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**CARES Act:**

**Audit Considerations**

May 25, 2021  
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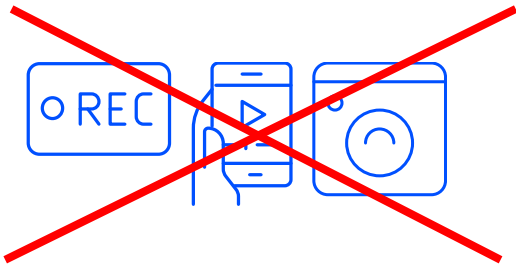
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## Learning Objectives

- Overview of new programs created and compliance requirements for new programs created by the CARES Act.
- Overview of existing federal programs that received additional funding as a result of the CARES Act.
- Record keeping and documentation needed to ensure compliance with the CARES Act.
- CARES Act programs impact on major program determination.
- The difference between being a sub-recipient and beneficiary for Tribal entities that received CARES Act funding and the audit impact for both classifications.
- American Rescue Plan Act

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## New Programs Created by CARES Act

- 10.001 – Programs Impacted by COVID Waivers (United States Department of Agriculture)
- 14.862 – Indian Community Development Block Grant Program (Housing and Urban Development)
- 16.034 – Coronavirus Emergency Supplemental Funding (Department of Justice)
- 21.019 – Coronavirus Relief Fund (Department of the Treasury)
- 32.006 – COVID-19 Telehealth Program (Federal Communications Commissions)
- 84.425 – Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (Department of Education)
- 84.425 – HEERF Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act Higher Education Emergency Relief Fund (Department of Education)
- 93.461 – COVID-19 Testing for the Uninsured (Department of Health and Human Services)
- 93.498 – Provider Relief Funds (Department of Health and Human Services)

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## Existing Programs Modified by CARES Act

- 14.862 – Indian Community Development Block Grant Program (Housing and Urban Development)
- The following Health and Human Services programs were modified but do not appear to apply to Tribal Governments and Entities: 93.153, 93.914, 93.917, and 93.918.
- A new program under the Department of Transportation was identified in the updated compliance supplement issued in December 2020. The program 20.218 was a new program but not related to CARES Act.
- Student Financial Assistance Cluster

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## Existing Programs Modified by CARES Act *(continued)*

- A list of comprehensive listing all programs funded through the CARES Act can be found at:

[https://www.cfo.gov/wp-content/uploads/2020/06/M-20-21\\_FAQ\\_06232020.pdf](https://www.cfo.gov/wp-content/uploads/2020/06/M-20-21_FAQ_06232020.pdf).

It is important to look over the terms and conditions of any funding received to determine if the funding is provided through CARES Act or non-CARES ACT funding since they will often have the same program number.

- Another source that can provide information on program requirements is:  
<https://www.aicpa.org/content/dam/aicpa/interestareas/governmentauditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/gagc-summary-of-applicability-for-new-coronavirus-related-fed-programs-20200616.pdf>.

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## Existing Programs Modified by CARES Act *(continued)*

- The existing programs may have the same reporting requirements as the Coronavirus Relief Funds (21.019) or have other reporting requirements and the terms and conditions of the grant will contain this information.
- The determination for allowable costs/activities may be based on Uniform Guidance requirements or the three requirements for Coronavirus Relief Funds for each program but this would be documented in the terms and conditions of the grant.
- The terms and conditions of the grant will also document any special tests and provisions that are required.
- Some of the federal programs may not have a program specific compliance requirement and the website <http://beta.sam.gov/content/home> will provide information on all federal programs that do not have a program specific compliance requirement.

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## 10.001 – Programs Impacted by COVID Waivers

- The US Department of Agriculture granted a waiver for the following federal programs to ease program operations at the state and local levels to minimize the potential exposure to the COVID-19 for the following programs for Food and Nutrition Services (FNS):
  1. 10.551 – Supplemental Nutrition Assistance Programs (SNAP)
  2. 10.553 School Breakfast Program (SBP)
  3. 10.555 National School Lunch Program (NSLP)
  4. 10.557 Special Supplemental Nutrition Program for Women, Infant, and Children (WIC)
  5. 10.558 Child and Adult Care Food Program
  6. 10.559 Summer Food Service Program (SFSP)

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## 10.001 – Programs Impacted by COVID Waivers *(continued)*

- All waivers discussed in the following slides would need to be applied for by the Tribe and approved by the Department of Agriculture.
- The full list of waivers available through program 10.001 are contained at the following link: <https://www.fns.usda.gov/disaster/pandemic/covid-19>.

