

OHIO AUDITOR OF STATE
KEITH FABER

**Grants & Funds
Related to COVID-19**

Presented by:
Center for Audit Excellence

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ATTENTION!!!

- The information in this slide show may be subject to change.
- Additional COVID guidance is being provided by Federal and State Agencies every day in an attempt to clarify requirements and provide implementation guidance to prime recipients and subrecipients.

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Agenda

Funding Overview

Specific Programs

Single Audit Basics

Resources

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ACTS

- Coronavirus Aid, Relief, and Economic Security Act (CARES) H.R. 748
- Families First Coronavirus Response Act—H.R. 6201
- Coronavirus Preparedness and Response Supplemental Appropriations Act—H.R. 6074
- Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139)

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IMPACT OF ACTS

- Approximately \$139 billion being allocated to state governments through CARES
- More than 90 federal programs (and counting) that this impacts
- Supplemental Funding, New Programs, Waivers/Flexibilities
- COVID-19 spreadsheet can be a helpful tool for both entities and auditors

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Significant New Programs

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Coronavirus Relief Fund

Federal
granting
agency is U.S.
Department of
Treasury

- 6 entities in Ohio who received funding directly and can choose how to distribute those funds
- State of Ohio received funds and is distributing through multiple streams
 - House Bills 481 & 614 distributed to all eligible entities (Counties, cities, townships, villages)
 - Department of Education received an allocation
 - Separate Broadband Ohio program
 - Department of Higher Education received an allocation
 - Provider Relief Program
 - Libraries and Ag Societies have received allocations
 - Safety Funds to Veterans Posts

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House Bill 481

Passed June 19, 2020

Subgrantees include counties, municipalities, and townships.

- Excludes the six local governments receiving direct Coronavirus Relief Fund payments
- These entities are permitted to further subgrant these funds (i.e. a City can give funds to a School District, NFP, etc)

Distributes funding based on proportion of Local Government Fund revenue allocated to subdivisions in 2019.

Counties will be conduit for local govt. distribution but not responsible for any compliance requirements beyond their own county-award.

Subgrantees should report expenditures on their SEFA.
Note: Counties only report their distribution on the SEFA.

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House Bill 481

Ohio Office of Budget and Management (OBM) is the grant administrator

Required subdivision, before receiving a payment to adopt a resolution affirming it will spend only on pandemic-related expenses

Required local funds unspent as of October 15, 2020, to be redistributed to local governments that have spent their full allocation
- Amended by HB 614

Required subdivisions to return unspent Coronavirus Relief Fund dollars to the state by December 28, 2020
- Amended by HB 614

This legislation does require these funds to be audited

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House Bill 614

- Passed September 23, 2020
- \$650 million distribution based on per capita basis
- Included amendments to HB 481
- Ohio Office of Budget and Management (OBM) is the grant administrator

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House Bill 614

- Local governments do not need to adopt a resolution or ordinance if one has already been adopted pursuant to HB 481
- Unencumbered funds now returned Nov 20th
- Redistribution now by Nov 25th
- Utilizes OSDA census estimates for distribution
- County funds redistribution percentage increased to 50%
- Return of unspent funds to the state now 2/1/21. Costs must still be incurred no later than 12/30/20

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CRF—What can it be used for?

Payments from this fund can only be used for expenses that:

- Are necessary expenditures incurred due to the public health emergency (COVID 19)
- Were NOT accounted for the budget most recently approved as of March 27, 2020
- Were incurred during the period that begins March 1, 2020 and ends on December 30, 2020

US Treasury has issued several FAQs (most recent Sept. 2nd)
<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

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CRF Takeaways

DOCUMENT, DOCUMENT, DOCUMENT

Who is the funding coming from?

How did you meet the three prongs?

How was substantially dedicated determined and what records do you have to support it?

Governing Board and/or legal documentation

What funds are paying what expenditures?

Not a grant program---other Financial Assistance

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Provider Relief Funds

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graph TD; A[CFDA #93.498] --> B[CARES Act funding]; B --> C[Administered & distributed by HHS]; C --> D[$175 Billion total funding]; D --> E[Relief funds to hospitals and other healthcare providers on the front lines of the coronavirus response];
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Testing Considerations

