

2023 Uniform Grant Guidance Update and Compliance Reminders, Trends & Issues

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Course Objectives

- ▶ 2023 Compliance Supplement Update
- ▶ Higher Education Specific Programs Recap
- ▶ Compliance Reminders, Trends and Common Issues



2023 Compliance Supplement

Polling Question

**With a show of hands,
how many of you review
the compliance
supplement annually
when it is released to
consider changes that
impact your organization?**

**Something that could be considered to
ensure compliance is met.**



2023 Compliance Supplement

Issued:

May 22, 2023

Effective:

Fiscal years beginning after
June 30, 2022

Purpose:

Address compliance requirements for federal funding
Defines audit approach for testing these programs

Location:

OMB website

<https://www.whitehouse.gov/omb/office-federal-financial-management/>



Compliance Supplement Navigation

Part 1: Background, Purpose, and Applicability

Part 2 & 3: Matrix of Compliance Requirements & Compliance Requirements

Part 4 & 5: Agency Program Requirements & Cluster of Programs

Part 6: Internal Control

Part 7 & 8: Guidance for Auditing Programs not Included in the Compliance Supplement & Appendices



Key Uniform Guidance Changes

Pandemic funding
wrapping up, but still
applicable

Higher Risk Programs

Procurement

Cash Management

Education Stabilization
Fund

Student Financial
Assistance Cluster
Changes



Data Collection Statistics

Data collection submissions 2019:

37,317

Data collection submissions 2020:

39,945

Data collection submissions 2021:

44,858

Data collection submissions 2022:

43,177 as of 10/1/23



Higher Risk Programs

Appendix IV identifies programs as higher risk:

- ▶ **Coronavirus State and Local Fiscal Recovery Funds**
- ▶ **Education Stabilization Fund**
- ▶ **Others:**
 - ▶ **Medicaid Cluster (historically the only higher risk program)**
 - ▶ **Provider Relief Fund**
 - ▶ **Disability Insurance/Supplemental Security Income**
 - ▶ **Homeowner Assistance Fund**
 - ▶ **Abandoned Mine Land Reclamation**
 - ▶ **Emergency Rental Assistance**



Procurement

Build America Buy America Act

- ▶ BABAA – domestic procurement preference for all federal financial assistance for infrastructure projects after May 14, 2022
- ▶ Should be communicated through award terms and conditions if impacted by this requirement
 - Waivers as applicable

BABAA Audit Testing

- ▶ Test sample of procurement agreements for infrastructure
- ▶ Review for domestic preference provisions
- ▶ Review waiver if applicable



Cash Management

Previous supplement

- ▶ When testing funding under the reimbursement method, the auditor is to ascertain if the entity “paid” for the costs in reimbursement requests prior to the date of the reimbursement period.

Current supplement

- ▶ When testing funding under the reimbursement method, auditor is to ascertain if the sample of expenditures in cash drawdowns tested were incurred prior to the date of the reimbursement request.



AICPA GAQC Comment Letter

A need for consistent criteria on what makes a program higher risk

Concerns about the Student Financial Assistance program

Considerations for the removal of COVID-19 content

Concerns about the lack of detail in Appendix V of the Supplement

Various minor errors noted in 2023 Supplement



Student Financial Assistance Programs

Student Financial Assistance Programs

Verification

- ▶ Majority of information was again waived for verification due to COVID-19
 - ▶ Only required for V4 & V5 (See DCL GEN-22-06)
- ▶ Waiver will not be applicable for 2023-2024 (See DCL GEN-22-09)

Gramm-Leach Bliley Act

- ▶ Additional required testing sections/attributes
- ▶ Including verifying institution has a written information security program addressing the required elements noted in the compliance supplement

Reporting

- ▶ Federal Funding Accountability and Transparency Act reporting no longer applicable
- ▶ Reminder – Auditors must provide Pell and Direct Loan sample information no later than 60 days after the Data Collection Form and reporting package are submitted to the Federal Audit Clearinghouse

Other Sections with Minor Changes

- ▶ Activities Allowed or Unallowed
- ▶ Cash Management
- ▶ Eligibility
- ▶ Disbursements to or on Behalf of Students
- ▶ Program Eligibility



Student Financial Assistance Programs

Using a Servicer to Deliver Title IV Credit Balances to a Card

- ▶ New
- ▶ Review contracts related to outside entities who make direct payments of Title IV credit balances by EFT
- ▶ Proper communication to students on process
- ▶ Disclose arrangement on school website

Incentive Compensation

- ▶ New
- ▶ Compliance with ban on incentive payments for admissions/recruiting
- ▶ Review recruitment and admissions activities to ensure compensation or payment was not incentive based
- ▶ Applicable to employees and contracted entities