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## 10.001 – Programs Impacted by COVID Waivers *(continued)*

- Key WIC Waivers granted by 10.001:
  1. Remote Benefit Issuance Waivers – Allowed to issue benefits remotely and not have eligible participants come to the office.
  2. Physical Presence Waivers – Participants are allowed to enroll or re-enroll in WIC without visiting a clinic in person or postpone certain medical tests. The tests that deferred are relating to anthropometric (i.e., height/length and weight) and bloodwork requirements to determine nutritional risks.

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## 10.001 – Programs Impacted by COVID Waivers *(continued)*

- Key USDA Foods Waivers granted by 10.001:
  1. Disaster Household Distributions (DHD) – Approved direct distribution of food to identified states and Indian Tribal Organizations (ITO's). The eligible ITO's and specific details for each DHD program at <https://www.fns.usda.gov/usda-foods/covid-19-disaster-household-distribution>.
  2. Food Distribution Program on Indian Reservations (FDPIR) –The FDPIR provided an additional \$100 million to income-eligible households living on Indian Reservations and Native American Households residing in designated areas near reservations in Oklahoma. \$50 million was available to improve infrastructure for food distribution and the other \$50 million provided additional food to distribute to eligible participants.

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## 10.001 – Programs Impacted by COVID Waivers *(continued)*

- Key USDA Foods Waivers granted by 10.001 (continued):
  3. Modifications of the application and approval process for FDPIR programs due to COVID-19:
    - a. Employees are allowed to gather applicant information over the phone, e-mail, mail, fax, or text, and the employee can sign applications on behalf of applicant.
    - b. Income verification can be done via e-mail, mail, fax, text, and/or collateral phone contact.
    - c. Certification periods - For households with a certification period less than 12 months (or less than 2-months if all adult members are elderly or disabled), an ITO/SA can verbally confirm with the household that circumstances remain the same and extend their certification period additional months, provided it does not exceed 12 months (or 24 months if applicable) from the start date of their certification. Households assigned 24-month certification periods must be contacted by the ITO/SA at least once every 12 months to determine if the household wishes to continue to participate in the program and whether there are any changes in household circumstances that would warrant a redetermination of eligibility or a change in benefit level. The ITO must contact a household member to perform the certification.

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## 10.001 – Programs Impacted by COVID Waivers *(continued)*

- Key COVID-19 Child Nutrition waivers:
  1. Meal-time waiver – Meals can be served outside traditional times to maximize flexibility for meal pick-up. Currently extended through June 2021.
  2. Non-congregate feeding and Parent/Guardian waiver – Meals can be served in non-group settings to allow social distancing and parents/guardians can pick up meals to bring home.
  3. Nationwide Waiver Update for School Year 2021 – 2022 – FNS released a new suite of waivers and flexibility to increase funding, support access, and balance operational needs with the goal of providing nutritious meals. Most of the Waiver related to extending existing waivers and the full list of waivers can be found at <https://www.fns.usda.gov/disaster/pandemic/cn-2021-22-waivers-and-flexibilities>.
  - All waivers obtained through 10.001 should be kept and provided to the auditor during to ensure that all programs were administered properly.

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## 14.862 Indian Community Development Block Grant Program (existing program)

- The CARES act provides up to \$100 million in Imminent Threat funding to prevent, prepare for, and respond to coronavirus, for emergencies that constitute imminent threats to health and safety.
- The activities, projects must be tied to one of three eligible purposes: [prepare for](#), [prevent](#) and [respond](#) to COVID-19.

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## 14.862 Indian Community Development Block Grant Program (existing program) *(continued)*

- **Prepare** - activities designed to develop processes and procedures to help keep people healthy, and other activities designed to reduce the risk of exposure to COVID-19 and avoid or slow the spread of the disease.
- **Prevent** - activities designed to prevent the initial or further spread of the virus to the tribal community.
- **Respond** - care for those who have become infected and to limit the exposure and spread of the virus, providing emergency rent payments and other public services to families that cannot pay rent, carrying out activities to reduce severe overcrowding, preventing homelessness to ensure families are stably housed.

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## 14.862 Indian Community Development Block Grant Program (existing program) *(continued)*

- Ineligible activities include:
  - ▶ Buildings or portions thereof used for the general conduct of government
  - ▶ Political activities
  - ▶ General government expenses
  - ▶ Activities, projects, or programs that are not reasonably tied to preparing for, preventing, and responding to COVID-19.

