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Higher Education
Emergency Relief Funds

Things to Consider
Higher Education Emergency Relief Fund

75% Pell-eligible enrollment

25% Not Pell eligible enrollment

Total - $12.5b

50% ($6.25b)

Emergency financial aid grants to students:
Cover expenses related to the disruption of campus operations, including eligible expenses under student’s COA, such as food, housing, course materials, etc.

50% ($6.25b)

Cover any costs associated with significant changes due to disruption caused by COVID-19 and defray expenses of higher education (so as long as funds aren’t used for endowment, capital outlays on athletic facilities and sectarian instruction or religious worship and contracts for pre-enrollment activities)
# Higher Education Emergency Relief Funds

<table>
<thead>
<tr>
<th>Program (with link to website)</th>
<th>CFDA</th>
<th>CARES Act Section</th>
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<tr>
<td>Student Portion</td>
<td>84.425E</td>
<td>18004(a)(1)</td>
</tr>
<tr>
<td>Institutional Portion</td>
<td>84.425F</td>
<td>18004(a)(1)</td>
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<td>Historically Black Colleges and Universities (HBCUs)</td>
<td>84.425J</td>
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<tr>
<td>Tribally Controlled Colleges and Universities (TCCUs)</td>
<td>84.425K</td>
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<tr>
<td>Minority Serving Institutions (MSIs)</td>
<td>84.425L</td>
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<tr>
<td>Strengthening Institutions Program (SIP)</td>
<td>84.425M</td>
<td>18004(a)(2)</td>
</tr>
<tr>
<td>Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant</td>
<td>84.425N</td>
<td>18004(a)(3)</td>
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</table>
Eligible Uses of Institutional Portion

Section 18004(a)(1) Institutional Portion

General theme from Department of Education

• Must be linked to a cost and that cost must be related to the disruption of instruction due to coronavirus

• Cannot be used to replace revenue
Examples of Eligible Uses of Institutional Portion

- Section 18004(a)(1) Institutional Portion, (a)(2) and (a)(3)
  - Additional emergency aid to students
  - Reimbursement for refunds given to students for room and board, tuition and other fees as a result of significant changes to the delivery of instruction due to coronavirus
  - Technology needs – as long as they are incremental – including providing technology directly to students
Examples of Eligible Uses of Institutional Portion

- Section 18004(a)(1) Institutional Portion, (a)(2) and (a)(3)
  - Personal protective equipment
  - Cleaning supplies
  - Incremental housing costs
  - Incremental personnel costs
  - Incremental distance learning costs
Examples of Eligible Uses of Institutional Portion

• Section (a)(2) and (a)(3)
  • Not tied to disruption of instruction and more options on how funds can be spent
  • Can be used to replace lost revenue
Deadline to Use Funds

› One year from the date of award in their HEERF Grant Award Notification

› After the end of the year-long period of performance, grantees has an additional 90 calendar days to liquidate their obligations as part of the grant closeout procedures

› No cost extensions of up to 12 months may be requested
Reporting Requirements

• Link on ED website to form required to be posted to Institutional website

• Quarterly reports due 10 days after each calendar quarter

• 1st quarterly report due 10/30 for expenditures from beginning of grant through 9/30/20