Satisfactory Academic Progress

- ▶ New
- ▶ Institutions must establish and publish reasonable standards for maintaining satisfactory academic progress

Additional Locations

- ▶ New
- ▶ Eligible locations listed on approved Eligibility and Certification Approval Report (ECAR)
- ▶ Ensure institution is not offering more than 50% of an eligible program at any location not listed on the ECAR



Student Financial Assistance Programs

Direct Loan Reconciliations

▶ Removed

Distance Education Programs

▶ Removed

Institutional and General Program Eligibility

▶ Removed

Short-term Programs at Postsecondary Vocational Institutions

▶ Removed



Education Stabilization Fund

Polling Question

**With a show of hands,
how many of you still
have had ESF spending in
2023?**

**How many of you had a single
audit on this program still in
2023?**



Education Stabilization Fund

Overview

Funding provided to prevent, prepare for, and respond to coronavirus, domestically or internationally

K-12 entities often refer to this program as ESSER

Colleges generally refer to this program as HEERF

- Granted in 3 tranches: HEERF I, II and III
- Each tranche has a student and institutional piece
- Includes reimbursement for lost revenue

This program is divided into grant types or subprograms designated by letters

CFDA # 84.425

Education

CARES, CRRSAA and
ARP funded



Education Stabilization Fund

HEERF Reminders

ARP Required Use

Two new requirements that a portion of HEERF III institutional funds must be used:

- ▶ (a) to implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines;
- ▶ (b) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances, described in section 479A of the HEA.

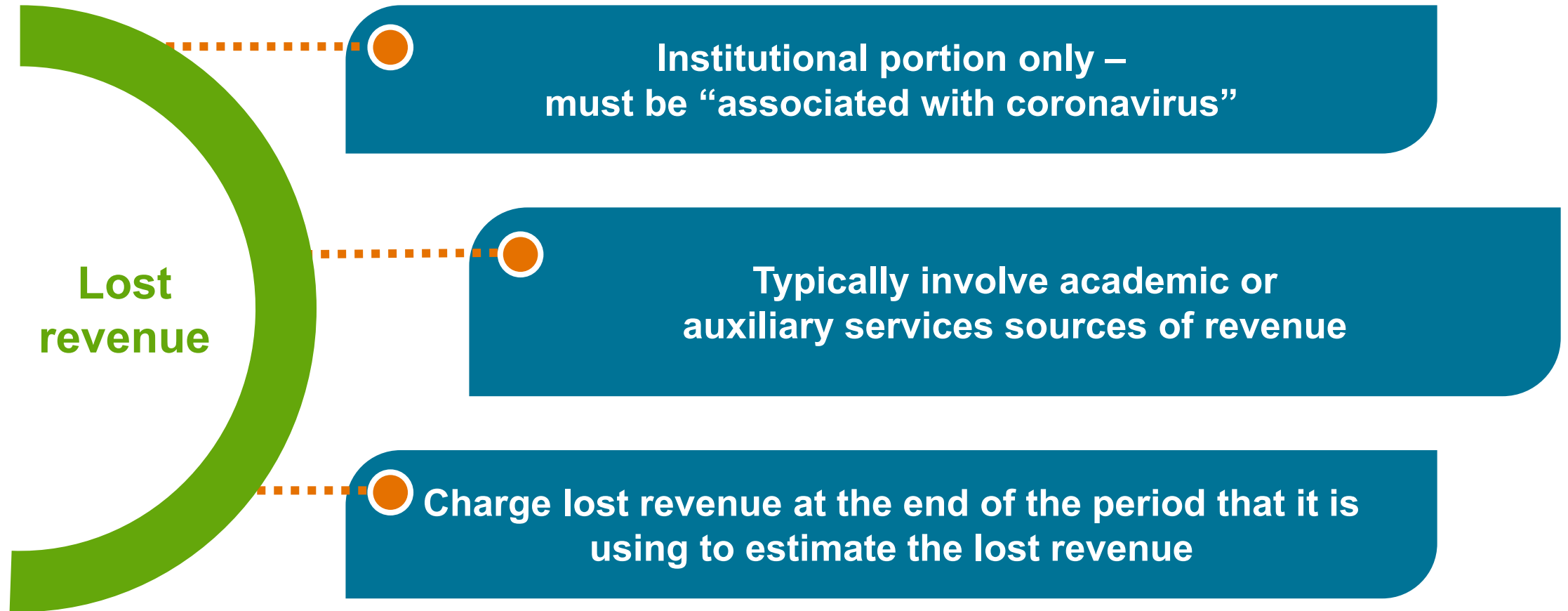
IMPORTANT

ESF continues to be identified as “higher risk” (if over \$750k expended, will be tested by your auditors)

The performance period was extended to June 30, 2023 so all funds under HEERF needed to be expended by that deadline