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## 14.862 Indian Community Development Block Grant Program (existing program) *(continued)*

- There are certain waivers for CARES grants under ICDBG and they should be continually monitored for changes. The latest notice was issued May 4, 2021 (PIH 2021-14). Updates can be found at:  
[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/ih/ONAP-CARES\\_Act](https://www.hud.gov/program_offices/public_indian_housing/ih/ONAP-CARES_Act)

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## 16.034 – Coronavirus Emergency Supplemental Funding (CESF)

- The CESF provides funding to assist eligible states, units of local governments, and federally recognized tribal governments in preventing, preparing for, and responding to the coronavirus.
- States, US territories, the District of Columbia, units of local government, and federally recognized tribal governments that were identified as eligible funding under the FY 2019 state and local Edward Byrne Memorial Justice Assistance Grant (JAG) program are eligible to apply for the CESF.

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## 16.034 – Coronavirus Emergency Supplemental Funding (CESF)

*(continued)*

- CESF program compliance requirements:
  1. **Activities Allowed** – Allowable projects and purchases includes, but are not limited to, overtime, equipment (including law enforcement and medical personal protective equipment), hiring supplies (such as gloves, masks, and sanitizer), training, travel expenses (particularly related to the distribution of resources to impacted areas), and addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers.
  2. **Activities Unallowed** – There are no specific prohibitions under the CESF program other than unallowable costs identified in the Department of Justice (DOJ) Financial Guide. DOJ Financial guide can be accessed at <http://ojp.gov/financialguide.Doj/index.htm>. Any items costing \$500,000 or more require prior approval from DOJ. Direct administration costs of the grant can not exceed 10% of the total award.

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## 16.034 – Coronavirus Emergency Supplemental Funding (CESF)

*(continued)*

- CESF program compliance requirements: *(continued)*
  3. Equipment/Real Property Management – Maintain detailed record of property and equipment purchased under the federal program that includes the following information: description of the property, serial number or other identifying number, source of the property, identification of the title holder, acquisition date, cost of the property, percentage of federal participation in the cost of the property, location of the property, use and condition of the property, and disposition data. A physical inventory of the property must be taken and the results of the property records at least once every two years.
  4. Procurement, Suspension, and Debarment – Have to solicit bids for items over \$250,000. If three bids can not be obtained or there is a sole source vendor documentation needs to be prepared and retained in accordance with Entities policies and procedures. The Tribal entity can have a lower threshold than the federal requirement. Federal funding can not be spent on vendors that have been barred and the website [www.sam.gov](http://www.sam.gov) can be used to check eligibility of potential vendors.

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## 16.034 – Coronavirus Emergency Supplemental Funding (CESF)

*(continued)*

- CESF program compliance requirements: *(continued)*
  5. Program Income – If the Tribal entity is allowed to draw down funds in advance, they can place the funds in interest bearing accounts and the earnings on advanced funding can be used for the federal program. Any unused awarded federal funding including earned interest must be returned to DOJ at the time of the close out of the grant.
  6. Reporting – Quarterly SF-425's are required 30 days after the end of each respective quarter. Semi-annual progress reports are required to be submitted through DOJ's Justice Grants System.
  7. Subrecipient Monitoring – Only applicable if funding was passed to another entity to manage grant.

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## 21.019 – Coronavirus Relief Fund

- The purpose of the Coronavirus Relief Fund (the Fund) is to provide payments to state, territorial, tribal, and certain eligible local governments to cover:
  1. Necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);
  2. Costs that were not accounted for in the government's most recent approved budget as of March 27, 2020; and
  3. Costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020, per section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act. The period allowed to use CARES Act funding under 21.019 was extended through December 31, 2021.
- \$8 Billion in funding was provided to Tribal governments through the CARES Act and was allocated to all federally recognized Tribes.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- Coronavirus Relief Fund compliance requirements:
 

Activities Allowed or Unallowed – The following link [https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register\\_2021-00827.pdf](https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf) contains the FAQ and addresses the allowable uses of Coronavirus Relief Fund under requirement 1 of the program.

  1. Activities Allowed or Unallowed - The requirement that expenditures be incurred “due to” to the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency.
    - a. These may include expenditures allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency such as by providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures. Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund Payments.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- Coronavirus Relief Fund compliance requirements: *(continued)*

- b. The statute also specifies that expenditures must be “necessary”. The Department of the Treasury understands this term broadly mean that the expenditure is reasonably necessary for its intended use in the reasonable judgement of the government officials responsible for spending Fund payments.

