



2021 Single Audit Update

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Webinar

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Outline

- Components of a Single Audit
- The Uniform Guidance (2 CFR 200)
 - Major provisions
 - 2021 Compliance Supplement & COVID-19 Addendum(s)
- COVID-19 Program and Funding Updates

Polling Question #1

Components of a Single Audit

- Financial statement audit (GAAS)
- Conducted in accordance with *Government Auditing Standards* (GAGAS or the “Yellow Book”)
- Compliance audit of federal awards expended (Uniform Guidance/2 CFR 200)

Components of a Single Audit

Financial Statement Audit

- Results in an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles

Components of a Single Audit

Government Auditing Standards

- Builds on the foundation of GAAS
 - Adds requirements for auditor independence and continuing professional education
- Results in a report (not an opinion) on matters related to internal control over financial reporting that came to the auditors' attention during the audit

Components of a Single Audit

Compliance Audit of Federal Awards

- Builds on the foundation of GAAS and GAGAS
 - Adds compliance testing for “major federal programs”
- Results in:
 - An opinion on major program compliance
 - A report (not an opinion) on matters related to internal control over compliance that came to the auditors’ attention during the audit
 - An opinion on the Schedule of Expenditures of Federal Awards (SEFA) in-relation-to the financial statements

Uniform Guidance (2 CFR 200)

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Combined all related OMB guidance into one location
 - Administrative requirements (A-102, A-110)
 - Federal cost principles (A-21, A-87, A-122)
 - Single audit (A-133, A-89, parts of A-50)

Uniform Guidance (2 CFR 200)

- A. Acronyms and Definitions
- B. General Provisions
- C. Contents of Federal Awards
- D. Standards for Financial Management
- E. Cost Principles
- F. Audit Requirements

Uniform Guidance: Appendices

- I. Notice of funding opportunity
- II. Contract provisions
- III. Indirect costs – Higher Ed
- IV. Indirect costs – Nonprofits
- V. SLG-wide central service cost allocation plans
- VI. Public assistance cost allocation plans
- VII. SLG indirect cost proposals
- VIII. Nonprofits exempted from federal cost principles
- IX. Hospital cost principles
- X. Data Collection Form (SF-SAC)
- XI. Compliance Supplement

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Recipients:
 - Comply with all requirements of award
 - Performance measurement systems
 - Financial management systems
 - Separate identification of federal awards
 - Complete/accurate financial results
 - Support for federal draws
 - Effective control/accountability
 - Written procedures

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

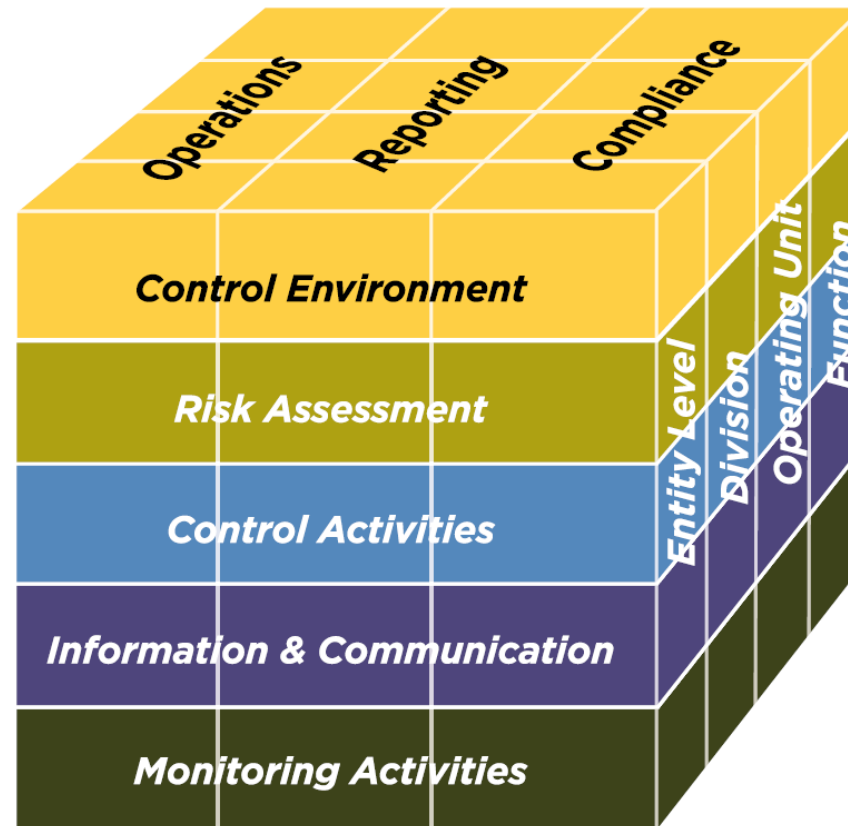
- Written procedures:
 - Recommended for all compliance areas
 - Required for implementing:
 - §200.305 Payments (i.e., cash draws)
 - §200.318 Procurement (including conflict of interest)
 - Allowability of costs (Subpart E, Cost Principles)
 - §200.430-431 Compensation (personnel & benefits)
 - §200.474 Travel costs

Standards for Financial Management

- Internal controls:
 - Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award
 - “Should” be consistent with **COSO** (see CS Part 6) and the **Green Book**

