

Cheat Sheet for CARES Act's Provider Relief Funds

Upcoming Deadlines for Required Reporting and Auditing

- Providers who used \$10K+ must report use of relief funds via HHS portal
 - 2/15/21 deadline for funds spent 1/1/20 – 12/31/20
 - 7/31/21 deadline for funds spent 1/1/21 – 6/30/21
- Providers who used \$750K+ must undergo independent audit
 - Single audit or audit performed under Government Auditing Standards
 - Due 9 months after provider's cost reporting year ends for any cost reporting year that funds were spent

Preparing for Audit

- Office of Management and Budget issues yearly guidance via a supplement for auditing standards which will determine auditing standards. 2020 supplement will be issued in two parts.
 - First part will focus on what was developed prior to COVID-19 with limited info on COVID-19
 - Second part will be an addendum addressing relief funds
- Guidance has not been issued yet, but has previously looked at following elements:

Allowable and unallowable activities	Cash management	Equipment and real property management	Procurement	Reporting
Allowable and unallowable costs	Eligibility	Earmarking	Program income	Subrecipient monitoring

Single Audit or GAGAS Financial Statement Audit

For profit providers can pick either a single audit or GAGAS Financial Statement Audit for their spend of \$750K or more in their fiscal year.

GAGAS Financial Statement Audit	45 CFR Part 75, Subpart F Single Audit
Most similar to traditional annual audits	More rigorous and broad than traditional annual audits
Independent auditor assessment of and reasonable assurance about whether the entity's reported financial condition and use of resources are presented fairly and in accordance with GAGAS Standards	Independent auditor assessment of and reasonable assurance about whether the entity's management and use of federal funds have been performed according to the specific federal program's requirements
Includes reports on internal control, compliance with laws and regulations, and provisions of contracts and grant agreements relating to financial transactions, systems, and processes	Encompasses financial and compliance components related to the federal awards

5 Tips for Single Audit Planning

- 1) Threshold: Dollar threshold for a single audit is \$750,000 of expenditures in provider's fiscal year
- 2) Time Period: Time period for reporting is the provider's fiscal year, not calendar year and not time periods tied to reporting use of \$10K or more to HHS
- 3) Documentation: Have support for those expenditures that you are claiming in your fiscal year
- 4) Control Effectiveness: Verify your internal controls are operating as intended
- 5) Data Collection Form: Completed and submitted to the federal clearinghouse

Enforcement

1.) <u>Whistleblower complaints</u> : Per terms and conditions, HHS OIG accepts tips and complaints about potential fraud, waste, abuse, and mismanagement.	7.) <u>False Claims Act</u> : Failure to comply with terms and conditions could satisfy FCA's "knowing" requirement to make a false record or statement. \$5,500 - \$11,000 per false claim and 3X the amount of government's damages.
2.) <u>Attorney General & DOJ investigation</u> : Attorney General and DOJ issued memo re prioritizing investigation and prosecution of COVID-related misconduct.	8.) <u>Qui Tam Claims</u> : FCA allows private whistleblowers to recover up to 30% of recovery.
3.) <u>OIG Audits</u> : HHS OIG must audit use of relief funds and submit report within 3 years. OIG audits can result in civil monetary penalties and exclusion from state and federal healthcare programs.	9.) <u>Criminal Prosecution</u> : Imprisonment and criminal penalties if gov't proves a specific intent to defraud when submitting false claims.
4.) <u>Recoupment</u> : Per terms and conditions, HHS may recoup funds for misuse.	10.) <u>Exclusion</u> : HHS excludes providers from participating in federal healthcare programs for misuse of program funds or certain criminal offenses, including financial misconduct.
5.) <u>SEC</u> : SEC will monitor for fraud and other misconduct related to COVID.	11.) <u>Special Inspector General for Pandemic Recovery</u> : Appointed to audit and investigate relief funds under the CARES Act.
6.) <u>Congressional Oversight Commission</u> : Has the ability to hold hearings, take testimony, and obtain evidence regarding proper use of relief funds.	12.) <u>Pandemic Response Accountability Committee</u> : Will support inspector general to detect and prevent fraud.



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