The following expenditures are allowable under provision #1 per Department of Treasury guidance:

- i. Medical expenses relating to COVID-19 for establishing temporary medical facilities and other measures to increase COVID-19 treatment capacity.
- ii. Cost of providing COVID-19 testing
- iii. Expenses for establishing and operating telemedicine for COVID-19 related Treatment
- iv. Public Health expenses to deal with COVID-19 relating to acquisition and distribution for PPP
- v. Disinfection of public areas and other facilities

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## 21.019 – Coronavirus Relief Fund *(continued)*

- Coronavirus Relief Fund compliance requirements: *(continued)*

### Allowable *(continued)*

- vi. Disinfection of public areas and other facilities
- vii. Public safety measures taken into response for COVID-19
- viii. Expenditures incurred to facilitate remote working for employees
- ix. Provide paid sick and paid family leave to public employees to enable compliance with COVID-19 public health precautions
- x. Related expenses for Tribal detention centers to ensure proper sanitation and social distancing

### Ineligible expenditures under Provision #1 of the CARES Act

- i. Expenses for the State share of Medicaid
- ii. Damages covered by insurance
- iii. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency

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## 21.019 – Coronavirus Relief Fund *(continued)*

- The Treasury has provided guidance what constitutes substantially dedicated and therefore would be an allowable cost. It has been determined that all employees that work in Public Health and Public Safety are determined to be substantially dedicated. Public safety employees would include police officers, firefighters, emergency medical responders, correctional and detention officers, and other employees that support employees mentioned earlier.
- Public Health employees includes employees involved in providing medical and other health services to patients and supervisory personnel including medical personnel assigned to schools, prisons and detention centers, and other institutions that provided medical care.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- It is possible an employee could provide services that could be charged to the program and the other hours the employees are not allowable. The time should be documented and charged to different accounts for those employees where a portion of wages could be allocated to the grant.
  1. Expenses that have been reimbursed or will be reimbursed under any federal programs
  2. Reimbursement to donors for donated items or services
  3. Workforce bonuses other than hazard pay or overtime
  4. Severance Pay
  5. Legal Settlements

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## 21.019 – Coronavirus Relief Fund *(continued)*

- Assistance payments to individuals would be allowable under the Act. Such assistance could include, for example, a program to assist individuals with overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.
- Governments have discretion to determine how to tailor assistance programs they establish in response to the COVID-19 public health emergency. However, such a program should be structured in such a manner as will ensure that such assistance is determined to be necessary in response to the COVID-19 public health emergency and otherwise satisfies the requirement of the CARES Act and other applicable law. For example, a per capita payment to residents of a particular jurisdiction without an assessment of individual need would not be an appropriate use of payments from the fund. “ This will help to document that the assistance payments are allowable and revenue replacement which is also not allowed under the CARES Act.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- The second requirement of CARES Act Funding is that Costs that were not accounted for in the government’s most recent approved budget as of March 27, 2020. Treasury has interpreted this provision to exclude items that were covered for their original use or a substantially different use.
- Treasury considers the requirement of not being accounted for in the government’s most recent approved budget as pf March 27, 2020, to be met if either (a)the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- Costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020, per section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act. The period allowed to use CARES Act funding under 21.019 was extended through December 31, 2021.
- Any goods or services need to be received by Tribe or other entities by December 31, 2021, unless you get documentation from a vendor that there are circumstances outside of the Tribe or other entities and suppliers' control that would delay the receipt of goods and services.
- Any remaining funds not used by December 31, 2021, need to be returned to the Treasury at this time unless another extension for use of the funds is granted.

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## 21.019 – Coronavirus Relief Fund *(continued)*

- The Department of Treasury gives discretion on how Tribe's can manage the funds as long as they meet the three requirements mentioned above. It is important to document how purchases of goods and services meet the requirements of the CARES Act as Treasury has indicated they are looking to audit recipients as well as any external audit requirement under the Uniform Guidance to minimize the risk of incurring any unallowable costs.
- All recipients are required to submit quarterly reports to the Grants Solution portal by 10 days after each calendar quarter.
- Subrecipient Monitoring – Any funding passed to subrecipients needs to be monitored by the Tribe to ensure compliance with the act. The Tribe will be responsible for any unallowable costs incurred by subrecipients.

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## 32.006 Covid-19 Telehealth Program

- The FCC provided \$200 million to help health care providers provide telehealth services in response to the COVID-19 pandemic.
- Eligible healthcare providers were required to apply through an online portal to receive funding from the grant. Tribal hospitals were eligible to participate in the program.
- Allowable costs under the grant:
  1. COVID-19 Telehealth Program funding will provide eligible health care providers support to purchase telecommunications, information services, and connected devices necessary to provide [telehealth services to patients](#) in response to the coronavirus pandemic. Devices for which funding is requested must be integral to patient care. Devices purchased through the program have to be connected devices (have Bluetooth or wi-fi connectivity). Any devices that patients can use at home and have to manually reports the results of the test are not allowable.
  2. Information Services and Telecommunications services are allowed under the grant.
  3. No funding is allowed for personnel costs under the grant.
  4. Funding is available from March 13, 2020, to December 31, 2020.