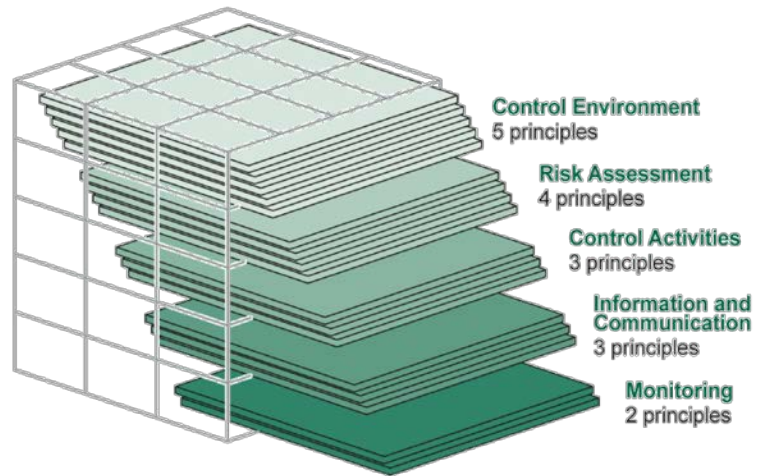
COSO: Internal Control

- 3 Objectives
- 5 Components
- 17 Principles
 - Applicable to each level of an organization

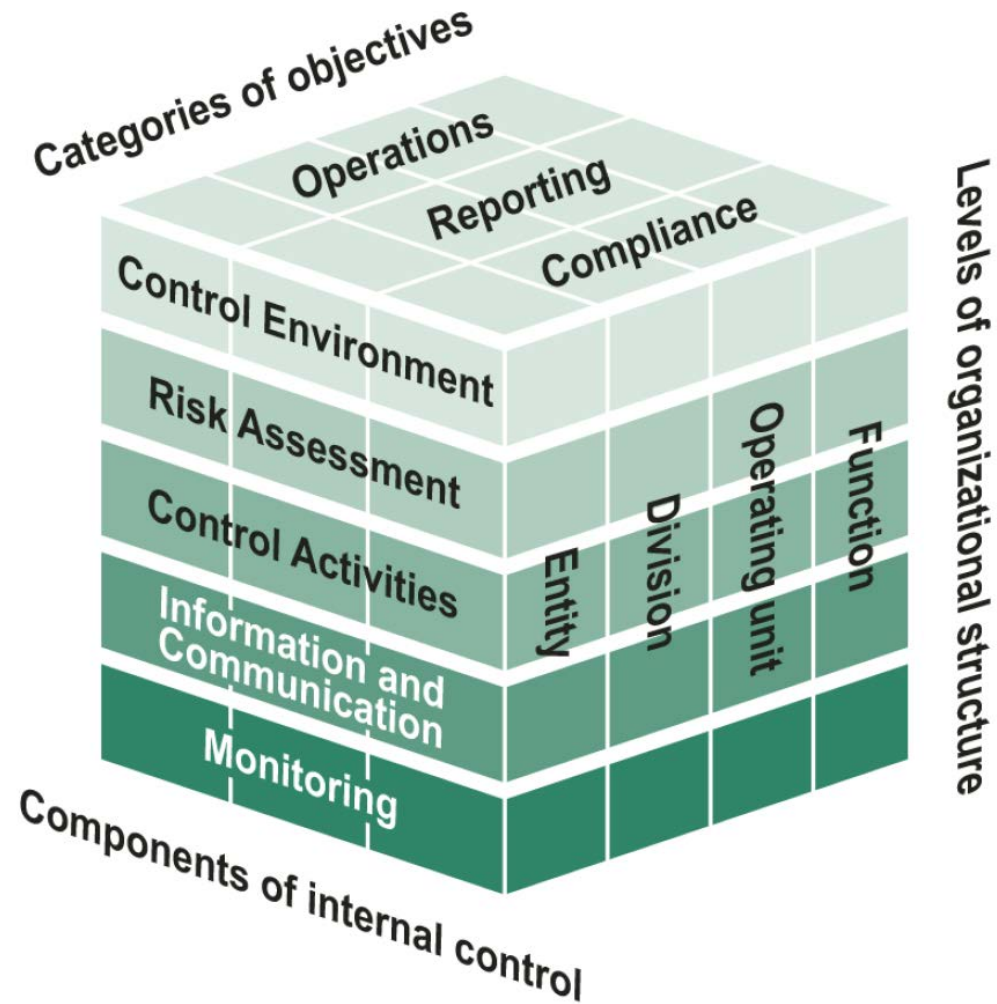


The Green Book

- 3 Objectives
- 5 Components
- 17 Principles



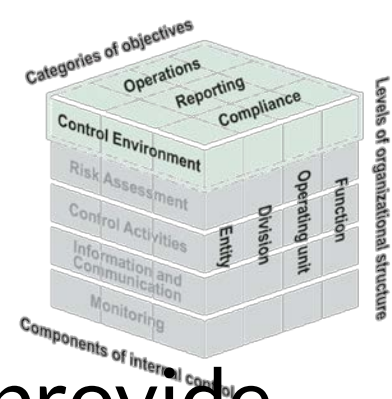
Source: GAO. | GAO-14-704G



Components / Principles

Control Environment

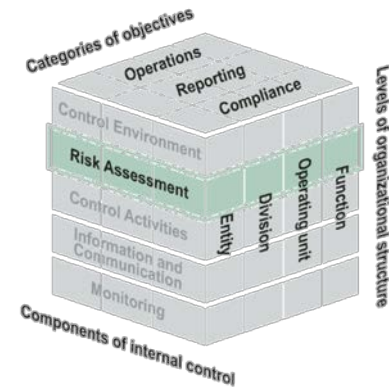
- The set of standards, processes, and structures that provide the basis for carrying out internal control across the organization
 - Principle 1: Demonstrate Commitment to Integrity and Ethical Values
 - Principle 2: Exercise Oversight Responsibility
 - Principle 3: Establish Structure, Authority, and Responsibility
 - Principle 4: Demonstrate Commitment to Competence
 - Principle 5: Enforce Accountability



