Amendments of 1996 (31 U.S.C. 7501 et. seq.) and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Circular A-133's information collection requirements apply to approximately 30,000 States, local governments, and non-profit organizations on an annual basis.

DATES: Submit comments on or before December 18, 2000. Late comments will be considered to the extent practicable.

ADDRESSES: Written comments should be sent to: Edward Springer, Office of Information and Regulatory Affairs, OMB, 725 17th Street NW, Room 10236, Washington, DC 20503. Electronic mail comments may be submitted via the Internet to [espringer@omb.eop.gov](mailto:espringer@omb.eop.gov). Please include the full body of the comments in the text of the message and not as an attachment. Please include the name, title, organization, postal address, and E-mail address in the text of the message as well as the name and phone number of a contact person.

FOR FURTHER INFORMATION CONTACT: For further information, contact Terrill W. Ramsey, Office of Federal Financial Management, OMB, 725 17th Street NW, Room 6025, Washington, DC 20503 (202-395-3993). The proposed data collection form and its instructions can be obtained by contacting the Office of Federal Financial Management, as indicated above or by download from the OMB Grants Management home page on the Internet at <http://www.whitehouse.gov/OMB/grants>.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

*Control No.:* 0348-0057

*Title:* Data Collection Form

*Form No:* SF-SAC

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

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

*Estimated Number of Respondents:* 60,000

*Estimated Time per Respondent:* 59 hours for each of 400 large respondents and 17 hours for each of 59,600 small respondents for estimated annual burden hours of 1,036,800.

*Estimated Number of Responses per Respondent:* 1

*Frequency of Response:* Annually

*Needs and Uses:* Reports from auditors to auditees and reports from auditees to the Federal government are used by non-Federal entities, pass-through entities, and Federal agencies to ensure that Federal awards are expended in accordance with applicable laws and regulations. The Federal Audit Clearinghouse (FAC) (maintained by the U.S. Bureau of the Census) uses the information on the SF-SAC to ensure proper distribution of audit reports to Federal agencies and identify non-Federal entities who have not filed the required reports. The FAC also uses the information on the SF-FAC to create a governmentwide database which contains information on audit results. This database is publicly accessible on the Internet at <http://harvester.census.gov/sac/>. It is used by Federal agencies, pass-through entities, non-Federal entities, auditors, the General Accounting Office, OMB, and the general public for management and information about Federal awards and the results of audits.

## **B. Public Comments and Responses**

Pursuant to the July 11, 2000, *Federal Register* notice, OMB received 27 comment letters relating to the proposed revision to the information collection. Six of the letters had no suggested changes. General comments included that the changes seemed reasonable, would provide additional information at little additional costs, and the clarity of the instructions was improved. Letters came from Federal agencies (including Offices of Inspectors General), State governments (including State auditors), certified public accountants (CPAs), non-profit organizations (including colleges and universities), professional organizations, and others. The comments received relating to the information collection and OMB's responses are summarized below.

### Reporting Burden

#### Comments:

Two comments were received relating to the reporting burden. One State auditor commented that although more work will be required by non-Federal entities for the first year the amendments are in effect, they believed that in the long run the changes have the potential to lessen burdens on non-Federal entities. Another State auditor commented that the estimate to prepare the Data Collection Form seemed to be about right, maybe a little high.

#### Response:

The Office of Management and Budget (OMB) in conjunction with the Federal awarding agencies, the National State Auditors Association (NSAA), the American Institute of Certified Public Accountants (AICPA), the General Accounting Office (GAO), and the Federal Audit Clearinghouse (FAC) assembled a task force to redesign the Data Collection Form. The primary goal of the task force was to make improvements to the form that would increase the Federal awarding agencies ability to monitor their grants, while minimizing the potential for increased reporting burden. Based on the comments received, it appears this goal was achieved.

### Research and Development

#### Comment:

The NSAA and a state auditor suggested only requiring entities to check the “Yes” box in Part III, Item 11b for Research and Development (R&D) programs rather than a positive answer of either "Yes" or "No."

#### Response:

The requirement to check the “No” box in Part III, Item 11b for non-R&D programs was not changed. Respondents are required to provide an positive answer for every question on the Data Collection Form (with the exception of fax numbers and email addresses) for the purpose of maintaining database integrity. If Part III, Item 11b is left blank to mean "No," it would be unclear whether the form preparer may have overlooked the item or meant "No."

### Multiple Employer Identification Numbers (EINs)

#### Comment:

Three State auditors commented on the new requirement to capture the multiple Employer Identification Numbers (EINs) covered by the single report. All three comments recognized the additional effort the States will have to put forward the first year to capture this information, but none felt the new requirement placed an undue burden. The commenters also recognized the Federal agencies need this information to help ensure that all single audit reports were filed.