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## 84.425 Education Stabilization Fund (ESF)

- This program is divided into grant types or subprograms designated by letters (84.425A–84.425P)
- Most applicable to Tribal colleges will likely be certain subprograms under the Higher Education Emergency Relief Fund (HEERF): 84.425E Student Aid Portion, 84.425F Institutional Portion, and 84.425K Tribally Controlled Colleges and Universities (TCCUs)
- Any funds received under subprograms of 84.425 will be considered one program by auditors for major program determination purposes. However, there may be different tests performed for subprograms as each can have specific criteria. Each subprogram will need to be separately identified on the SEFA using the alpha character assigned to it.

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## 84.425 Education Stabilization Fund (ESF) *(continued)*

### Higher Education Emergency Relief Fund (HEERF) History

- HEERF I – authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law 3/27/2020
- HEERF II - is authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, (CRRSAA) signed into law 12/27/2020
- HEERF III - is authorized by the American Rescue Plan (ARP), signed into law on 3/11/2020

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## 84.425 Education Stabilization Fund (ESF) *(continued)*

### Higher Education Emergency Relief Fund (HEERF) History *(continued)*

- General purpose of the HEERF grant programs is to prevent, prepare for, and respond to coronavirus. For each Phase the Department of Education has FAQs that have specific guidance on things like allowable expenses and lost revenues.
- The guidance can be specific for subprograms under HEERF so care must be taken to ensure funds are used appropriately.

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## 84.425 Education Stabilization Fund (ESF) *(continued)*

Links to Department of Education guidance for each phase:

- HEERF I - <https://www2.ed.gov/about/offices/list/ope/caresact.html>
- HEERF II - <https://www2.ed.gov/about/offices/list/ope/crrsaa.html>
- HEERF III - <https://www2.ed.gov/about/offices/list/ope/arp.html>

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## 93.461 COVID-19 Testing for the Uninsured

- The program is administered by the Department of Health and Human Services to provide claim reimbursements to health care providers for conducting COVID-19 testing for the uninsured and to support healthcare related expenses attributable to the treatment of uninsured individuals with COVID-19.
- Health care providers who have conducted COVID-19 testing or provided treatment for uninsured individuals with COVID-19 diagnosis on or after February 4, 2020, can electronically request claim reimbursement.

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## 93.498 Provider Relief Fund

- The provider relief fund is administered by the Health Resources and Services Administration (HRSA) and provides relief funds to hospitals and other healthcare providers, including those on the frontline of the coronavirus response. The funding supports healthcare-related expenses or lost revenue attributable to the COVID-19 and ensures that uninsured Americans get treatment for COVID-19.
- Payments were sent out to providers without application, with requirement for recipients to accept the terms and conditions through an online portal or return the funds. Recipients are required to either accept the terms or return the funds.
- If funds were received under Public Law 116-139 and retains them for 90 days without contacting HHS regarding remittance of those funds, the Recipient is deemed to have accepted the terms and conditions as outlined at <https://www.hhs.gov/sites/default/files/terms-and-conditions-indian-health-service-relief-fund.pdf>.

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## 93.498 Provider Relief Fund *(continued)*

- Allowable costs under the grant are allowed to prevent, prepare for, and respond to Coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. Funds are also available for building or construction of temporary structures, leasing of properties, medical supplies and equipment, including PPE and testing supplies, increased workforce and trainings, emergency operations centers, retrofitting facilities, and surge capacity.
- Reporting – A special report is required for audits of years ending on December 31, 2020, or after December 31, 2020.

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## Student Financial Aid Cluster

- The U.S. Department of Education provided guidance of waivers and modifications of compliance requirements due to COVID-19 at <https://www.ed.gov/coronavirus/program-information#highered> for institutions of higher learning.
- Academic calendar flexibility as defined under 34 CFR 690.63 was waived and a standard semester or trimester may consist of as few as 13 weeks of instructional time and standard quarter may only include nine weeks of instructional time.
- The impact of on-site learning due to COVID-19 is discussed.
- Federal Work Study is waiving community service requirements for 2019 – 2020 and 2020 – 2021 School year.
- Perkins Loans are waiving requirements to make six consecutive payments to be able to obtain additional funding through December 31, 2020.

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## Other Compliance Addendum Notes

- Federal Funding Accountability and Transparency Act reporting (FFATA) - Direct recipients who make first-tier subawards of \$25,000 or more must report for all COVID-19 programs included in the addendum (except CRF). Reporting requirement is extended to all programs for audits of fiscal years after 9/30/20, regardless of whether COVID-19 funding is involved.