Components / Principles

Risk Assessment

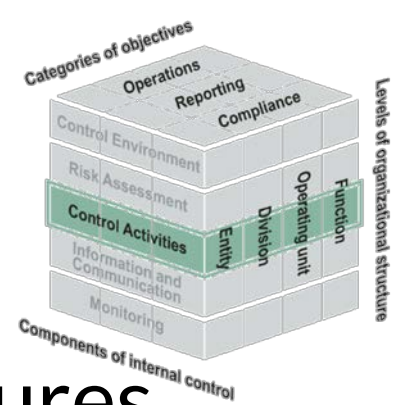
- A dynamic and iterative process for identifying and assessing the possibility that an event will occur and adversely affect the achievement of objectives
 - Principle 6: Define Objectives and Risk Tolerances
 - Principle 7: Identify, Analyze, and Respond to Risks
 - Principle 8: Assess Fraud Risk
 - Principle 9: Identify, Analyze, and Respond to Change



Components / Principles

Control Activities

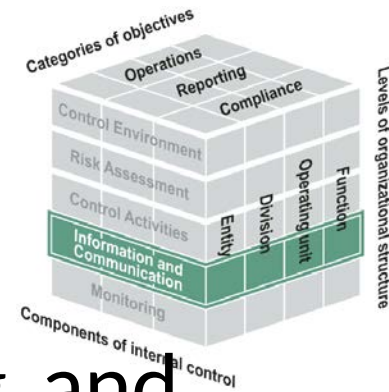
- The actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out
 - Principle 10: Design Control Activities
 - Principle 11: Design Activities for the Information System
 - Principle 12: Implement Control Activities



Components / Principles

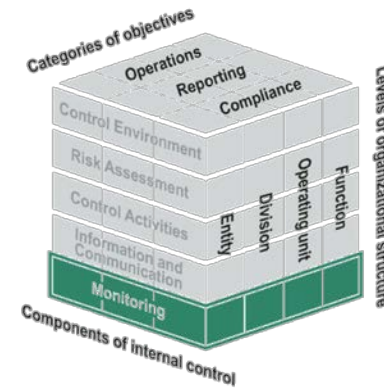
Information and Communication

- The continual, iterative process of providing, sharing, and obtaining necessary information to carry out internal control responsibilities to support the achievement of the entity's objectives
 - Principle 13: Use Quality Information
 - Principle 14: Communicate Internally
 - Principle 15: Communicate Externally



Components / Principles

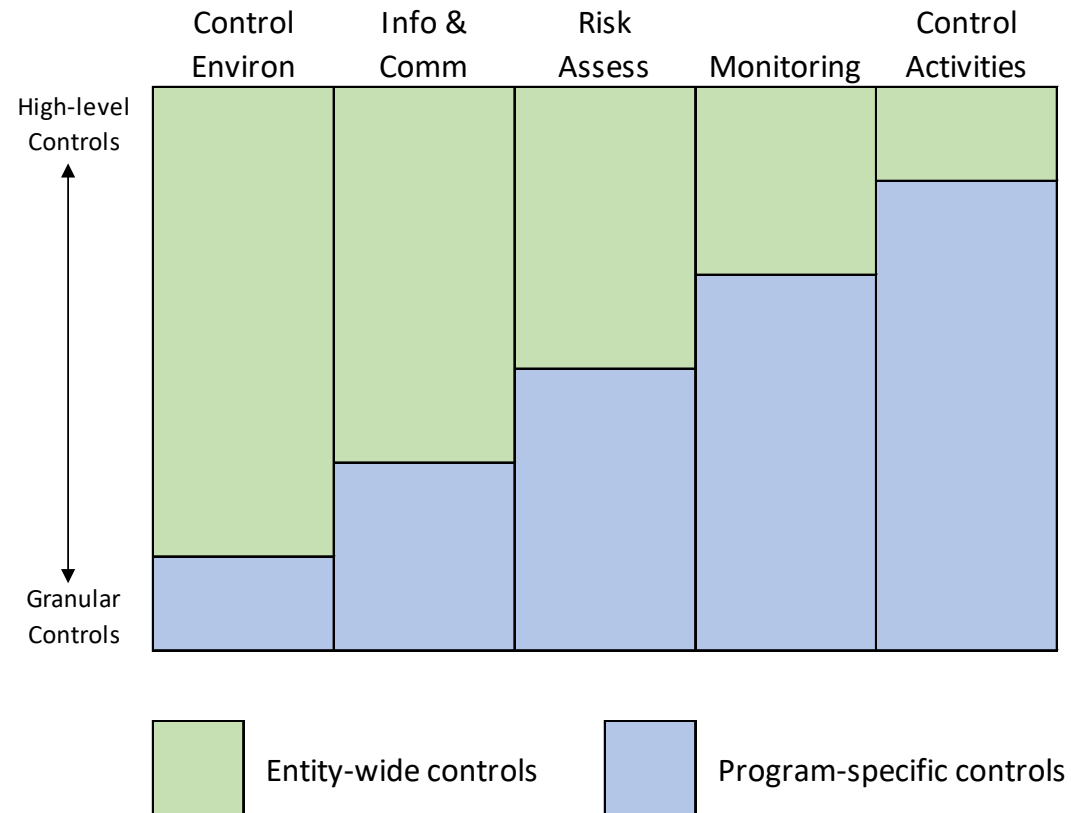
Monitoring Activities



- Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning
 - Principle 16: Perform Monitoring Activities
 - Principle 17: Evaluate Issues and Remediate Deficiencies