Education Stabilization Fund



If considering lost revenue sources, consult [HEERF Lost Revenue FAQs](#)



Reminders, Trends & Issues

Data Collection Changes

Say goodbye to the Federal Audit Clearinghouse (FAC)

- ▶ **FAC transitioned to the US Census Bureau (Census) on October 1, 2023**
- ▶ **Hosted by the US General Services Administration (GSA) at the following website:**
 - ▶ <https://www.fac.gov/>
- ▶ **Waiver for 30 day requirement for all January 1, 2023 through September 30, 2023 submissions. These audits will be considered on time if they are submitted within nine months after the fiscal period end date.**
- ▶ **Waiver for 30 day requirement for all January 1, 2022 through September 30, 2022 submissions. These audits will be considered on time if they are submitted within nine months after the fiscal period end date.**



Federal Emergency Management Agency Award Recognition

SEFA Recognition

- ▶ Record expenditures on the SEFA based on when funds are approved by FEMA
- ▶ FEMA obligates the funds to recipients when they approve the Award Worksheet
- ▶ When expenditures are incurred in a fiscal year prior to Award Worksheet approval and presented on SEFA, footnote required

Example

FEMA costs incurred in fiscal year
2022

Award Worksheet approved by FEMA
in fiscal year 2023

Present expenditures on 2023 SEFA

Include footnote disclosing amount
included on 2023 SEFA that was
incurred in 2022



Subrecipient vs. Contractor (or Beneficiary)

Subrecipient	Contractor
Determines who is eligible to receive what federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether objectives of a federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision-making	Normally operates in a competitive environment
Is responsible for adherence to applicable federal program requirements specified in the federal award	Provides goods or services that are ancillary to the operation of the federal program
In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.	Is not subject to compliance requirements for the federal program as a result of the agreement, though similar requirements may apply for other reasons

Tips

Communicate with other departments to understand this relationship

Review all award agreement terms

Communicate with granting entity

Review awardee responsibilities to meet compliance requirements

Helpful Link: <https://www.cbh.com/guide/articles/subrecipient-vs-contractor-coronavirus-state-and-local-fiscal-recovery-fund/>



R&D Cluster Reminders

1

R&D is defined per the compliance supplement as:

- “All research activities and all development activities performed by non-federal entities.”

2

The words “research” or “development” are not required to be in the title of the award to be included in cluster.

3

Substance of award to be evaluated by recipient in order to classify as part of the R&D cluster.

4

All awards issued by National Institute of Health (NIH) and National Science Foundation (NSF) are part of R&D cluster – see Appendix VII.



Proposed Uniform Guidance Changes

Overview

Incorporating statutory requirements and administrative priorities

Reducing agency and recipient burden

- Increasing single audit threshold from \$750k to \$1M
- Increasing equipment threshold from \$5k to \$10k

Clarifying sections that recipients or agencies have interpreted in different ways

Rewriting applicable sections in plain language, improving flow, and addressing inconsistent use of terms

**U.S. Office of
Management and
Budget's Guidance on
Grants and
Agreements**

Proposal Published:
10/5/23

Comments Close:
12/4/23

<https://www.federalregister.gov/documents/2023/10/05/2023-21078/guidance-for-grants-and-agreements>



Polling Question

How many of you are going to go out and read the 501 page redline version of this proposal?!

Here it is for your enjoyment!

[https://www.cfo.gov/assets/files/Uniform%20Grants%20Guidance%20Revisions%20-%20Redline%20\(2023\).pdf](https://www.cfo.gov/assets/files/Uniform%20Grants%20Guidance%20Revisions%20-%20Redline%20(2023).pdf)



FAFSA Simplification Act

Free Application for Federal Student Aid:

Significant overhaul to the processes and systems used to award federal student aid starting with 2024-2025 award year