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## American Rescue Plan Act of 2021 (ARPA)

- The ARPA was passed into Law on March 11, 2021, it included a total of \$1.9 trillion in economic stimulus and \$32.1 billion was funded for Tribal governments and Native Communities and was allocated as follows:
  - I. Title I – Committee on Agriculture, Nutrition, & Forestry under section 1006 of the act authorized \$20.2 million in direct funding from the Department of Agriculture to support agricultural research, education, extension, scholarships, and internships at Tribal Colleges and Universities and \$10.1 million was provided. An additional \$10.1 million was funded to Alaska Native and Native Hawaiian serving institutions of higher education. These funds are available until expended.
  - II. Title II Committee on Health, Education, Labor, and Pensions under section 2003 provided \$231,569,734 in direct funding for the Department of Education to make allocations to Tribal Colleges and universities, Alaska Native Hawaiian Serving Institutions Serving Non-Tribal Institutions with \$142,504,452 for Tribal Colleges and Universities, \$71,252,226 for Alaska and Native Hawaiian Serving Institutions; and \$17,813,056 for Native American Serving Non-Tribal Institutions. Funding will be available from FY 2021 – 2023.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- III. Section 2201 provides \$1,072,000,000 in direct finding from Health and Human Services for the Child Care and Development Block Grant. Funding will remain available until the end of FY 2024.
- IV. Section 2203 provides a minimum of \$25,401,000 for Headstart. Funding is available until the end of FY 2022.
- V. Section 2204 authorizes \$19,000,000 for Family Violence Prevention Services Act and all funds are available until expended.
- VI. Section 2205 authorizes \$2,500,000 for Child Abuse Prevention and Treatment Act and funding is available until the end of FY 2023.
- VII. Section 2601 authorizes \$20,000,000 for Papa Ola Lokahi and Native Hawaiian Health Care Centers and all funds are available until expended.
- VIII. Section 2911 authorizes \$4.5 Billion for LIHEAP program and are available through the end of FY 2022.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- IX. Section 2912 authorizes a minimum of \$15,000,000 for drinking water assistance for low-income households that pay a high proportion of household income for drinking water and wastewater services. All funds are available until expended.
- X. Section 2921 authorizes \$25,000,000 to provide supplemental assistance for Native Elders and all funds were remain available until expended.
- XI. Title III Committee on Banking, Housing, & Urban Affairs under section 3206 authorized \$498,000,000 for the newly established Homeowner Assistance Fund program for Tribes. If you do not participate in the Indian Housing Block Grant Tribes are required to "opt in" no later than 30 days after the passing of the American Rescue Plan Act in order to participate in new program. The deadline for submission for a Tribe has been extended to September 30 , 2021.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- XII.** Section 3205 allows funding to be used for purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, utilities assistance, and prevention of the displacement of homeowners experiencing financial hardship associated with COVID-19 and pandemic. At least 60% of funding provided must be used to assist homeowners who incomes equal to or less than 100% of the area median income or national median income, whichever is greater. Funds are allocated using the same formula developed for Emergency Rental Assistant Program under the Consolidated Appropriations Act. All funds will be available through FY 2025.
- XIII.** Section 3301 reauthorizes the Department of the Treasury's Small Business Credit Initiative and Tribal governments are eligible to participate for the first time. \$500,000,000 has been allocated to Tribal Governments. A notice of intent required to receive funding and due by July 31, 2020. All federally recognized Tribes as identified on the Department of the Interior's Federally Recognized Indian Tribe List Act as eligible to apply and receive funding.
- XIV.** Section 3401 authorizes \$35,000,000 from the Federal Transit Administration and all funds will be available through FY 2024.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- XV.** Title IX under section 9201 authorizes up to \$74,850,000 in direct funding through the newly established Pandemic Emergency Assistance Program for Tribes and Tribal Organizations that participate in TANF program. All funds are available until expended.
- XVI.** Section 9801 increases the annual mandatory funding for Indian Tribes and Tribal organizations under the Child Care Entitlement program.
- XVII.** Section 9815 allows Urban Indian Organizations that operate under contract with the Indian Health Service and Native Hawaiian Health Care Systems eligible to 100% reimbursement from the federal government for Medicaid for two years.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

XVIII. Section 9901 authorized \$20,000,000,000 in direct payments to Tribal governments. The Act defines Tribal Governments as the recognized governing body of any federally recognized Tribe identified on the Department of the Interior's Federally Recognized Indian Tribe Act list. All funding received will be available through December 31, 2024.