Uniform Guidance (2 CFR 200)

Documenting IC over Compliance



Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Other major provisions:
 - Payments (grant draws/advances)
 - Cost sharing/matching
 - Program income
 - Budget revisions requiring prior approval
 - Property standards (ownership/inventory)
 - Subrecipient monitoring/management
 - Procurement standards

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Procurement standards:
 - States may follow their own policies and procedures
 - All others must follow the general procurement standards
 - Use documented procurement procedures
 - No conflicts of interest
 - Consider most economical purchase option

Standards for Financial Management

- Procurement standards:
 - All procurement transactions must be conducted in a manner providing full and open competition
 - Methods:
 - Micro purchases = \$10,000 (can request higher)
 - Simplified acquisition threshold = \$250,000
 - Over \$250,000:
 - Sealed bids/formal advertising
 - Competitive proposals
 - Noncompetitive proposals (sole source)

Uniform Guidance (2 CFR 200) – Subpart E

Federal Cost Principles

- Fundamental premises :
 - Applying these cost principles “should require no significant changes to sound internal accounting policies/procedures”
 - The “total cost” of a Federal award is the sum of the **allowable** direct and **allocable** indirect costs less any **applicable credits**

Federal Cost Principles

- “Allowable” costs:
 - Necessary and **reasonable** for the performance of the Federal award
 - Conform to any limitations or exclusions set forth in these principles
 - Consistent with **policies and procedures** that **apply uniformly** to both federally-financed and other activities of the non-Federal entity

Federal Cost Principles

- “Allowable” costs:
 - Accorded consistent treatment (direct vs. indirect)
 - Determined in accordance with generally accepted accounting principles
 - Not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program
 - Adequately documented

Uniform Guidance (2 CFR 200) – Subpart E
Federal Cost Principles

- Compensation—personal services
 - Principles-based
 - Allowable if:
 - Reasonable for services rendered
 - Follows local hiring policies
 - Determined and supported in accordance with “Standards for Documentation” of Personnel Expenses

Uniform Guidance (2 CFR 200) – Subpart E
Federal Cost Principles

- Compensation—personal services
 - Records that accurately reflect the work performed
 - Supported by a system of internal control
 - Incorporated into the official records of the non-Federal entity
 - Reasonably reflect the total compensated activity (100%)
 - Encompass both federal and non-federal activity
 - Comply with established accounting policies/practices
 - Support the distribution of salaries/wages among activities

Federal Cost Principles

- Compensation—personal services
 - Budget estimates (before the fact) alone are not sufficient, unless:
 - The system for budgeting produces a reasonable estimate
 - Significant changes in actual work are identified and corrected
 - Short-term fluctuations may be excluded, if the budget is reasonable over the longer term
 - Internal controls include an after-the-fact review of budgeted charges, and makes corrections as necessary

Uniform Guidance (2 CFR 200) – Subpart F

Single Audit

- Starts with a financial audit conducted in accordance with GAAS and GAGAS
- Adds requirements for testing compliance with federal grant regulations

Polling Question #2

Stages of a Single Audit



- Four primary stages to a single audit

Stages of a Single Audit



- Obtain Schedule of Expenditures of Federal Awards (SEFA) from client
- Threshold for single audit is \$750,000 in current year
- Test SEFA in accordance with SAS 119 sufficient to render an in-relation-to opinion

Stages of a Single Audit



- Consider by Assistance Listing (CFDA) number or cluster
- Divide programs into Type A and B
 - Cut-off starts at \$750,000 and goes up with total expenditures
- Assess risk of Type A programs
 - Type A programs that are not low-risk are major
 - Type A programs that are low-risk (previously audited with no MW) are temporarily set aside, but may still be major

Stages of a Single Audit



- If necessary, assess risk of larger Type B programs
 - Only required if there is a low-risk Type A program
 - “Larger” Type B programs are 25% of the Type A threshold
 - High-risk programs may be selected as major
 - Risk assessment is based on auditor judgment
 - Identify one high-risk Type B program for every four low-risk Type A programs (25% of the low-risk Type A programs)

Stages of a Single Audit



- Determine if percentage of coverage is met
 - Required to test 40% of SEFA
 - For low-risk auditees, only test 20% of SEFA
 - Clean single audit for two years (no material findings)
 - Filed on time with the Clearinghouse
 - Select additional programs (auditor's choice) until coverage is met

Stages of a Single Audit



- For each major program, determine which compliance areas to test
 - Subject to audit per the Compliance Supplement
 - Applicable to the auditee
 - Have a direct and material effect on compliance

Stages of a Single Audit



- Compliance areas

- | | |
|--|---|
| A. Activities allowed or unallowed | H. Period of performance |
| B. Allowable costs/cost principles | I. Procurement/suspension and debarment |
| C. Cash management | J. Program income |
| D. [reserved] | K. [reserved] |
| E. Eligibility | L. Reporting |
| F. Equipment and real property management | M. Subrecipient monitoring |
| G. Matching, level of effort, and earmarking | N. Special tests and provisions |

Stages of a Single Audit



- In-relation-to opinion on the SEFA
- Yellow Book report
 - Internal control over financial reporting
 - Compliance with laws, regulations, and grant agreements
- Single Audit report
 - Compliance for each major program
 - Internal control over compliance

