

**GUIDE FOR COMPLIANCE ATTESTATION
ENGAGEMENTS OF PROPRIETARY SCHOOLS
EXPENDING HIGHER EDUCATION EMERGENCY
RELIEF FUND GRANTS**



***U.S. DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL***

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ABBREVIATIONS AND ACRONYMS

<u>Acronym</u>	<u>Definition</u>
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number
ARP	American Rescue Plan
AT-C	AICPA Attestation Standards (Clarified)
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CFDA	Catalog of Federal Domestic Assistance
C.F.R.	Code of Federal Regulations
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act
ED	U.S. Department of Education
FAQ	Frequently Asked Questions
FAR	Federal Acquisition Regulation
GAGAS Guide	Generally Accepted Government Auditing Standards <i>Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants</i>
HEA	Higher Education Act of 1965, as amended
HEERF	Higher Education Emergency Relief Fund
HCM	Heightened Cash Monitoring
OIG	Office of Inspector General
OIG/IS	Office of Inspector General, Investigation Services
OMB	Office of Management and Budget
PII	Personally Identifiable Information
Uniform Guidance	Title 2 of the C.F.R, Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

CHAPTER 1 – GENERAL REQUIREMENTS

A. INTRODUCTION

A.1. PURPOSE AND APPLICABILITY

This *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Guide) developed by the U.S. Department of Education (ED) Office of Inspector General (OIG) applies to and provides requirements and guidance for compliance attestation engagements of proprietary schools, as defined in Title 34 of the Code of Federal Regulations (C.F.R.) § 600.5, receiving Higher Education Emergency Relief Fund (HEERF) grants through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (HEERF I), the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (HEERF II), or the American Rescue Plan (ARP) (HEERF III) (collectively, HEERF grant programs).

This Guide is to be used by auditors of all proprietary schools receiving any HEERF grants, except those proprietary schools that expended less than \$500,000 in total HEERF grant funds, whether received under the CARES Act, the CRRSAA, the ARP, or any future acts during the fiscal year and are not otherwise on Heightened Cash Monitoring (HCM) 1 or 2 status during the fiscal year in which it expended any HEERF grant funds and are therefore exempt from HEERF compliance audits, as described in the Background section below.

A.2. BACKGROUND

The purpose of the HEERF grant programs generally is to use HEERF grant funds to “prevent, prepare for, and respond to coronavirus” through grants to eligible schools. Each grant award type, denoted by separate Assistance Listing Numbers (ALNs) (formerly Catalog of Federal Domestic Assistance (ALN)) alpha, has specific compliance requirements, as described more below.

CARES Act (HEERF I): The HEERF I grant programs had several different methods for the distribution of the approximately \$14 billion in funds to eligible schools based on a student enrollment formula and school status. Ninety percent of the \$14 billion (\$12.56 billion) was distributed under Section 18004(a)(1) of the CARES Act to schools using a formula based on student enrollment, of which at least 50 percent must be reserved to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus (the “Student Aid Portion”; ALN 84.425E) and the remainder of which may be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus (the “Institutional Portion”; ALN 84.425F). The remainder of the \$14 billion was distributed under the funding streams in Sections 18004(a)(2) and 18004(a)(3), depending on the school’s eligibility under other Higher Education Act of 1965, as amended (HEA) grant programs, the composition of their student body, and whether the total amount of HEERF funding received by the school would otherwise have been less than \$500,000.

In order to notify each school of the eligibility for funding, and the allocation amount they could apply for under each ALN, ED published lists of eligible schools and their allocation amounts based on the formulas provided in each HEERF I program. Proprietary schools subject to audit in accordance with this Guide were eligible to receive awards only under the Student Aid Portion (ALN 84.425E) and the Institutional Portion (ALN 84.425F) of Section 18004(a)(1) of the CARES Act. Per Section 314(d)(4) of the CRRSAA, any unobligated CARES Act Section 18004(a)(1) funds as of December 27, 2020, were repurposed for and have been included in the total funds allocated to eligible institutions under CRRSAA Section 314(a)(1).

CRRSAA (HEERF II): The CRRSAA appropriated approximately \$82 billion for the Education Stabilization Fund, of which HEERF is a part. The CRRSAA provides an additional \$22.7 billion for institutions through the HEERF and was made available to schools to serve students and ensure learning continues during the COVID-19 pandemic. ED awarded \$20.5 billion to public and non-profit schools, in the form of supplements and as new awards, to be used for financial aid grants to students (Student Aid Portion for Public and Nonprofit Institutions (a)(1), ALN 84.425E) as well as for student support activities and a variety of institutional costs (Institutional Portion for Public and Nonprofit Institutions (a)(1), ALN 84.425F). Proprietary schools were awarded \$681 million to be used exclusively to provide financial aid grants to students under a new program, Proprietary Institutions Grant Funds for Students (a)(4), ALN 84.425Q.

Allocations to schools under Section 314(a)(1) of CRRSAA (the analogous provision to Section 18004(a)(1) of the CARES Act) were based on a formula that includes the relative shares of Federal Pell Grant recipients, the relative shares of non-Pell Grant recipients, and the relative shares of Federal Pell and non-Pell Grant recipients exclusively enrolled in distance education prior to the coronavirus emergency. Allocations to proprietary schools under Section 314(a)(4) of CRRSAA were based on the factors described in Section 314(a)(1).