- a) The Secretary of the Treasury \$1,000,000,000 of the available funding will be divided equally among all eligible Tribal governments.
- b) The remaining \$19,000,000,000 will be distributed by the methodology described below:
  - i. The Secretary of the Treasury has determined based on consultation with Tribal leaders that enrollment and Tribal employment will be used as the basis for the allocation formula. \$12,350,000,000 will be allocated based on enrollment application (65% of the \$19,000,000,000 available) and the remaining \$6,650,000,000 will be allocated based on employment.
  - ii. Tribal employment data will be used from self-certified enrollment numbers provided by Tribes. In April 2021, the BIA collected enrollment numbers from Tribal governments and communicated to Tribes that this information may be shared with other federal agencies. Five Tribes did not provide self-certified enrollment data and enrollment data used for Coronavirus Relief Funds.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- iii. Quarterly Tribal employment data from 2019 for assessing the impact of the pandemic on Tribal economies and surrounding communities. Tribal governments should submit their employment numbers and the number of any employees of any entity which the Tribal government owns at least 51% of the ownership interests. This information was provided with the CRF and ARPA allows employment data to be modified prior to the second payment.
- iv. Enrollment allocation will be done on a pro-rata basis based on provided enrollment numbers.
- v. Employment Allocation Formula will be done by a three-step process:
  - Step 1 – By Tribe, the sum reported Tribal employment and Tribal entity employment for each quarter of 2019.
  - Step 2 – Calculate the non-zero annual average of the summed quarters one through four obtained in Step 1.
  - Step 3 – Calculate the pro-rata payment for each Tribal government, based on the annual employment average obtained in Step 2.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- vi. Treasury will make two payments to Tribal governments. The first payment will include the share of the initial \$1,000,000,000 and the portion of \$12,350,000,000 based on enrollment allocation. In order to receive the first payment Tribal governments must submit enrollment data to Treasury Submission Portal and the deadline for the first submission is May 24, 2021, at 11:59 PM PST. The second payment will be \$6,650,000,000 based on allocated portion based on employment allocation. The deadline for confirming or amending employment data is June 7, 2021, at 11:59 PM PST. If employment data is not confirmed or amended, the Tribal government will not be eligible to receive a share of the employment allocation.
- vii. Title XI Committee under section 11001 authorizes \$6,094,000,000 in direct funding for Indian Health Services to address the impact of COVID-19 pandemic on operation of essential health and sanitation programs and all funds are available until expended.
- viii. Section 11002 authorizes \$900,000,000 for BIA programs and all funds are available until expended.
- ix. Section 11003 authorizes \$750,000,000 in direct funding for HUD. Recipients may use these funds for eligible COVID-19 related expenses incurred since January 21, 2020, and all funds will be available until spent.

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## American Rescue Plan Act of 2021 (ARPA) *(continued)*

- x. Section 11004 authorizes \$20,000,000 to mitigate COVID-19 related disruptions or threats to the survival and continued vitality of mother tongues. You must receive other language related grants to be eligible for program and funds are available until expended.
- xi. Section 11005 authorizes \$850,000,000 for BIE programs and all allocated funds will be available until expended.
- xii. Section 11006 authorizes \$190,000,000 to support Tribal education agencies eligible under Title VI of the Elementary and Secondary Education Act. The funds are available until expended.

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## Single Audit Deadlines

- On December 22, 2020, OMB issued the [2020 Compliance Supplement Addendum](#), providing recipients and subrecipients that received COVID-19 funding with original due dates from October 1, 2020, through June 30, 2021, an extension for up to three (3) months beyond the normal due date in the completion and submission of the Single Audit reporting package.
  - ▶ June 30, 2020 – Normal due date March 31, 2021 – New due date June 30, 2021 (if COVID funding was received)
  - ▶ September 30, 2020 – Normal due date June 30, 2021 – New due date September 30, 2021 (if COVID funding was received)
  - ▶ December 31, 2020 – Due September 30, 2021 (normal due date)

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## Single Audit Deadlines *(continued)*

- OMB memo M-21-20 provides a 6-month single audit extension for recipients and subrecipients that have fiscal year ends through June 30, 2021, that had not filed their single audit with the Federal Audit Clearinghouse as of March 19, 2021.
  - ▶ June 30, 2020 – updated due date now is September 30, 2021
  - ▶ September 30, 2020 – updated due date now is December 31, 2021
  - ▶ December 31, 2020 – updated due date now is March 31, 2022
  - ▶ March 31, 2021 – updated due date now is June 30, 2022
  - ▶ June 30, 2021 – updated due date now is September 30, 2022
- Recipients and subrecipients don't need to seek approval for the extension, but they should maintain documentation of the reason for the delayed filing.