Stages of a Single Audit



- Schedule of Findings and Questioned Costs
 - Summary of Auditors Results
 - Financial statement findings
 - Federal awards findings
 - Questioned costs > \$25,000
- Summary Schedule of Prior Audit Findings
 - Status of prior federal award findings

Stages of a Single Audit



- Data Collection Form and reporting package
 - Submitted online
 - Provides details on findings
 - Corrective action plan
 - Complete financial statements for public inspection

Polling Question #3

2 CFR 200, Appendix XI

Compliance Supplement

- Issued annually to assist auditors conducting single audits and identify auditee responsibilities

2 CFR 200, Appendix XI

Compliance Supplement

- Part 1 – Background, Purpose, and Applicability
- Part 2 – Matrix of Compliance Requirements
- Part 3 – Compliance Requirements
- Part 4 – Agency Program Requirements
- Part 5 – Clusters of Programs
- Part 6 – Internal Control
- Part 7 – Guidance For Auditing Programs Not Included in this Compliance Supplement
- Appendices

Part 1

Background, Purpose, and Applicability

- Effective for June 30, 2021 FYE audits and later
- Safe Harbor Status:
 - The CS is updated annually, but laws change periodically, and delays are normal
 - Auditors should perform reasonable procedures to ensure compliance requirements are current
 - “Suggested audit procedures” are, as the name implies, only suggested – apply auditor judgment to achieve stated objectives

ALERT

Selected requirements may
change from year to year

Part 2

Matrix of Compliance Requirements

- Lists all programs included in the Supplement and which compliance areas are subject to audit
- Areas marked as applicable (“Y”) may not apply at a particular entity (or not be direct and material)
- Areas marked as not subject to audit (“N”) may still be applicable to the auditee

Part 2

Matrix of Compliance Requirements

ALERT
Compliance requirements may change w/ COVID-19

Legend to Matrix

Legend: Y - Yes, this type of compliance requirement is subject to audit for the Federal program;
N - No, this type of compliance requirement is not subject to audit for the Federal program.

Those requirements that were changed from a “Y” to a “N” or from a “N” to a “Y” since the last Supplement are shown in bold (and highlighted in yellow) in the A-N matrix columns. Note, Requirements D and K are reserved and therefore not shown in this chart.

| Requirement | A | B | C | E | F | G | H | I | J | L | M | N |
|----------------------|---------------------------------|---------------------------------|-----------------|-------------|------------------------------------|---------------------------------------|-----------------------|------------------------------------|----------------|-----------|-------------------------|------------------------------|
| | Activities Allowed or Unallowed | Allowable Costs/Cost Principles | Cash Management | Eligibility | Equipment Real Property Management | Matching, Level of Effort, Earmarking | Period of Performance | Procurement Suspension & Debarment | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| Program Number | | | | | | | | | | | | |
| 10.000 | Y | Y | Y | N | Y | N | N | N | Y | Y | N | Y |
| 10.500 | Y | Y | N | N | N | Y | Y | N | N | Y | Y | N |
| 10.511 (new program) | Y | Y | Y | N | Y | Y | N | N | N | Y | N | N |

Part 3

Compliance Requirements

- Contains general guidance that applies to all programs (not repeated in Parts 4 and 5)

Part 3 – Compliance Requirements

A. Activities Allowed or Unallowed

- Generally unique to each Federal program
 - Refer to Parts 4 and 5

Part 3 – Compliance Requirements

B. Allowable Costs/Cost Principles

- Federal cost principles:
 - OMB Circulars A-87, A-21, and A-122
 - 2 CFR 200, Subpart E
- Basic guidelines:
 - Reasonable/necessary
 - Allocable to the federal award
 - Adequately documented

Part 3 – Compliance Requirements

C. Cash Management

- Advance payment
 - Preferred when written procedures exist for minimizing the time elapsing between transfer of funds from the US Treasury and disbursement
- Reimbursement method
 - Used when no written policies exist, when required by specific conditions, or upon request of the grantee

Part 3 – Compliance Requirements

D. [Reserved]

- Formerly used for Davis-Bacon Act compliance
- Moved to 20.001 Wage Rate Determination cross-cutting section

Part 3 – Compliance Requirements

E. Eligibility

- Generally unique to each Federal program
 - Refer to Parts 4 and 5
- May apply to:
 - Individuals
 - Groups / areas of service delivery
 - Subrecipients

Part 3 – Compliance Requirements

F. Equipment/Real Property Management

- Title to equipment (>\$5,000) purchased with federal funds rests with the non-federal entity
 - Property records must be maintained
 - Inventory taken every 2 years
 - Proceeds from sale may be reinvested or returned to the federal government

Part 3 – Compliance Requirements

G. Matching, Level of Effort, Earmarking

- Generally unique to each Federal program
 - Refer to Parts 4 and 5
 - *Matching* – local/in-kind contributions
 - *Level of Effort* – supplement vs. supplant
 - *Earmarking* - % of funding used for specific purposes

Part 3 – Compliance Requirements

H. Period of Performance

- Federal funds may only be expended during the time specified in the grant agreement
- Unpaid obligations must generally be liquidated within 90 days of the end of the funding period

Part 3 – Compliance Requirements

I. Procurement, Suspension/Debarment

- Procurement – follow local practices
 - Micro-purchase = \$10,000
 - Simplified acquisition threshold = \$250,000
 - Over \$250,000:
 - Sealed bids
 - Competitive proposals
 - Noncompetitive proposals

Part 3 – Compliance Requirements

I. Procurement, Suspension/Debarment

- Suspension and debarment
 - No “covered transactions” with federally blacklisted parties
 - Procurement contracts for goods or services expected to exceed \$25,000
 - All non-procurement transactions (subawards)
 - See www.sam.gov for the list of excluded parties