• Must be publicly posted on website

• Annual reporting to ED still a work in progress
# Reporting Requirements

## HEERF Reporting Requirements Table

<table>
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<tr>
<th>Section 18004(a)(1) Student Portion Public Reporting</th>
<th>Who reports?</th>
<th>Method of reporting?</th>
<th>First report due to be posted?</th>
<th>Frequency of reporting?</th>
<th>As of 10/14, when is the next report due?</th>
<th>What do I publicly report on my institution’s website?</th>
<th>What do I do if I have expended all my HEERF grant funds?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All HEERF grantees that received a Section 18004(a)(1) Student Portion award.</td>
<td>Information is publicly posted on institution’s primary website.</td>
<td>First report was generally due 30 days after the Department originally obligated funds to the institution for the Section 18004(a)(1) Student Portion. See our Federal Register notice published on August 31, 2020 for more information.</td>
<td>Subsequent reports are due quarterly and must be posted no later than 10 days after the calendar quarter (January 10, April 10, July 10, October 10).</td>
<td>By January 10, 2021 covering the calendar quarter from October 1, 2020 – December 31, 2020. The previous Student Aid Portion reports (a 30 day, 45 day, or quarterly report) should report expenditures from the date of the institution’s (a)(1) Student Portion award through September 30, 2020.</td>
<td>Information specified in our May 6, 2020 Electronic Announcement, which was updated in a Federal Register notice published on August 31, 2020.</td>
<td>Please indicate that the final quarterly posting is the final report that covers all remaining HEERF fund expenditures for Section 18004(a)(1) Student Portion funds. After posting that report, no more quarterly public reporting of Section 18004(a)(1) Student Portion funds is required.</td>
<td></td>
</tr>
<tr>
<td>Section 18004(a)(1) Institutional Portion, (a)(2), and (a)(3) Public Reporting</td>
<td>All HEERF grantees that received a Section 18004(a)(1) Institutional Portion, (a)(2), or (a)(3) award.</td>
<td>Information is publicly posted on institution's primary website in the same place as the Student Portion Public Reporting described above.</td>
<td>First report due October 30, 2020 covering the period from first award through September 30, 2020.</td>
<td>Subsequent reports are then due quarterly and must be posted no later than 10 days after the calendar quarter (January 10, April 10, July 10, October 10).</td>
<td>By October 30 covering the period from the date of the first HEERF award through September 30.</td>
<td>Complete and post the Quarterly Reporting Form. Final form versions available here: PDF Document (156 KB)</td>
<td>Please check the box on the form that it is the &quot;final report&quot; that covers all remaining HEERF fund expenditures for 18004(a)(1) Institutional Portion, (a)(2), and (a)(3) funds. After posting that report, no more quarterly public reporting for 18004(a)(1) Institutional Portion, (a)(2), and (a)(3) funds is required.</td>
</tr>
<tr>
<td>Annual Reporting</td>
<td>All HEERF grantees.</td>
<td>Report is submitted to the Department via a portal system currently in development.</td>
<td>Intended first annual report due in early 2021.</td>
<td>Yearly. Submission will be required of all HEERF grantees.</td>
<td>Intended first annual report due in early 2021 covering the expenditure of all HEERF grant funds in calendar year 2020.</td>
<td>Not yet finalized, but draft form is in public comment period. A 30-day comment notice will be published in the Federal Register soon.</td>
<td>All institutions that received any HEERF award will still have to submit an annual report in early 2021 to the Department regardless if at that time they still have HEERF funds or not.</td>
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</tbody>
</table>
Resources

• Department of Education Frequently Asked Questions
  • https://www2.ed.gov/about/offices/list/ope/heerffaqsoct2020rollup.pdf

• Department of Education Webinar on HEERF Reporting (Oct 14)
  • https://mediasite.ed.gov/webcast/Play/e125773d112c4ae5bf8580236cd6efe91d

• HEERF@ed.gov
Accounting Considerations
Question 5

13. Should CARES Act resources provided through the Provider Relief Fund (U.S. Department of Health and Human Services), the Higher Education Emergency Relief Fund (U.S. Department of Education), the CARES Act Airport Grants (Federal Aviation Administration), and the Formula Grants for Rural Areas and Urbanized Area Formula Grants programs (Federal Transit Administration) to a business-type activity or enterprise fund be reported as nonoperating revenues?
Response

14. Except as noted in paragraph 15, the aforementioned resources provided pursuant to the CARES Act are subsidies and should be reported as nonoperating revenues. The resources provided pursuant to the CARES Act for the programs previously identified are intended to assist governments in responding to the coronavirus disease in various ways, such as by reimbursing governments for allowable costs incurred in responding to the healthcare emergency, assisting governments with their loss of revenue, or broadly supporting operating costs. The provisions in paragraph 102 of Statement 34 establish that a consideration for the presentation of revenues as operating or nonoperating is the classification of the inflows in the statement of cash flows. Further guidance is provided in paragraph 21 of Statement 9, as amended, which identifies noncapital grants as noncapital financing activities, unless those grants are contracts for services. Additional clarifying guidance is provided in Question 2.27.4 in Implementation Guide 2015-1, which establishes that grants generally should be reported as nonoperating activities unless the resources provided are representative of a contract for services. Based on that guidance, the programs identified in paragraph 13 provide resources to support specific activities and reimburse allowable
Question 6

16. Should outflows of resources incurred in response to the coronavirus disease due to, for example, actions taken to slow the spread of the virus, adjustments in the provision of services, or the implementation of “stay-at-home” orders, be reported as extraordinary items or special items?

