# PROVIDER RELIEF FUNDS – REPORTING AND AUDIT REQUIREMENTS

## AUDIT AND COMPLIANCE REQUIREMENTS

Based on current information from HHS, provider relief funds are also subject to audit if more than $750,000 has been expended during an entity's fiscal year.

Over the next two years, many entities, which have received PRF exceeding the $750,000 threshold, may require an audit for the first time. For nonprofit, for-profit and government entities, this would result in a Single Audit under the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). A program-specific audit option may also be available under 2 Code of Federal Regulations (CFR) 200 Subpart F Section 200.501(c), if an auditee expends federal awards under only one federal program (excluding Research and Development). HHS has also noted that for-profit entities that received these funds have a third option, which would be a financial audit under **Generally Accepted Government Auditing Standards** (GAGAS) also referred to as the Yellow Book. There is still pending guidance from HHS around this third option in the areas of expenditures versus receipts, disclosures and timing of the report. However, what is fairly certain is that this type of audit would be conducted under Section AU-C 805, *Special Considerations- Audits of Single Financial Statements and Specific Elements, Accounts or items of a Financial Statement*, and will require the inclusion of a Statement of Costs and Lost Revenues in relation to any HHS federal awards.

Additionally, there may be some confusion and uncertainty among recipients who require a Single or program-specific audit for the first time. These auditees may be unfamiliar with audit expectations and preparations that need to take place in order to respond to federal compliance requirements. Determination of what should be reported on the schedule of expenditures of federal awards (the SEFA) may be challenging at first, especially since federal guidance surrounding the PRF has been continuously evolving.

There are some timing nuances and questions on what amounts (i.e., expenditures and lost revenues) should be reported for PRF (CFDA 93.498) on the SEFA by recipients for fiscal year-ends prior to Dec. 31, 2020. The "Other Information" section in the PRF section of the **OMB Compliance Supplement Addendum** (Addendum) issued on Dec. 22, 2020 addresses this by stating that "PRF expenditures and lost revenue will not be included on SEFAs until Dec. 30, 2020 year-ends and later." Rather, for fiscal years ended earlier than Dec. 30, 2020, recipients will report the 2020 93.498 expenditures and lost revenue in the 2021 audit. Keep in mind that this timing provision only affects the PRF program and is not applicable to other COVID-19 funding that healthcare entities may have received such as CFDA 93.461, *COVID-19 Testing for the Uninsured* or CFDA 93.697*, COVID-19 Testing for Rural Health Clinics.* For fiscal years ended Dec. 30, 2020 and later, the amounts reported on the SEFA (expenditures and lost revenue) should match the amounts submitted in the calendar year-end reporting required to be made directly to the HHS portal.

The deadline for the submission of the Single Audit reporting package to the Federal Audit Clearinghouse (FAC) is within the earlier of 30 calendar days after the single audit report's issuance, or nine months after year end. However, per OMB Memo M-21-20 issued Mar. 19, 2021 an extension has been provided that permits recipients and subrecipients that have not filed their single audit as of Mar. 19, 2021 that have fiscal year ends through June 30, 2021, to delay the completion and submission of the single audit reporting package to six months beyond the normal due date. There is no requirement for individual recipients and subrecipients to seek approval for the extension, but recipients and subrecipients should maintain documentation of the reason for the delayed filing.