Part 3 – Compliance Requirements

J. Program Income

- Gross income directly generated by a federally funded project
 - Fees
 - Interest
 - Refunds / proceeds from sales
- May be deducted from program costs, added to the budget, or used to meet matching requirements

Part 3 – Compliance Requirements

K. [Reserved]

- Formerly Real Property Acquisition/Relocation Assistance

Part 3 – Compliance Requirements

L. Reporting

- Use of standard OMB forms (SF-270 & SF-425)

Part 3 – Compliance Requirements

M. Subrecipient Monitoring

- Responsibilities of pass-through entities:
 - Identify the Award and Applicable Requirements
 - Evaluate Risk
 - Monitor
 - Ensure Accountability of For-Profit Subrecipients

Part 3 – Compliance Requirements

N. Special Tests and Provisions

- Generally unique to each Federal program
 - Refer to Parts 4 and 5

Part 4

Agency Program Requirements

- Lists specific compliance requirements, audit objectives, and suggested audit procedures for approximately 200 individual programs
 - There are approximately 2,200 active CFDA numbers per beta.sam.gov
- Certain federal agencies have cross-cutting sections that apply to multiple grants

Part 5

Clusters of Programs

- Clusters are groupings of CFDA numbers that are treated as if they are a single program for purposes of the single audit
 - Research and Development (R&D)
 - Student Financial Assistance (SFA)
 - Other clusters

Part 6

Internal Control

- Includes the 5 components and 17 principles of COSO/Green Book previously discussed

Part 7

Programs Not Included in the CS

- Provides guidance on identifying applicable compliance requirements, and determining appropriate audit procedures

Polling Question #4

2 CFR 200, Appendix XI

Compliance Supplement / Addendum

- The 2021 Compliance Supplement will not contain all ARPA-funded programs
 - OMB is considering one or more addenda; or
 - OMB is considering a web-based release of program sections
 - Some programs may have both CARES and ARPA funding (possibly with differing requirements)

DRAFT

2 CFR 200, Appendix XI

Compliance Supplement / Addendum

- **Programs with Higher Risk Designation**

Programs currently designated as “Higher Risk” by OMB pursuant to 2 CFR section 200.519(c)(2) include **all new programs or clusters established under ARPA** and the following additional programs identified by the agencies:

- 93.778 Medicaid Cluster
- 93.568 Low-Income Drinking Water Emergency Assistance
- 20.106 Airport Improvement Program
- 20.507 Federal Transit Formula Grant

DRAFT

2 CFR 200, Appendix XI

Compliance Supplement / Addendum

- **Programs with Higher Risk Designation**

Programs currently designated as “Higher Risk” by OMB pursuant to 2 CFR section 200.519(c)(2) include **all new programs or clusters established under ARPA** and the following additional programs identified by the agencies:

- 21.019 Coronavirus Relief Funds
- 21.023 Emergency Rental Assistance
- 21.026 Homeownership Assistance Fund
- 84.425 Education Stabilization Fund

DRAFT

2 CFR 200, Appendix XI

Compliance Supplement / Addendum

- Federal Funding Accountability and Transparency Act (FFATA)
 - Requires reporting by prime (**direct**) recipients of first-tier **subawards** (or amendments of subawards) that results in an obligation of \$25,000 or more in federal funds
 - Reported at FSRS.gov (FFATA Subaward Reporting System)
 - Info is publicly available at www.usaspending.gov

SF-SAC

Data Collection Form

- Required for all Single Audits
- Normally due 9 months after fiscal year end, or 30 days after receipt of the audit report
- Submitted electronically, including a text-searchable PDF of the financial statements (will be publicly available)
- Certified by the auditor and auditee

COVID-19 Program and Funding Updates

COVID-19 Funding

CARES Act March 2020

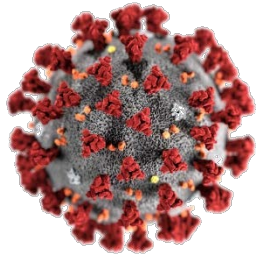
- Coronavirus Relief Fund
- Provider Relief Fund
- Educational Stabilization Fund
- Paycheck Protection Program

CRRSAA December 2020

- Emergency Rental Assistance
- Shuttered Venue Operators Grant

ARPA March 2021

- Coronavirus State and Local Government Fiscal Recovery Fund
- *Additional* Emergency Rental Assistance
- *Additional* Educational Stabilization Fund



Coronavirus Relief Fund (CRF)

- Provided \$150 billion to
 - States
 - Eligible units of local government (*populations > 500,000*)
 - District of Columbia
 - U.S. Territories
 - Tribal governments

Treasury CRF Guidance

- Treasury posted CRF Guidance and FAQs, and made multiple updates throughout the year
- Final guidance was codified in the Federal Register on January 15, 2021
 - https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf
 - Only selected elements of the Uniform Guidance apply

Treasury CRF Guidance

Eligible Uses of Funds

- The CARES Act provides that payments from the Fund may only be used to cover costs that—
 1. are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
 3. were incurred during the period that begins on March 1, 2020, and ends on ~~December 30, 2020~~ December 31, 2021.

Treasury CRF Guidance

Necessary Due to the Pandemic

- The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency.

Treasury CRF Guidance

Necessary Due to the Pandemic

- The Department of the Treasury understands the term “necessary” broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

Treasury CRF Guidance

Not Accounted for in the Budget

- The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the government
- A cost meets this requirement if either:
 - (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or
 - (b) the cost is for a *substantially different use* from any expected use of funds in such a line item, allotment, or allocation.

