



## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM

### PROGRAM POLICIES AND PROCEDURES

#### SUBMITTING A REPORT TO THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM

##### ELIGIBILITY REQUIREMENTS

1. **Type of Report.** The report submitted to the program must be the published annual comprehensive financial report (ACFR) of a state or local governmental entity, including special-purpose entities such as public employee retirement systems, public colleges and universities, government investment pools, and stand-alone enterprise funds. Component units and departments are eligible to submit their ACFRs, provided that they meet certain requirements outlined below.
2. **Scope.** To qualify as “comprehensive,” the report must include government-wide data, where applicable, and all fund data and component units data of the entity, in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB).

A component unit that publishes an annual comprehensive financial report is eligible to submit its report to the program for review, provided that it includes government-wide data, where applicable, and all of the component unit's funds' data and (sub)component unit's data. Furthermore, with the exception of the component unit's general fund (which properly is reclassified as a special revenue fund in the primary government's ACFR), the fund types used in the component unit's ACFR must be the same as those used to account for its activities in the primary government's ACFR (e.g., a component unit may not use proprietary fund accounting in its separate report if its activities are reported in governmental funds in the primary government's ACFR).

A department of a government that publishes an annual comprehensive financial report is eligible to submit its report to the Certificate Program for review, provided that the department is composed of one or more separate funds. Thus, a department reported as a separate special revenue fund is eligible to participate, whereas a department that is included as part of the general fund is not. Once again, the fund type(s) used in the department's ACFR must be consistent with the fund type(s) used in the government's ACFR.

3. ***Audit requirements.*** The financial section of the annual comprehensive financial report must include the report of an independent auditor on the fair presentation of the financial statements.

The auditor must have performed the audit in accordance with either generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS) as set forth in the General Accounting Office's Government Auditing Standards.

The scope of the auditor's opinion must encompass, at a minimum, the fair presentation of the general purpose financial statements (GPFS). In addition, the auditor's report must provide at least "in relation" audit coverage for other contents of the financial section of the annual comprehensive financial report.

A modified ("qualified") opinion or a disclaimer of opinion based upon the inadequacy or unavailability of the government's accounting records will render an ACFR ineligible, as will the omission of government-wide data or fund-type data from the scope of the auditor's opinion.

4. ***PERS requirement.*** The annual comprehensive financial report of a PERS must include the most recent actuarial certificate opinion and/or a letter from the system's independent actuary.
5. ***Submission deadline.*** The application must be submitted no later than six months after the end of the government's fiscal year. An extension of 30 days is available when justified by extenuating circumstances (e.g., personnel changes, illness, systems conversions). A government is not eligible to receive an extension in two consecutive years for the same reason.
6. ***Responses to prior-year comments.*** If the government participated in the Certificate Program in the preceding year, its submission must include written responses to all of the prior year's comments and suggestions for improvement.
7. ***Separately issued budgetary reports.*** If the annual comprehensive financial report references a separately issued budgetary report to demonstrate budgetary compliance at the legal level of control, it must include a copy of that budgetary report as part of its submission.

If an annual comprehensive financial report that has been submitted to the Certificate Program is determined to be ineligible, the submitting government will be immediately so informed by GFOA staff.

Occasionally, submitters of annual comprehensive financial reports that are determined to be ineligible desire to have an "in-house review" performed on their report by GFOA staff. The cost of such a review is the same as that applicable to regular program submissions. The results of a staff in-house review are strictly confidential. If a government that requests an in-house review decides to submit its annual comprehensive financial report for a regular review in the subsequent year, the report issued in the subsequent year will be treated as a "new submission" (i.e., there is no requirement to formally respond to comments and suggestions arising from the in-house review).