Expected Family Contribution (EFC) out Student Aid Index (SAI) in



Modifications to family definitions in FAFSA formulas



Expanding access to Federal Pell Grants



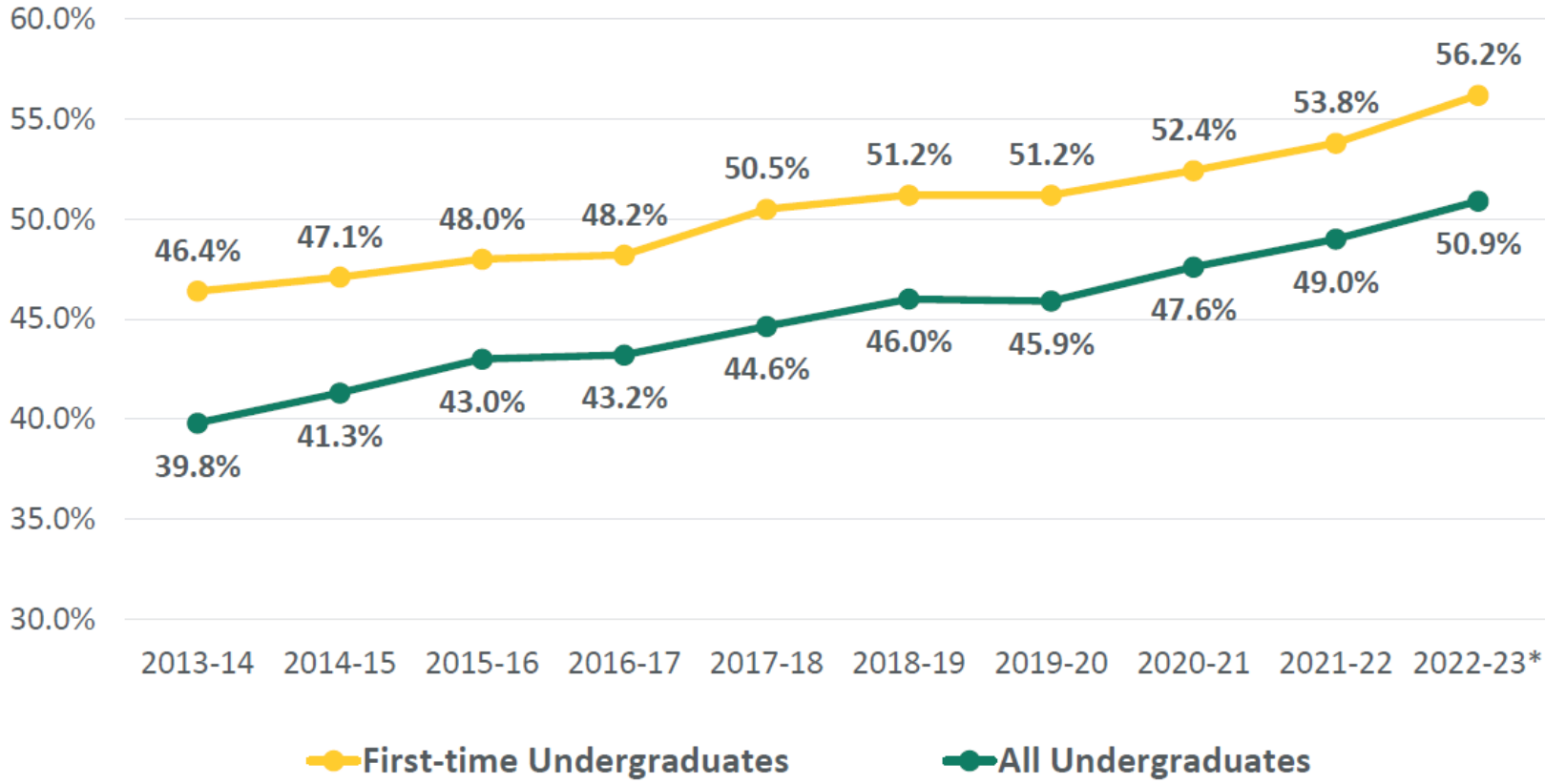
Streamlining the FAFSA Form process



FSA ID



Tuition Discount Rate Trend



Source: 2022 Tuition Discounting Study, NACUBO, April 2023.



SEFA Presentation Reminder – COVID-19

Appendix VII – COVID 19 – Identification of COVID-19 awards of SEFA & DCF

- ▶ Nonfederal entities **should** separately identify COVID-19 expenditures on the SEFA and DCF
 - This includes both new and existing programs
- ▶ SEFA Presentation
 - On a separate line by Assistance Listing Number with “COVID-19” as a prefix to the program name or on a separate row

SEFA Example:

COVID-19 Temporary Assistance for Needy Families	93.558	\$1,000,000
Temporary Assistance for Needy Families	93.558	\$3,000,000
<i>Total – Temporary Assistance for Needy Families</i>		<hr/> <i>\$4,000,000</i> <hr/>



Key Reminders

SEFA

- ▶ Assistance listing vs. CFDA
- ▶ Timing and determination of awards
- ▶ Identification of subrecipient vs. contractor
- ▶ Review for completeness

Internal Controls

- ▶ Leverage Compliance Supplement Part 6
- ▶ Documentation of controls is integral
- ▶ Remote work environment adjustments

Documentation

- ▶ Performance and special reporting
- ▶ Donated PPE presentation and tracking
- ▶ Retain all documentation, emails, correspondence, decisions, etc. to support approach

Processes

- ▶ Be aware of new programs to ensure compliance
- ▶ Identify key personnel
- ▶ Prepare for changes and unexpected obstacles



Questions?

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