Response

17. No. The provisions in paragraph 55 of Statement 34, as amended, provide that extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. As described in paragraph 46b of Statement 62, an item is infrequent in occurrence if the type of event is not reasonably expected to recur in the foreseeable future, taking into account the environment in which the government operates.
UG Procurement Standards

• CFR Sections 200.317-.326
• Procurement Methods
  • Micro purchases
  • Small purchases
  • Sealed bids
  • Competitive proposals
  • Non-competitive proposal
Purchasing Methods

- Micro purchases – supplies and services less than $10,000, equitably among qualified suppliers, competitive quotations not required

- Small purchases – supplies, services and property that cost less than the Simplified Acquisition Threshold - $250,000 – price or rate quotes from an adequate number of qualified sources
Purchasing Methods

- Sealed bids (formal advertising) – publicly solicited & firm fixed price awarded to the lowest bidder who conforms with all material terms and conditions (preferred method for construction)

- Competitive proposals – used when sealed bids are not appropriate – must be publicized & include evaluation factors & relative importance – adequate number of sources – awarded to most advantageous responder
Purchasing Methods

• Noncompetitive proposals (CFR 200.320(f))—used only when one of the following apply:
  • Item only available from a single source
  • Public exigency or emergency for the requirement will not permit a delay from competitive solicitation
  • Federal awarding agency expressly authorizes in response to written request
  • After solicitation from a number of sources, competition is determined to be inadequate.
AICPA GAQC Summary of UG Applicability

2020 OMB Compliance Supplement


Does not contain guidance related to CARES Act funds
• Higher Education Emergency Relief Funds
  • Not part of the Student Financial Assistance Cluster

• COVID related expenditures need to be specifically identified on the SEFA – prefix of COVID-19 in front of program name for any programs that include COVID-19 related funds – need to be separated from non-COVID funds in the same CFDA.

• Will need to be specifically listed on Data Collection Form as COVID-19
Internal Controls (§200.303)

- Establish & maintain effective internal control over federal awards that provides reasonable assurance that the non-federal entity is managing federal awards in compliance with federal statutes, regulations, & the terms & conditions of federal awards
- Comply with federal statutes, regulations & the terms & conditions of federal awards
- Evaluate & monitor compliance with statues, regulations, & the terms & conditions of federal awards
- Take prompt action when instances of noncompliance are identified
- Take reasonable measures to safeguard protected personally identifiable information

Auditors are required to test operating effectiveness of internal controls over compliance as part of the Single Audit
Internal Controls (§200.303)

Did internal controls change during COVID-19?

• Auditee
  › What was the impact of working from home?
  › Did you document the changes in your internal controls?
  › Is there a sufficient audit trail to show that remote internal controls were functioning?

• Auditor
  › Do you need to expand internal control testing to consider both pre- and post-WFH considerations?
  › Should compliance testing sample sizes increase if there was a gap in controls?
  › How does WFH impact the method by which we test internal controls?
Tips for Auditees

› Be Prepared
  • External Audit
  • Agency Monitoring
  • OIG Monitoring

› Beware of Reputational Risk
  • “Newspaper Risk”
Tips for Auditees

› Gather & summarize grant information
  • Grant award documentation, including terms & conditions
  • CFDA number for each federal award
  • First draft of SEFA

› Review written policies & procedures
  • Allowability of costs
  • Cash management
  • Procurement
  • Subrecipient monitoring
Tips for Auditees

› Discuss nature & scope of Single Audit with auditor

› Gather records
  • Expenditure justification, including identification of contractors (procurement records) & capital purchases
  • Financial & performance reports

› Re-review compliance requirements for common issues
  • Avoid double-dipping; Reclassification of costs between programs look suspicious
  • Net applicable credits (purchase discounts, rebates & refunds, contract settlements, etc.) against expenditures
Questions?

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