Treasury CRF Guidance

Incurred Between 3/1/2020 and 12/31/2021

- Originally set to expire on 12/30/2020
 - Extended to 12/31/2021 on 12/27/2020 by the Consolidated Appropriations Act of 2021 (HR 133)
- Revised end date does not automatically change pass-through grantor requirements

Treasury CRF Guidance

Examples of Eligible Expenditures

- Medical expenses
- Public health expenses
- Payroll for employees *substantially dedicated* to mitigating or responding to the COVID-19 public health emergency
- Actions to facilitate compliance with COVID-19-related public health measures
- Provision of economic support in connection with COVID-19
- Any other COVID-19-related expenses necessary to the function of government that satisfy the Fund's eligibility criteria

Treasury CRF Guidance

Examples of Ineligible Expenditures

- State share of Medicaid
- Damages covered by insurance
- Payroll for employees *not* substantially dedicated to mitigating or responding to COVID-19
- Expenses reimbursed by any other federal program
- Reimbursement to donors for donated items or services
- Bonuses (other than hazard pay or overtime)

Treasury CRF Guidance

Administrative Convenience

- As a matter of administrative convenience, the entire payroll cost of an employee whose time is **substantially dedicated** to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 31, 2021. An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

Administrative Convenience

- Treasury has not developed a precise definition of what “substantially dedicated” means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the “substantially dedicated” conclusion with respect to its employees.

Treasury CRF Guidance

Administrative Convenience

- In recognition of the particular importance of **public health** and **public safety** workers to State, local, and tribal government responses to the public health emergency, Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

Treasury CRF Guidance

Administrative Convenience

- **Public safety** employees include police officers, sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel.

Administrative Convenience

- **Public health** employees include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

Treasury CRF Guidance

Administrative Convenience

- Treasury recognizes that schools are generally incurring an array of COVID- 19-related expenses to either provide distance learning or to re-open. To this end, as an administrative convenience, Treasury will presume that expenses of up to **\$500 per elementary and secondary school student are eligible expenditures**, such that schools do not need to document the specific use of funds up to that amount.

Treasury CRF Guidance

Applicability of the Uniform Guidance

- According to the Assistance Listing (beta.sam.gov):
 - Fund payments are only subject to certain requirements in the Uniform Guidance:
 - 2 CFR 200.303 – internal controls
 - 2 CFR 200.330-.332 - subrecipient monitoring and management
 - Subpart F – single audit
 - Subpart E – Federal cost principles does not apply

Treasury CRF Guidance

Applicability of the Uniform Guidance

- Payments from the Fund are not administered as part of a traditional grant program and the provisions of the Uniform Guidance, 2 CFR part 200, that are applicable to indirect costs do not apply. Recipients may not apply their indirect costs rates to payments received from the Fund.

Treasury OIG CRF Guidance

Reporting Requirements

- Treasury setup a new system for reporting CRF expenditures: GrantSolutions
 - Because of this, FFATA does not apply to CRF

Ineligible Expenditures

- Treasury OIG has the ability to recoup funds for noncompliant expenditures
 - However, recipients may demonstrate that other eligible expenses incurred during the covered period would qualify as allowable (i.e., identify “replacement costs”)

Polling Question #5

Subrecipients vs. Beneficiaries

- Differences between the Treasury FAQs, Treasury OIG, and UG definitions of “subrecipient” have caused some confusion

Uniform Guidance

Subrecipients vs. Beneficiaries

- § 200.93 Subrecipient

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

- UG definition is not technically applicable to CRF

Subrecipients vs. Beneficiaries

- 13. What are the differences between a subrecipient and a beneficiary under the Fund for purposes of the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements?

...subrecipients would not include individuals and organizations (e.g., businesses, non-profits, or educational institutions) that are beneficiaries of an assistance program established using payments from the Fund. The Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements do not apply to beneficiaries.

Subrecipients vs. Beneficiaries

- 2. Who is a sub-recipient or a beneficiary?

Since there is no separate category to capture a beneficiary's data in the portal, the prime recipient must report on the beneficiary in the sub-recipient data fields. As such, for GrantSolutions reporting, a subrecipient/beneficiary is any entity to which a prime recipient issues a contract, grant, loan, direct payment, or transfer to another government entity of \$50,000 or more.

Practice Points

Subrecipients vs. Beneficiaries

- Subrecipients run federal programs, beneficiaries do not
- Beneficiaries are not subject to subrecipient monitoring or single audit
- A nonfederal entity can be a subrecipient for some CRF programs and a beneficiary for others
- Only the pass-through entity can make this determination (not the nonfederal entity receiving funds)

Provider Relief Fund (PRF)

- 2020 OMB CS Addendum made reporting direct/material:

| FYE | Include on the SEFA | How calculated? | Other Information |
|-----------------------|--|--|---|
| Pre-12/31/2020 | No PRF | N/A | Recipients will report 2020 PRF expenditures and lost revenue in the 2021 audit |
| 12/31/2020 | 2020 PRF expenditures and lost revenue | Based on 12/31/2020 PRF reporting to HHS | Single audits on hold pending the HHS reporting portal * |
| 01/01/2021-06/29/2021 | 2020 PRF expenditures and lost revenue | Based on 12/31/2020 PRF reporting to HHS | Single audits on hold pending the HHS reporting portal |
| 6/30/2021 or later | Pending the 2021 CS | Pending the 2021 CS | Pending the 2021 CS |

Provider Relief Fund (PRF)

