

Tony Evers
Governor



OFFICE OF THE INSPECTOR GENERAL

1 WEST WILSON STREET
PO BOX 309
MADISON WI 53701-0309

Karen E. Timberlake
Secretary

State of Wisconsin
Department of Health Services

Telephone: 608-266-2521
Fax: 608-267-3380
TTY: 711 or 800-947-3529

OIG Memo 2021-01: Updated Audit Due Dates for DHS-Funded Agencies and Guidance

The Wisconsin Department of Health Services (DHS) has received several inquiries from providers and auditors regarding audit reporting package due dates and federal grant compliance related to Coronavirus Disease (COVID)-19 funding. The following information addresses those questions and provides additional clarity regarding audit-related guidance and compliance concerns for the DHS provider network.

ITEM 1: Audit Report Due Dates

The Office of Management and Budget (OMB) released a memorandum ([M-21-20](#)) on March 19, 2021 that provided updated guidance on audit due dates. Appendix IX – Extension of Single Audit Submission now allows recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse with fiscal year-ends through June 30, 2021, to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 to *six* months beyond the normal due date. DHS will also follow this guidance from OMB and extend due dates an additional *six* months beyond the normal due date for those agencies that receive DHS funding and are not required to submit a Single Audit. The following chart provides some examples of updated audit due dates:

Providers	Fiscal Year End	Normal Due Date	Extension	New Due Date
Single Audit Filer	Sept. 30, 2020	June 30, 2021	6 months	Dec. 31, 2021
Single Audit Filer	Dec. 31, 2020	Sept. 30, 2021	6 months	March 31, 2022
Single Audit Filer	June 30, 2021	March 31, 2022	6 months	Sept. 30, 2022
Non-Single Audit Filer	Dec. 31, 2020	June 30, 2021	6 months	Dec. 31, 2021
Non-Single Audit Filer	June 30, 2021	Dec. 31, 2021	6 months	June 30, 2022

There is no approval process required for the audit due date extensions, although recipients and subrecipients should maintain all documentation with the reason for the delayed filing. OMB M-21-20 does not indicate that delayed filers must have COVID-19-related funding to utilize this extension. Therefore, this extension is granted to all recipients, subrecipients and contractors with COVID-19 funding no longer a determining factor to receive this audit due date extension.

ITEM 2: CFDA #21.019 – Coronavirus Relief Fund

The Department of the Treasury issued guidance for CFDA#21.019 to clarify the applicability of Single Audit and 2 C.F.R. Part 200, Subpart F in response to B.13 of its Coronavirus Relief Fund Frequently Asked Questions. Subrecipients would not include individuals and organizations (businesses, non-profits and educational institutions only) that are beneficiaries of an assistance

program established using payments from the fund. The Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements do not apply to beneficiaries.

This guidance from the Department of the Treasury is applicable to DHS-funded agencies that received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Payments (CAPP) Program. Health and long-term care providers that incurred COVID-19-related expenditures and lost revenues March through May 2020 and June through August 2020 were eligible to receive the CAPP program funding through the portal established on the DHS website during 2020. All providers that received CAPP are deemed beneficiaries and, therefore, this funding source is not subject to the audit requirements of the Single Audit Act and 2 C.F.R. Part 200, Subpart F. The CAPP program is also not subject to the requirements of DHS-only audits.

To ensure proper compliance with the terms of the CAPP program, health and long-term care providers are required to maintain adequate documentation to support incurred COVID-19-related expenditures and lost revenues for the two periods of CAPP. If the provider did not meet the requirements for CAPP program, then the provider should return those payments to DHS. All providers that received CAPP are subject to a compliance review by federal or DHS audit personnel.

Regarding the treatment of the CAPP on the Schedule of Expenditures of Federal and State Awards (SEFSA), the provider is not required to list this funding source on the SEFSA since the provider is determined to be a beneficiary. For full transparency and disclosure, DHS requests that providers include any CAPP payment information in the footnotes to the SEFSA or Financial Statements.

ITEM 3: Federal Tax Credits and DHS Audit Guide Schedules

With the challenges presented by COVID-19, the federal government has provided some tax relief credits for employers to retain employees on their payrolls. The Employee Retention Credit (ERC) and the Families First Coronavirus Response Act (FFCRA) are two such programs. To ensure proper compliance with the DHS Cost Reimbursement Award and the Allowable Profit Schedules, providers that charge DHS programs for salary expenses eligible for these federal tax credits must offset these allowable salary costs with any accompanying tax credits. Providers can only charge one federal or state program for eligible salary expenses, so be mindful of these offsetting tax credits if applicable.

ITEM 4: Double Dipping of Expenditures

Double dipping is the act of being reimbursed for the same expense twice. Providers and auditors need to be cognizant of this practice with the availability of additional funding streams throughout the COVID-19 period. Supporting documentation is an essential component of a strong internal control environment to ensure only one program is charged for reimbursement of employees' salaries, benefits and all other allowable cost categories. Contracted service agreements required to be settled to an allowable cost basis may only charge expenditures to one program or contract.

DHS will continue to monitor OMB memorandums and provide further updates regarding audit due date extensions or other pertinent information for auditors and recipients of DHS funding. If you have any audit-related questions or concerns regarding this memorandum, please contact DHSAuditors@dhs.wisconsin.gov.

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