## **REPORTING SEPARATE BUDGETARY REQUIREMENTS**

The separately issued publicly available budgetary reports submitted to the Certificate Program should:

1. Present all individual governmental funds for which an annual appropriated budget is adopted;
2. Present separate columns: 1) for budget and 2) for actual expenditures on a budgetary basis at the legal level of control;
3. Present information at the legal level of control within the individual fund; and
4. Identify names of all individual funds and accounts included on the report (may also present fund and account numbers; however, fund and account numbers alone are not acceptable).

Note: The separate budget report mentioned here is not the same as the formal budget document that includes a government's projected revenues and expenditures for the upcoming fiscal year (that is, this separate report is not the budget document that might be submitted to GFOA's Distinguished Budget Program). This separate report is a report that would be needed to demonstrate budgetary compliance at the legal level of control. Most governments report in the annual comprehensive financial report at the legal level of budgetary control and would not need to issue this separate report to demonstrate compliance.

## **JUDGING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Upon successful completion of the eligibility process, each annual comprehensive financial report is assigned and mailed to Special Review Committee (SRC) members for review. The reviewers selected may not be from the same firm as that which audited the unit of government nor may they be from the same state as the government.

To qualify for a Certificate of Achievement for Excellence in Financial Reporting, a report must receive the unanimous approval of the reviewers. The decision to award or not is the result of a thorough examination of the report by the reviewers. The appropriate reviewer's checklist is used as a guide with particular attention placed on questions therein which have asterisks. These questions represent items which are considered to be of potentially disqualifying significance. Another significant factor is the government's responses to prior-year comments and suggestions for improvement. The reviewers must assess whether or not reasonable attempts were made by the government to correct or justify previously noted problems. Upon the completion of their reviews, the SRC members return the completed grading summaries to GFOA where the program staff conducts an in-house review to verify comments and suggestions for improvement and thereby assure consistency within the program.

This consistency measure often results in the need for the program staff to contact an SRC member to discuss various issues related to the report. Occasionally, a gray area exists in deciding whether or not to award a government with a Certificate. Under certain situations, the Certificate Program adheres to a policy which permits the awarding of a "qualified" Certificate. The qualification is designed to alert the government that serious reporting deficiencies exist which must be corrected or the presence of such deficiencies will almost certainly preclude the awarding of a future Certificate.

## **RESULTS OF THE REVIEW PROCESS**

If an annual comprehensive financial report is judged to have conformed substantially with program standards, a Certificate of Achievement for Excellence in Financial Reporting is awarded to the government.

To communicate the results of the review process, an email is sent to the person who is designated as the primary contact at the government that includes a link to the Customer Package in GFOA's Awards Management System. The Customer Package will include the Certificate (if one has been received by the government); a letter advising of the outcome of the review (i.e., award, qualified award, denial); and comments and suggestions for improvement for implementation in future reports, accompanied by a "Summary of Grading" form that defines which areas were acceptable or unacceptable in accordance with established program guidelines. An Award of Financial Reporting Achievement (AFRA), awarded to the individual(s) or department designated by the government as primarily responsible for the government's having earned the Certificate, may also be included.

The copy of the Certificate may be reproduced in the government's annual comprehensive financial report for the subsequent year.

Also, when a government receives a Certificate, an email that communicates the review results is simultaneously sent to the party designated to receive a formal acknowledgement of the award. Finally, the names of successful governments are posted in the "Award Programs" section of GFOA's website along with links to the successful governments' ACFRs.

Program participants can expect to receive the results of the review within six months from the date the program receives all pertinent submission components. In some cases, it may take longer than six months to receive results. Submissions are processed on a first-in, first-out basis. For this reason, the program encourages early submission by governments.

## **APPEAL PROCESS**

The decision of the review is considered final unless appealed by the government. To appeal, the government must submit a formal request for reconsideration within 30 days of the receipt of the initial results notification letter. This formal request can be emailed to [coaprogram@gfoa.org](mailto:coaprogram@gfoa.org). The formal request should include responses to the comments and suggestions for improvement, concentrating on those comments that were noted as being the reason the government did not receive the award. The request will be forwarded to the original reviewers for further consideration. Decisions resulting from the appeal process are final.