



Council On Governmental Relations

An Association of Research Institutions

August 30, 2021

Mr. Gilbert Tran
Office of Federal Financial Management
White House Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Subject: ***2 CFR Part 200***
 Subpart F—Audit Requirements
 Appendix XI—Compliance Supplement—2021

Dear Mr. Tran:

On behalf of the over 190 members of the Council on Governmental Relations (COGR), thank you for the work your team has completed to release the 2021 Compliance Supplement. We appreciate your willingness to review our comments and concerns.

COMMENT # 1: Part 4 - Agency Program Requirements, 84.425, Section 2, HEERF.

Important (and allowable) reimbursements for institutions of higher education under the Higher Education Emergency Relief Fund (HEERF) are reimbursements associated with “lost revenue.” While the allowability of reimbursement for lost revenue was defined well after the beginning of the COVID-19 pandemic, the Department of Education has made it clear reimbursement claims can be made retroactively. As such, a claim made today (e.g., fiscal year 2022 for many institutions) may be applicable to a prior year (e.g., fiscal year 2020 or 2021).

COGR requests that it be made clear to the audit community in the 2021 Compliance Supplement (and/or 2021 Addendum) ***that it is acceptable for an institution to identify the reimbursement claim to the fiscal year in which the claim is being made*** (not to the fiscal year in which the loss was incurred). By making this clear, a prior year SEFA would not need to be restated. This is a reasonable interpretation for institutional accounting purposes and will ensure that unnecessary audit burden is not created.

COMMENT # 2: Part 3 - Compliance Requirements, C. Cash Management.

As we have written to you since 2017, COGR believes it is timely for OMB to address the longstanding concern around a more appropriate understanding for what is meant by a payment/expense in an institution’s accounting system. This will be helpful to auditors and grantees and, importantly, will not place federal dollars at risk.

Per Part 3.C. Cash Management, we request OMB, in coordination with the audit community and grantees, to recognize the important accounting practice that requesting reimbursement—after a charge is expensed in an institution’s accounting system—is an acceptable benchmark for requesting reimbursement. This methodology is consistent with 2 CFR Part 200.305(b): *payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity.* By not formally recognizing this accounting practice, auditors might continue to raise this issue, which results in undue audit burden and unnecessary consternation of what should be a non-issue in the single audit. COGR urges OMB to make this clarification.

COMMENT # 3: Emphasis on Audit Reasonableness.

More than ever, an emphasis on audit reasonableness is imperative for the audit community and grantees. The COVID-19 pandemic, and the important COVID-19 relief programs established by Congress, represent an unprecedented period in our nation’s history. In addition to HEERF (84.425, Section 2), programs such as COVID-19 Telehealth (32.006), the Provider Relief Fund (93.498), Disaster Grants (97.036), and other COVID-19 related programs are applicable to institutions of higher education.

At the same time, audit guidance has been fluid—the 2020 Compliance Supplement and 2020 Addendum, the 2021 Compliance Supplement and an anticipated 2021 Addendum, and all future guidance, inevitably, create audit challenges both for the audit community and grantees. ***COGR encourages “audit reasonableness” to be at the core of all single audit activities, especially as it relates to COVID-19 relief programs.*** Audit reasonableness—agreed to by the audit community, grantees, and OMB, and applicable when there are disagreements in interpretation—should be a central guiding principle and include active engagement by OMB (when necessary). This approach will result in the best use of institutional audit resources, and ultimately, in audits of the highest quality.

Thank you for your willingness to work with COGR and we look forward to engaging further. Please contact me or David Kennedy at dkennedy@cogr.edu or (202) 289-6655, ext. 4

Sincerely,



Wendy D. Streit
President