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## Single Audit Considerations

Quick refresher on major program determination performed by auditors:

Step 1 — Determination of type A and type B programs

- Type A program has \$750,000 for a SEFA \$25 million or less. More than \$25 million phased increases in the threshold until \$20 billion of expenditures.

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## Single Audit Considerations *(continued)*

Step 2 — Identification of low-risk type A programs

- Have been audited as a major program in at least one of the two most recent audit periods
- In the most recent audit period
  - ▶ No internal control deficiencies which were identified as material weaknesses in the auditor's report on internal control
  - ▶ A modified opinion on the program in the auditor's report
  - ▶ Known or likely questioned costs that exceed 5% of the total federal awards expended for the program

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## Single Audit Considerations *(continued)*

### Step 3 — Identification of high-risk type B programs

- Floor for Type B programs that don't exceed 25% of the Type A threshold (\$187,500 for \$750,000)
- Risk based criteria auditor uses to identify high risk type B programs
- Auditor is not required to more high-risk type B programs than at least one-fourth the number of type A programs identified as low risk under step 2.

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## Single Audit Considerations *(continued)*

### Step 4 — Determination of programs to be audited as major

- All type A programs not identified as low risk under step 2
- All type B programs identified as high risk under step 3
- Programs to be audited as major based on a federal agency or pass-through entity request
- Additional programs, if any, that are necessary to meet the percentage-of-coverage rule
  - ▶ Low risk auditee – audit as major programs federal programs with federal awards expended that, in the aggregate, encompass at least 20% of the total federal awards expended
  - ▶ Non-Low risk auditee - audit as major programs federal programs with federal awards expended that, in the aggregate, encompass at least 40% of the total federal awards expended

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## Single Audit Considerations *(continued)*

Low Risk Auditee Requirements for the Past Two Years:

- Single audits submitted on time
- Clean opinion on the financial statements
- Clean in-relation to opinion on the SEFA
- No material weaknesses over financial reporting
- Auditor did not report a substantial doubt about the auditee's ability to continue as a going concern

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## Single Audit Considerations *(continued)*

Low Risk Auditee Requirements for the Past Two Years: *(continued)*

- None of the federal programs had audit findings from any of the following in either of the preceding two audit periods in which they were classified as type A programs:
  - ▶ Internal control deficiencies that were identified as material weaknesses in the auditor's report on internal control for major programs
  - ▶ A modified opinion on a major program in the auditor's report on major programs
  - ▶ Known or likely questioned costs that exceed 5% of the total federal awards expended for a type A program during the audit period

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## Single Audit Considerations *(continued)*

- Any new program from CARES will be a major program and will be audited if there were \$750k or more of expenditures.
- Unlike ARRA funds from the American Recovery and Reinvestment Act of 2009, CARES Act money isn't necessarily high risk from an auditor perspective. Existing federal programs that have an influx of CARES funds won't automatically be major programs. They would have to meet the existing criteria to be selected as major programs.
- Regardless, there will likely be a shuffling of what gets audited as one of your major programs.

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## PPE Reporting

- The fair market value of Personal Protective Equipment (PPE) that was donated from a federal source should be included as a stand alone note to the Schedule of Expenditures of Federal Awards.
- Donated PPE was mostly provided without any compliance or reporting requirements or CFDA.
- The amount of donated PPE should not be counted for purposes of determining the threshold for a single audit or determining the type A/B threshold for major programs and is not required to be audited as a major program.

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## PPE Reporting *(continued)*

- Because donated PPE has no bearing on the single audit, the donated PPE footnote may be marked “unaudited.”
- Note that PPE purchased with federal funds (not donated) should appear on the SEFA under the federal program used to purchase the PPE.

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## Upcoming seminars

- GASB 87 Update - June 8, 2021
- GASB Update – June 22, 2021
- Strategy, Organizational Design, and Managing Change - June 29, 2021

Visit [www.wipfli.com/events](http://www.wipfli.com/events)

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## COVID-19 Resource Center-Specific for Tribes and Tribal Entities

The rapid spread of COVID-19 has impacted every component of your business, and the uncertainty can be overwhelming as circumstances are constantly shifting. One of our highest priority is helping you navigate the turmoil of today and continue to strengthen your tomorrow.



- Tribal CFO Exchange Group
- National Indian Gaming Association COVID-19 Task Force
- COVID-19 Online Resource Center

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**Thank you**

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**The  
Wipfli  
Way**

Team Commitment

Community Commitment

Client Commitment

The Wipfli Way we create positive impact and lifetime relationship by leading and working with an outward mindset

Creating lasting positive impact

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