

# CARES ACT PROVIDER RELIEF FUND

## Reporting & Auditing Considerations

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Trump on March 27, 2020. The CARES Act (and subsequent legislation) authorized \$175 billion of funding to be distributed directly to healthcare providers of nearly all types through the Provider Relief Fund (PRF).

As of November 9, 2020, the Department of Health and Human Services (HHS) continues to distribute funding to healthcare providers via either “general” or “targeted” distributions. HHS has outlined numerous ongoing auditing and reporting requirements for recipients—and the guidance continues to change. Below, we have outlined the “knowns” and “unknowns” to help healthcare providers understand their ongoing obligations.

### KNOWNs

- Quarterly reporting (as required by the Terms & Conditions) is not currently required. <sup>1</sup>
- All recipients (with the current exception of the Nursing Home Infection Control and Rural Health Clinic Testing distributions) of more than \$10,000 will be required to report to HHS at the end of the 2020 calendar year, as well as again through June 30, 2021, if the funding is not fully expended in 2020. <sup>2</sup>
- The reporting portal for December 31, 2020, will open on January 15, 2021, with a due date of February 15, 2021. The final reporting deadline will be July 31, 2021. <sup>2</sup>
- The reporting requirements will apply to all recipients of more than \$10,000 and become more detailed for recipients of \$500,000 or more. <sup>2</sup>
- Expenditures of PRF receipts are subject to federal grant “Single Audits” for fiscal year expenditures of \$750,000 or more, including commercial (for-profit) entities. <sup>1</sup>
- Qualifying expenditures of PRF receipts will include both direct expenses and consideration of lost revenues attributable to COVID-19. These expenditures may not include expenses or losses that are obligated to be reimbursed from other sources, including the Paycheck Protection Program (PPP). <sup>1,2</sup>
- Measurement of expenses will be compared to the prior year and aggregated by quarters, focusing on a net operating income concept. <sup>2</sup>
- Further guidance is anticipated in the form of additional updates to the HHS Frequently Asked Questions (FAQs), webinars from HHS, and other sources.

To access FAQs and requirements directly to your smartphone, scan the codes with your phone's camera/QR reader.

1

HHS FAQs



2

October 22, 2020  
“Post-Payment Notification  
of Reporting Requirements”



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### UNKNOWNNS

- Qualifying methodology for the measurement of lost revenues remains unclear. The HHS FAQs and “Post-Payment Notification of Reporting Requirements” released on October 22, 2020, are contradictory and somewhat vague. <sup>1 2</sup>
- Original guidance in the FAQs indicated a broad approach to measuring lost revenues, including the consideration of budgeted and year-over-year amounts. The guidance from September 19, 2020, pivoted towards focusing on expenses and instituting highly restrictive “caps” on qualifying lost revenues. Later FAQs, notably November 2020 updates, appeared to take a step back from this approach and more closely align with original FAQs. <sup>1 2</sup>
- It is currently unclear if the guidance will be different based on the receipt of either the “general” or “targeted” distributions.
- Further guidance will be released from other federal agencies, including the U.S. Treasury, the Office of Management and Budget (OMB), and the Health Resources and Services Administration (HRSA).
- The final OMB Compliance Supplement, which will provide detailed instructions to federal grant auditors, has not yet been released. Current expectations are for release in late November 2020. However, it is crucial to note that the original 2020 Compliance Supplement was released more than a month after the original expected date.

**By allowing fees for these services to be considered eligible expenses for HHS relief funding purposes, HHS has removed the financial impediment for providers to utilize outside resources to bolster compliance. With this in mind, CRI’s Healthcare advisors continue to monitor developments regarding the PRF closely and are relaying guidance as it is received. Our professionals are ready to assist you with questions regarding these matters and advisory engagements to quantify eligible expenditures, financial statements, and federal grant audits.**

Please contact us at [healthcare@CRlcpa.com](mailto:healthcare@CRlcpa.com) for additional information.

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