



March 23, 2020

Mr. Timothy Soltis, Deputy Controller
U.S. Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Re: 2019-OMB-0005 Guidance for Grants and Agreements

Dear Mr. Soltis:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we are pleased to provide the association's comments on the U.S. Office of Management and Budget's proposed revisions to Title 2 of the Code of Federal Regulations (CFR) Subtitle A - OMB Guidance for Grants and Agreements.

We are supportive of OMB's proposal to clarify existing requirements and language in the Uniform Guidance that may have been misinterpreted or problematic since it was finalized in December 2014. We believe the proposed changes and enhancements make great strides to streamline, standardize and provide greater uniformity to the overall grant process. We further anticipate that the impact of these changes will have a positive effect on the grant community and make the states' requirements and responsibilities as grant recipients a bit less onerous.

One particular item that we would like to bring to your attention is the capitalization threshold [200.1, 200.312(e)—Equipment]. We would recommend that OMB consider increasing the capitalization threshold. Currently, a recipient has to account for capitalization using two different methods – one for federal grant purposes and a second method for accounting purposes. We believe that \$5,000 is too low in comparison to states' and many local governments' capitalization policies used in current practice for financial statement purposes. Additionally, the \$5,000 threshold seems to be a bit outdated since it dates back to 1981 and does not appear to have been adjusted for inflation. Raising the threshold is not only necessary and prudent but would be in alignment with the President's Management Agenda CAP Goal #8, Results-Oriented Accountability for Grants, which was established to reduce burden on grant recipients.

While we recognize the requirements regarding performance measurements are being brought into the Uniform Guidance at the federal level, we do have concerns about how these requirements and testing procedures would be brought into the Compliance Supplement and be audited. Unless these performance measures are communicated in a clear manner, including conclusive criteria, it could result in inconsistencies in the interpretation of the requirements, testing the procedures or an inability to opine on the compliance requirement due to the subjective nature. We ask that any performance measurers be clear and include conclusive criteria to prevent confusion or inconsistencies in application by the auditees, as well as testing and reporting by the auditors.

We believe that the timing of the finalization of these changes could be precarious given the potential for a change in the current Administration. We suggest that OMB provide a clear timeline of effective dates to minimize confusion that could result if there is a change of Administration following upcoming elections and also consider the time needed for other federal agencies to incorporate any changes to Uniform Guidance into their own regulations.



We would also ask that OMB explicitly address the authority of the FAQs not incorporated into the final regulations, as many of the FAQs have not been formally incorporated into the proposed changes. Would the FAQs not formally incorporated be null and void?

To provide OMB with the full extent of the feedback provided by our members, we are attaching a matrix of the detailed comments that we have received.

We commend OMB for presenting this opportunity to comment on these needed changes and look forward to an amended guidance document that is useful for all parties involved in the grants process. Should you have any questions about our comments, please feel free to contact NASACT's Washington Director Cornelia Chebinou at cchebinou@nasact.org or (202) 624-5451.

Sincerely,

A handwritten signature in black ink that reads "Beth Pearce". The signature is written in a cursive, flowing style.

Beth Pearce
President, NASACT
State Treasurer, Vermont