- 2021 OMB CS Addendum:

| | Payment Received Period (Payments Exceeding \$10,000 in Aggregate Received) | Deadline to Use Funds | Reporting Time Period |
|----------|---|-----------------------|-------------------------|
| Period 1 | 04/10/2020 - 06/30/2020 | 06/30/2021 | 07/01/2021 - 09/30/2021 |
| Period 2 | 07/01/2020 - 12/31/2020 | 12/31/2021 | 01/01/2022 - 03/31/2022 |
| Period 3 | 01/01/2021 - 06/30/2021 | 06/30/2022 | 07/01/2022 - 09/30/2022 |
| Period 4 | 07/01/2021 - 12/31/2021 | 12/31/2022 | 01/01/2023 - 03/31/2023 |

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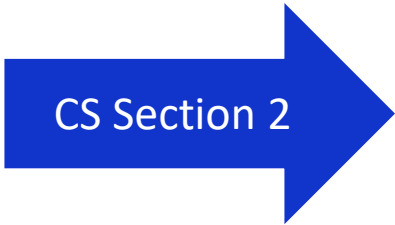
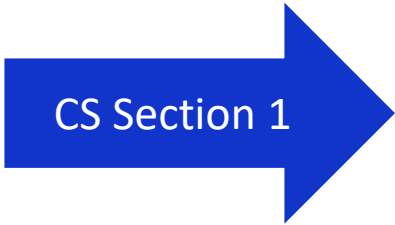
Provider Relief Fund (PRF)

- For FYE between March 31, 2020, and through March 31, 2021, no expenditures should be reported on the SEFA.
- Recipients with FYE on June 30, 2021, or before December 31, 2021, should include, in the SEFA, the expenditures from the Period 1 PRF report.
- Recipients with FYE December 31, 2021, should include, in the SEFA, the expenditures in both the Period 1 and Period 2 PRF reports.
- Recipients who received payments in Period 3 and Period 4 will complete a PRF report starting in July 2022 and will be covered under the 2022 Compliance Supplement.

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Education Stabilization Fund (ESF)

- U.S. Department of Education used alphas:



| CFDA No. | Program Name |
|----------------|--|
| ESF | See Section 1 (ESF) for compliance requirements and auditor guidance. See also other information below this table. |
| 84.425A | Education Stabilization Fund–State Educational Agency (Outlying Areas) (ESF-SEA) |
| 84.425C | Governor’s Emergency Education Relief (GEER) Fund |
| 84.425D | Elementary and Secondary School Emergency Relief (ESSER) Fund |
| 84.425H | Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governors) |
| HEERF | See Section 2 (HEERF) for compliance requirements and auditor guidance. See also other information below this table. |
| 84.425E | Higher Education Emergency Relief Fund (HEERF) Student Aid Portion |
| 84.425F | HEERF Institutional Portion |
| 84.425J | HEERF Historically Black Colleges and Universities (HBCUs) |
| 84.425K | HEERF Tribally Controlled Colleges and Universities (TCCUs) |
| 84.425L | HEERF Minority Serving Institutions (MSIs) |
| 84.425M | HEERF Strengthening Institutions Program (SIP) |
| 84.425N | HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant |
| Not Applicable | Neither Section 1 nor Section 2 include discussion of this program. See other information below this table. |
| 84.425B | Discretionary Grants: Rethink K-12 Education Models Grants |
| 84.425G | Discretionary Grants: Reimagining Workforce Preparation Grants |
| 84.425P | Institutional Resilience and Expanded Postsecondary Opportunity |

Education Stabilization Fund (ESF)

- 2021 OMB CS
 - Both Part 1 (ESF) and Part 2 (HEERF) received ARPA funding
 - We don't expect Part 1 to be updated for ARPA at the time of the initial release
 - It is unclear whether Part 1 will be released (and then later revised) or withheld until complete
 - Part 2 has been updated for ARPA and is expected to be released with the initial CS

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What's Coming Next

- CRF and other CARES Act programs will continue to be spent throughout 2021
- Passthrough entities will be performing subrecipient monitoring
- A lot more money is coming...

Coronavirus State and Local **Fiscal Recovery Fund (FRF)**

- Provides \$350 billion to
 - States & District of Columbia
 - Counties
 - Metropolitan cities (populations > 50,000)
 - Tribal governments
 - U.S. Territories
 - Non-entitlement units of local government (NEUs)

Coronavirus State and Local **Fiscal Recovery Fund (FRF)**

- Paid in two tranches (50% in May 2021 / 50% next year)
- An [Interim Final Rule](#) is posted, and open for public comment until July 16, 2021
 - Funds must be obligated by 12/31/2024
 - May be used to: support public health expenditures; address negative economic impacts of the pandemic; replace lost public sector revenue; provide premium pay for essential workers; and invest in water, sewer, and broadband infrastructure

UPDATED GUIDANCE:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

Resources (1 of 2)

- AICPA Single Audit Resource Center
 - www.aicpa.org/interestareas/governmentalauditquality/resources/singleaudit.html
- 2020 Compliance Supplement / Addendum
 - www.whitehouse.gov/omb/management/office-federal-financial-management/
- CFO Council
 - cfo.gov/policies-and-guidance/
- Data Collection Form
 - harvester.census.gov/facides/

Resources (2 of 2)

- GAQC COVID-19 Resources
 - <https://www.aicpa.org/interestareas/governmentalauditquality/resources/singleaudit/uniformguidanceforfederalrewards.html#COVID>
- U.S. Department of the Treasury
 - <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- Treasury OIG
 - <https://oig.treasury.gov/sites/oig/files/2021-01/OIG-CA-20-028.pdf>

Polling Question #6