#### Response:

No change was made. The multiple EINs covered by the single audit report will improve the ability to identify entities who did not file the audits required by Circular A-133.

### Cognizant Agency Determination

#### Comment:

Three State auditors, a Federal awarding agency representative, and two CPAs submitted comments questioning the instructions relating to the cognizant agency determination. The current Data Collection Form requires entities to identify if they have a cognizant or oversight agency for audit, and the name of Federal cognizant or oversight agency. Research has shown that responses to these questions have not been completely accurate,

and the FAC believes that much of the misreporting has resulted from a lack of understanding by the non-Federal entity. To simplify reporting and improve the accuracy of responses, two actions were taken in the proposed revision. First the identification of Oversight agency will be performed by the FAC. This determination will be made after the Data Collection Form is entered into the FAC database and will be available on the FAC website. Second, the questions related to Cognizant agency have been reworded for clarity.

Response:

Further clarification has been made to the instructions for determining the cognizant agency.

Comment:

A Federal awarding agency representative asked whether the FAC could computer generate the cognizant agency for audit assignments the same as the oversight.

Response:

§\_\_400(a) of the Circular provides the criteria used to make the cognizant agency determination. It explains that to provide for continuity of cognizance, the determination of the predominant amount of direct funding shall be based upon direct Federal awards expended in the recipient's fiscal years ending in 1995, 2000, 2005, and every fifth year thereafter. Since the revised Data Collection Form will apply to entities with fiscal end dates on or after January 1, 2001, and since the current Data Collection Form does not distinguish between direct and indirect awards, it is not possible to use fiscal year 2000 data to computer generate the cognizant agency assignments.

Questioned Costs Detail

Comment:

Two Federal awarding agency responses stated their objections to the elimination of questioned costs detail by program.

Response:

Questioned costs detail by program will not be collected because of inconsistencies in the amounts identified by the auditor as questioned costs and Federal agencies need to consider questioned costs in the context of the complete audit finding. Normally auditors only report as questioned costs the exceptions specifically identified during testing (e.g., Circular A-133 does not require the auditor to provide a statistical projection of all questioned costs). Auditors application of judgment in determining the amounts to question varies significantly. The amounts sustained by Federal agencies as part of audit resolution varies significantly with the amounts questioned by the auditor and the amount of questioned costs is only meaningful when considered in the context of the complete audit finding. As proposed in the July 11 Federal Register Notice, the revised Data Collection Form will identify if the audit disclosed any questioned costs related to Federal awards. Federal awarding agencies receive a copy of the reporting package, including

audit findings, which provides the more complete information needed in resolving audit findings with questioned costs.

### Internal Control Detail

Comment:

The NSAA and two State auditors questioned the proposed removal of collecting internal control detail by program.

Response:

The current Data Collection Form captures internal control detail by program. FAC research has shown that reporting in this area is inconsistent. As proposed in the July 11 Federal Register Notice, the revised Data Collection Form will identify if the audit disclosed any reportable conditions and material weaknesses related to the Federal awards. Federal awarding agencies receive a copy of the reporting package, including audit findings, which provides the more complete information needed in resolving the audit finding concerning internal control.

### Electronic Submission of the Data Collection Form

Comment:

Two State auditors, the NSAA, the AGA, and two CPAs commented on the online Internet submission process for filing the Data Collection Form and the use of electronic signatures.

Response:

The online Internet submission process does not capture electronic signatures. Currently, the Data Collection Form can be entered, edited, and submitted via the Internet. The respondents are required to print a copy of the edited form for signature by the auditor and auditee. The signed copy is then attached to the reporting package and mailed to the Federal Audit Clearinghouse. Since only the Data Collection Form can be filed electronically, and non-Federal entities are required to mail the reporting package, the capability to capture electronic signatures has not been built into the online Internet submission process. During the next year, the FAC, in conjunction with the Federal awarding agencies and other single audit stakeholders, will explore the possibility of electronic submission of the reporting package.

### Type of Entity

Comment:

One State government suggested capturing the type of entity (nonprofit, government, hospital, school, etc) on the Data Collection Form.

Response:

The revised Data Collection Form will not capture the type of entity. The FAC will review the Data Collection Form and identify the type of entity. This information will be accessible on the FAC website. The FAC was chosen to make this determination based on their experience classifying governmental entities. Also, the FAC will use a predetermined list which should provide for consistency within the classifications. The FAC website will clearly note that this determination was made by the FAC.

Joshua Gotbaum  
Executive Associate Director and Controller