Crucial to make sure you have a complete and accurate SEFA

- Auditors will discuss with you what funding you have received and what expenses you are planning on charging
- Remember that expenditures are reported on the SEFA based on when the expenses occurred NOT when the funds were received
- Could have new funding streams or supplement funds to existing streams
- Make auditors aware if you are also acting as a Pass-through entity (2 CFR 200.331)
- [https://grants.ohio.gov/Documents/Coronavirus Relief Fund/CRF Guide to Subgranting Funds 2020-08-19.pdf](https://grants.ohio.gov/Documents/Coronavirus%20Relief%20Fund/CRF%20Guide%20to%20Subgranting%20Funds%202020-08-19.pdf)

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Separate Accountability

- New Funds must be created for new COVID-19 programs.
- COVID-19 funding in an existing federal program must be tracked separately (e.g., Special Cost Centers / Codes).
- Different sources of CRF funding should also be tracked separately.
- Funds have also been set up within UAN to account for COVID funds. Recently, the range of funds also has been expanded to account for the multiple funding streams that could be occurring. <https://uanlink.ohioauditor.gov/communications/pdf/Version%202020.3%20Overview.pdf>

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Accounting Issues

For those accounting systems that accommodate it, AOS prefers governments utilize a Reduction of an Expenditure or Reduction of Prior Year Expenditure line-item to move the eligible expenditure out of the fund that originally paid for it and into the appropriate federal fund.

- However, some accounting systems do not include these options. Therefore, alternatively, governments may use the transfer line-items to reimburse eligible expenditures made in state and local funds with an allowable federal fund.
- Governments should work with their legal counsel to determine whether interfund reimbursements related to federal COVID-19 funding constitute reimbursements of allowable expenditures under the applicable COVID-19 federal program. If so, see AOS Bulletin 98-013 and page 50 of the Ohio Compliance Supplement Implementation Guide ("Interfund Reimbursements") for guidance.

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Reporting

Entity Reporting is going to vary upon the funding they have received and who they received it from

May have had extended deadlines/waivers on reporting http://www.ohioauditor.gov/resources/covid19/Deadline_Extensions_Audits_0702.xlsx

CARES Act has specific reporting requirements (Section 15011) which applies to any entity receiving more than \$150,000 direct from feds

State agencies also will have to comply with this requirement and may ask entities to supply information to help with submission

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Single Audit


- 2 CFR 200 (Uniform Guidance)
- When is a single audit required?
 - 2 CFR 200.501(b)
- Expenditure threshold? 2 CFR 200.501(a)
 - Usually \$750,000 Federal Expenditures
 - 2 CFR 200.502 & .518

UNIFORM GUIDANCE

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Uniform Guidance 2 CFR §200


Subpart A (.00 - .99)	Acronyms and Definitions	
Subpart B (.100 - .113)	General Provisions	
Subpart C (.200 - .213)	Pre-Federal Award Requirements and Contents of Federal Awards	
Subpart D (.300 - .345)	Post Federal Award Requirements	
Subpart E (.400 - .475)	Cost Principals	
Subpart F (.500 - .521)	Audit Requirements	
Appendices		

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Upcoming UG Changes

- Generally effective on November 13, 2020
- New awards issued on or after the effective date
- Updates:
 - Procurement requirements
 - 10% de minimis indirect cost rate
 - Definition and terminology changes
 - Pass-through entity requirements
 - CFDA – Assistance Listing Program Title



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What are the auditors looking at?

SEFA – auditors will test and determine the major federal programs that will need to be tested (2 CFR 200.518)

In addition, requirements may be outlined by pass-through entities, grant awards and agreements, and other forms of communication.

Office of Budget and Management (OMB) annually puts out a Compliance Supplement that provides guidance and suggested audit procedures for different areas of compliance.
2020 being issued in 2 parts

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Schedule of Federal Expenditure Requirements (SEFA)

- Prepared by Auditee
- List individual Federal programs by Federal agency
- Name pass-through entity and identifying number assigned by them
- Provide total Federal awards expended for each individual program and the CFDA number
- Include total amount provided to subrecipients
- Separately identify COVID-19 expenditures
- Notes to the SEFA

SEFA Example:

COVID-19 Temporary Assistance for Needy Families	93,000	\$1,000,000
Temporary Assistance for Needy Families	93,000	\$3,000,000
Total - Temporary Assistance for Needy Families		\$4,000,000

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OMB Compliance Requirements

Activities Allowed and Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility
Equipment & Real Property Management	Matching, Level of Effort, and Earmarking	Period of Performance	Procurement & Suspension and Debarment
Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions

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2020 Compliance Supplement

• OMB Compliance Supplement being issued in 2 parts:

1. Annual Compliance Supplement
 - Issued in August
2. COVID-19 Specific Addendum
 - Expected now by end of November



Auditors' Reports

- SEFA Opinion
- Single Audit Federal Compliance & Internal Control Letter
 - Will include an opinion for each major program
- Schedule of Findings
- Management Letter



