

Pandemic Funding Oversight and Reporting:

Following the Dollars to Achieve Accountability and Transparency While Minimizing Fraud and Abuse

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Speakers:

Jeffery Sural, Senior Broadband Policy Advisor, US Department of Treasury

Lisa Reijula, Associate Director of Outreach and Engagement, Pandemic Response Accountability Committee

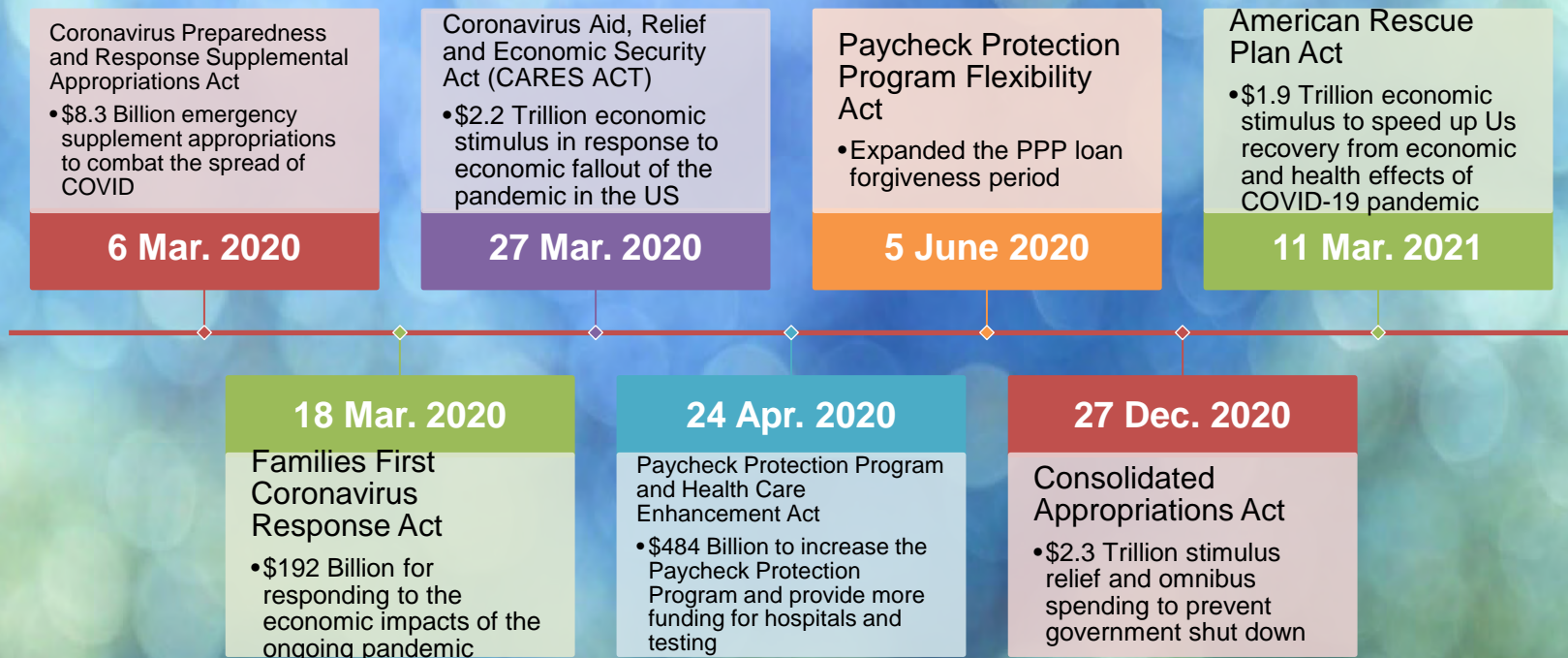
Tammie Brown, Acting Director Single Audit Division, DHHS/OIG



National Association of State
Auditors, Comptrollers
and Treasurers

Following the Money

COVID-19 Related Funding



Infrastructure Investment and Jobs Act

- 1.2 trillion spending package signed into law November 15, 2021
 - Federal-aid highway
 - Transit
 - Highway safety
 - Motor carrier
 - Research
 - Hazardous materials
 - DOT rail programs
 - Broadband access
 - Clean Water
 - Electric Grid

HHS COVID Oversight Activities

HHS-OIG's Oversight of COVID – 19 Response and Recovery

- Official website for communication of agency wide COVID-19 work
<https://oig.hhs.gov/coronavirus>
 - Strategic Plan
 - Reports
 - Enforcement Actions
 - Policies and Guidance
 - Outreach

Strategic Plan

- Main Objectives are as follows
 - Protect People
 - Protect Funds
 - Protect Infrastructure
 - Promote Effectiveness of HHS Programs

Reports

- January 26, 22 – The Assistant Secretary for Administration Awarded and Managed Five Sole Source Contracts for COVID- 19 Testing in Accordance with Federal and Contract Requirements (A-05-21-00014).
- October 14, 2021 – Changes Made to State' Medicaid programs to Ensure Beneficiary Access to Prescriptions During the COVID-19 Pandemic (A-06-20-04007)
- September 27, 2021 – Six of Eight Home Health Agency Provider Had Infection Control Policies and Procedures that Complied with CMS COVID-19 Guidance to Safeguard Medicare Beneficiaries, Caregivers, and Staff During the COVID-19 Pandemic (A-01-20-00508)

