



October 8, 2020

Mr. Gilbert Tran
Office of Federal Financial Management
White House Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

***Subject: 2 CFR Part 200
Subpart F--Audit Requirements
Appendix XI--Compliance Supplement--2020***

Dear Mr. Tran:

On behalf of the 190 members of the Council on Governmental Relations (COGR), thank you for the work your team has completed to release the 2020 Compliance Supplement. We appreciate your willingness to review our concerns and comments.

Appendix VII and the Novel Coronavirus (COVID-19)

Our understanding is that additional guidance related to Appendix VII is being developed. As our members already are engaged in their FY2020 audits, we request that all audit programs and corresponding guidance applicable to the novel coronavirus (COVID-19) be deferred to the 2021 Compliance Supplement. In the context of the national emergency declared by the President earlier in the year and the request by national leaders for research institutions to provide PPE, personnel, and other resources to support the federal efforts to combat the novel coronavirus, “business as usual” audit activity would be entirely inappropriate. Final audit reports for FY2020 should be silent on all activities related to the novel coronavirus—and instead, a thoughtful and reasonable audit program can be proposed for the 2021 Compliance Supplement.

Part 3 - Compliance Requirements, C. Cash Management.

As we have written to you since 2017, better language around what is meant by “paid” will be helpful to auditors and grantees and, importantly, will not place federal dollars at risk. We have offered this definition in prior years and it would be helpful if the following is incorporated into the 2020 and 2021 Compliance Supplement:

Per Parts 3.1 and 3.2, Section C. Cash Management; “Paid” is defined as the placement of the costs into the nonfederal entity’s accounts payable system, which then disburses cash

in the normal course of business using the non-federal entity's payment policies and procedures.

Publishing this definition of "Paid" will add audit clarity and provide consistency with 2 CFR Part 200.305(b): *... payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity.* Without this clarity in definition, timeliness is negatively impacted. Furthermore, clarity in definition will support OMB's goals of reducing audit burden while still ensuring compliance and accountability for federal funds. In those cases where other commenters have provided possible solutions, COGR is supportive of these other solutions that can similarly achieve audit clarity and provide consistency with 2 CFR Part 200.305(b).

Part 3 - Compliance Requirements, I. Procurement and Suspension and Debarment.

As we wrote in our public comments to the 2019 Compliance Supplement, some of the language you have maintained as part of the 2020 Compliance Supplement makes this section confusing. However, we recognize we are amidst the transition to the implementation of more clear language in the revised version of 2 CFR Part 200. We look forward to more clear language in the 2021 Compliance Supplement.

Part 5 - Research and Development Cluster.

You indicate that *"This 2020 Compliance Supplement adds, deletes, and modifies prior Supplement sections as usual. Further, it continues the OMB mandate adopted in the 2019 Compliance Supplement requiring that each federal agency limit the number of compliance requirements subject to the audit to six, with the exception of the Research and Development cluster, which has been permitted to identify seven compliance requirements as subject to the audit {emphasis added}* (page 1-3).

Could you provide an explanation as to why the R&D Cluster requires an additional compliance requirement?

Thank you for your willingness to work with COGR and we look forward to engaging further. Please contact me or David Kennedy at (202) 289-6655, ext. 4.

Sincerely,



Wendy D. Streit
President, Council on Governmental Relations