Schedule of Findings


2 CFR 200.516

Federal program name and CFDA number	Name of the Federal agency or pass-through	The criteria or specific requirement upon which the finding is based	If the finding had been issued in the prior year	Control Deficiencies / Non-compliance	Views of responsible officials of the auditees

Auditee Reports


In addition to the SEFA, auditees prepare:

- Corrective Action Plan
 - 2 CFR 200.511
- Schedule of Prior Audit Findings
 - 2 CFR 200.511



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Data Collection Form (DCF)



- On-line form submitted to the Federal Audit Clearinghouse
- Both Auditees and Auditors have parts to complete.

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Resources

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AOS Resources

COVID-19 Resources for Local Government

The Auditor of State (AOS) is working to help local governments manage the financial impact of COVID-19. The resources on this page are a response to the questions and concerns Auditor Faber has heard from our local partners, and we hope they will help our clients better understand and use available resources.

Federal Financial Assistance

- CARES Act and Federal Assistance Spreadsheet (updated 10/9)
- How to Use the Spreadsheet
- Summary of UG Applicability (new 7/14)
- Deadline Extensions (updated 7/7)
- Jobs and Family Services List of Federal Guidance for Local Agencies
- CARES Act USAS Fund Numbers and Accounting Guidance for Schools (updated 9/7)
- CARES Act UAN Client Fund Numbers (new 8/7)
- AICPA Summary of Uniform Guidance (UG) Applicability for COVID-19-Related Federal Programs (new 8/7)

Federal and State FAQs

- General Auditor of State FAQs (updated 10/6)
- Federal OMB FAQs & COVID-19 Assistance Listing (new 7/7)
- OBM's Ohio Grants Partnership
- Ohio Public Meetings Guidelines
- More Federal and State Information (Link)

Track the Money

- The U.S. Pandemic Response Accountability Committee

Guidance for AOS Clients

- Advisories and Policy Updates
- View AOS Teleconferences
- GASB Emergency Toolbox
- AICPA State and Local Government Expert Panel (SLGEP) FAQ (new 7/14)
- Deadline Extensions (updated 7/7)
- What is a Single Audit? (new 7/14)
- COVID-19 and the Impact on Single Audits (new 7/17)
- Have you received inaccurate COVID-19 test results? Let us know here (new 8/11)
- OBM COVID-19 Federal Grant Training
- Ohio Grants Partnership Summit
- Responsibilities Under Uniform Guidance Act 2CFR §200 (new 10/9) (Link)


Contacts

- How to Reach AOS and Other Offices

AOS Efforts to Assist Clients

- AOS Free Training Programs
- UAN "Fee Holiday" Info
- UG Assistance for Clients Experiencing Fiscal Distress

http://ohioauditor.gov/resources/Covid19/AOS_Advisory_CARES_Act_100720.pdf



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

Auditor of State Advisory Memo

To: All County, City, Township, Village Officials and Independent Public Accountants

From: Keith L. Faber, Auditor of State

Date: October 7, 2020


Subject: Use of Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Funds (CRF) to Support Small Businesses and Provide Housing Assistance

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Subgrant Example

Model 1 – Local Government Subrecipient / Small Business or Individual Beneficiary Structure Model



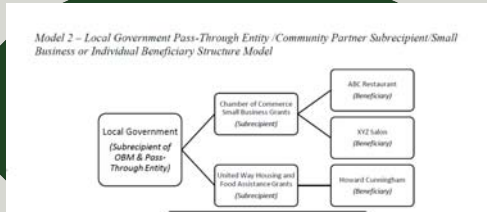
```

graph LR
    LG[Local Government (subrecipient of OBM)] --> CRF_SBP[CRF Small Business Support Program (Reimbursement Grant)]
    LG --> CRF_HAP[CRF Housing Assistance Program (Reimbursement Grant)]
    CRF_SBP --> ABC[ABC Restaurant (Beneficiary)]
    CRF_SBP --> XYZ[XYZ Salon (Beneficiary)]
    CRF_HAP --> HC[Howard Cunningham (Beneficiary)]
    
```

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Subgrant Example



Other Resources

- **AICPA Government Audit Quality Center--**
<https://www.aicpa.org/interestareas/governmentalauditquality.html>
- **Ohio Grants Partnership (OBM)--**
<https://grants.ohio.gov/>
- **GASB Technical Bulletin 2020-1--**
https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176174832053&acceptedDisclaimer=true

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