



May 6, 2016

Gilbert Tran
Office of Federal Financial Management
Office of Management and Budget
New Executive Office Building, Room 6025
Washington, DC 20503

Dear Gil:

As discussed at the Single Audit Roundtable on April 20, 2016, we believe that OMB should allow auditors to “smooth” major program selection using low-risk Type A programs over a three-year period beginning with 2016 single audits to address implementation issues with *Uniform Guidance*.

We understand this solution is being contemplated for inclusion as a frequently asked question for release in September. However, we strongly encourage you to address this issue **now** since auditors are currently in the process of selecting major programs for testing in 2016 single audits. To be effective, auditors need to test some major programs in 2016 and 2017 to prevent the unintended increase in audit burden in 2018. Waiting until September’s release of new FAQs would be too late to allow for performing timely test work.

This issue is the result of major program determination contained in section 200.518 of the *Uniform Guidance*. While changes to step two in the major program determination will generally increase the number of Type A programs that are identified as low risk each year, it is expected the number of major programs will *drastically increase* in the third year of implementation because Type A programs which were not audited as a major program in at least one of the two most recent audit periods cannot be identified as low-risk (the “lookback” rule). For 2018 single audits, those programs would have to be audited as a major program.

In order to ensure that there is not increased burden on the audit community and grantees in the third year of implementation, we believe that auditors should be allowed to use the “[a]t a minimum” in 200.518 (e) step three to audit some low-risk Type A programs as a major program before the lookback rule requires them to be tested as a major program.

Additionally, because this will create an allowable use of the “[a]t a minimum” clause and would not create an extra audit of low-risk Type A programs in the first three years of implementation, we believe the costs associated with auditing these low-risk Type A programs should be allowable.

Thank you for your prompt attention to this matter. Should you have any questions or wish to discuss further, please contact Martha Mavredes, chair of NSAA’s Single Audit Committee and Auditor of Public Accounts, Virginia, at (804) 225-3350; Kinney Poynter, NASACT’s Executive Director, at (859) 276-1147; or me at (303) 869-2800.

Respectfully,

Dianne E. Ray
President, NSAA
State Auditor, Colorado