Single Audit Issues

Management's Use of the Compliance Supplement

- Review the Compliance Supplement for special instructions for SEFA reporting
 - Do a search for “**SEFA**” and “Schedule of Expenditures of Federal Awards”
 - Review “Programs with “**Other Information**” in Part 4” within Appendix IV Internal Reference Tables
 - Review “**Identification of COVID-19 Related Awards on the SEFA and SF-SAC**” within Appendix VII “Other Audit Advisories”

FEMA Cost Swap

- In January 2021, a Presidential Memorandum was issued extending certain Federal support to increase reimbursement and other assistance. FEMA would provide certain assistance at a 100 percent Federal cost share until September 30, 2021.
- A February 2021 Presidential Memorandum extended the Federal support and made the 100 percent Federal cost share retroactive from January 20, 2020 through January 20, 2021.
- The November 2021 Presidential Memorandum announced that funding to support all eligible Coronavirus Disease 2019 work will continue at a 100 percent Federal cost share from January 20, 2020 through April 1, 2022.

FEMA Cost Swap – Three Scenarios

- Recipients may have originally charged the recipient's FEMA cost share (typically 25%) to CRF or another Federal program before the Federal cost share change was effective in early 2021.
- Non-cost share costs could have been charged to CRF or another Federal program that is now covered by FEMA.
- Parking expenditures with another program until FEMA approves the expenditures.

FEMA Cost Swap - Example

- During the year ended June 30, 2021 (FY21), because of the FEMA announcement, Government entity transferred \$3,000,000 in FY20 expenditures that were previously claimed under the CRF program to the FEMA Disaster Grants program for FY 21. Additionally, the government entity charged \$10,500,000 in FY21 expenditures to the CRF program. For simplicity purposes, this illustration assumes there are no additional expenditures for the FEMA Disaster Grants program for FY21.

FEMA Cost Swap – Example Continued

- What implications does FEMA expenditure swap have on the Government's FY20 and FY21 SEFA and related single audits?
 - FY20, there are no implications for the SEFA and single audit. The announcement of expanded FEMA funding came after the Government's FY end. Thus, the FY20 SEFA accurately reflected CRF program expenditures. The following slide shows the FY20 SEFA.
 - FY21 SEFA, government should report FEMA Disaster Grants program expenditures of \$3,000,000 and CRF program expenditures of \$10,500,000. Additionally, a footnote to the SEFA should be added to explain the transfer of the previously reported CFR expenditures to FEMA and that the CRF expenditures for FY21 are \$10,500,00.

FEMA Cost Swap

- What is the impact on Single Audit Compliance Testing in FY21?
 - The FY21 \$3,000,000 expenditures swapped and added to the FEMA Disaster Grant would be tested under that program for allowable costs and other Single Audit Requirements.
 - The new \$10,500,000 CRF expenditures would be tested in FY 21 for compliance with the award requirements.

Non- Entitlement Units (NEU) Alternative Audit Approach

- Issues leading up to the alternative approach being developed.
 - Auditor resource constraints
 - NEUs don't prepare financial Statements
 - Lacking internal Controls because of organization size
- Ready for OMB Clearance any day, then vetting in Federal Register.
 - NASACT, OMB, Treasury, and AICPA Collaboration
 - Attest engagement instead of full Single Audit
- Open the door for Big/ Little Single Audits?

Provider Relief Fund (PRF) Issues

- Reporting issues
 - Expenditures are required to match the PRF portal reporting periods outlined in 2021 Compliance Supplement. First FYE with expenditures 6/30/2021.
 - Lost Revenue
- HHS PRF reporting project
 - Immaterial SEFA reporting notification letter.
 - Material SEFA reporting and program testing failed engagement letter.
- Special test and provision related to testing Out-of-Network Patient, Out-of-Pocket Expenses
 - Dropped for FY21 and 22 Single Audits
 - Still in the award terms and conditions

OMB Single Audit Submission Extensions

- M-20-21
 - Issued 3/19/2021
 - Applicable for all audits with Fiscal years through June 30, 2021, not previously submitted.
 - Superseded all prior extensions.
 - Requires not further action or approval by awarding agencies.
 - Maintain documentation for reasons for delays.
 - Extends the competition and submission of the single audit reporting package to the FAC for 6-months beyond the normal due date, for entities that were financially or operationally impacted by COVID.
- Additional Extensions?

The Impact of Addendums to the Compliance Supplement

- 2021 Lessons Learned
- 2022 Approach
 - Status of 2022 Initial Supplement
 - No Duplicate Part 4 Sections
 - Infrastructure Programs Likely
 - Timing

Education Sampling Requirements- 2022 Compliance Supplement

- Benefits
 - Assist with Audit Resolution
 - Assist Management Measure Improper payments
- Challenges
 - Auditors Independence Concerns
 - Other Federal Agency Initiatives
 - Add additional information on sample cost, sample size, projected questioned cost, sampling methodology

Other Items to Keep on your Radar

- April of 2022, federal government will stop using the DUNS and will use a new Unique Entity Identifier (UEI) ([GSA](#) & [SFA](#))
- AU-C 935: Amended for SAS No. 140 and effective for compliance audits for fiscal periods ending on or after 12/15/2021
- FAC going to CIGIE for the collection of 2022 Single Audits

Questions???