ARP (HEERF III): The ARP provided almost \$40 billion to be used for making additional HEERF allocations to schools under generally the same terms and conditions of Section 314 of CRRSAA. HEERF funds awarded to proprietary schools under ARP are to be used exclusively to provide financial aid grants to students (Proprietary Institutions Grant Funds for Students (a)(4), ALN 84.425Q). Allocations to proprietary schools under ARP will be based on similar factors as CRRSAA but will represent a smaller percentage of the 314(a)(1) allocation.

Section 2003(5) of the ARP also requires grantees to use a portion of funds to implement practices to monitor and suppress coronavirus and to conduct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment. These requirements do not apply to proprietary schools because proprietary schools must award all their ALN 84.425Q HEERF funds as financial aid grants to students.

Audit Requirement: The requirement for a HEERF compliance audit was communicated to schools through a [letter sent to all schools, dated March 8, 2021](#). As a condition of the HEERF award, a proprietary school must have a compliance audit conducted of its administration of the HEERF grant for any fiscal year during which the eligible school (see Section A.4 of this Chapter) expends \$500,000 or more in total HEERF grant funds, whether under section

18004(a)(1) of the CARES Act, section 314(a)(4) of the CRRSAA, section 2003 of the ARP, or any future acts passed by Congress that include HEERF or is on Federal Student Aid’s HCM 1 or HCM 2 list in a fiscal year in which it expended any HEERF grant funds (<https://studentaid.gov/data-center/school/hcm>). This audit requirement applies to both the Student Aid Portion and Institutional Portion of funding provided to proprietary institutions under ALN 84.425E and 84.425F as well as the Proprietary Institutions Grant Funds for Students program under ALN 84.425Q. The HEERF compliance audit must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States, and this Guide. To satisfy the HEERF compliance audit requirement, this Guide requires an examination-level attestation engagement.

A proprietary school that expends less than \$500,000 in HEERF grant funds during its fiscal year and is not otherwise on HCM 1 or HCM 2 status during a fiscal year in which it expends any HEERF grant funds is exempt from this HEERF compliance audit requirement for that fiscal year, but the grant records must be available for review or audit by appropriate officials of ED.

A.3. EFFECTIVE DATE AND IMPLEMENTATION

This Guide is effective upon issuance for the first fiscal year during which a school expends HEERF award funds.

This Guide is organized into two Chapters:

- Chapter 1 – General Requirements. Provides the purpose, background, implementation, and effective date of this Guide.
- Chapter 2 – HEERF Compliance Attestation Engagements. Provides specific information and required procedures for conducting compliance attestation engagements of schools expending HEERF grant funds.

Throughout this Guide we use the terms “we,” “you,” and “your.” “We” means ED-OIG. “You” and “your” refer to the auditor(s) who are conducting the compliance attestation engagement. Under GAGAS, an auditor is an individual assigned to planning, directing, performing engagement procedures or reporting on GAGAS engagements (including work on audits, attestation engagements, and reviews of financial statements) regardless of job title. Therefore, individuals who may have the title auditor, information technology auditor, analyst, practitioner, evaluator, inspector, or other similar titles are considered auditors under GAGAS and this Guide. Similarly, we will use the terms HEERF compliance audit, audit period, audit findings, or audit package throughout this Guide to refer to the examination-level compliance attestation engagement performed in accordance with this Guide and the resulting findings and report package.

You are responsible for ensuring that you are using the most current version of this Guide, and/or considering all applicable amendments to it. You should periodically review the ED-OIG website for updated information regarding this Guide at: [OIG Non-Federal Audit website](#).

If you have questions about the compliance requirements discussed in this Guide, email HEERF@ed.gov. If you have questions about any other aspects of this Guide, or if you have any comments on or suggestions about improving this Guide, please send them to oignon-federalaudit@ed.gov.

A.4. ENGAGEMENT PERIOD AND SCOPE

For the compliance attestation engagements covered in this Guide, the period covered will be the school's fiscal year.

The compliance attestation engagement must be conducted at the eligible school level, for example, at the school identified in the signed Program Participation Agreement. You can also identify the eligible school by the first six digits of the assigned eight-digit OPE ID number. The scope of the compliance attestation engagement must include funds provided through the eligible school to students attending additional locations of that school.

Although not required, we recommend that the school engage the same auditor to perform this HEERF compliance audit in conjunction with the school's annual financial statement audit and Title IV compliance audit conducted in accordance with the *Guide for Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*. To the extent practicable, the annual Title IV compliance audit may be used to cover certain areas of the HEERF compliance audit if separately auditing those areas would be duplicative. For example, you may be able to use portions of your understanding of internal control over the Title IV programs if Title IV and HEERF are administered by the same organizational component within the school and there is overlap between the controls over compliance requirements in the Title IV compliance audit and this examination engagement.

A.5. REPORT DUE DATES AND SUBMISSION

Report packages for the compliance attestation engagements conducted in accordance with this Guide, which will be referred to as the HEERF audit package, must be submitted within the later of 120 days after issuance of this Guide, or the submission deadline for the school's Title IV audit, as established by 34 C.F.R. § 668.23(a)(4), including any extensions granted by ED for those audits.

The HEERF audit package will be submitted via Federal Student Aid's [eZ-Audit System](#), the same system that is already used to submit the annual Title IV audit. The eZ-Audit system is a web-based paperless single point of submission for audited financial statements and compliance audits or attestation engagements. The school enters summary audit information into a web form, attaches a copy of the audit package in Adobe Acrobat (.pdf) format, and submits all information to ED via the eZ-Audit system.

Proprietary schools must include the HEERF audit package as part of their annual Title IV audit submission in eZ-Audit if the annual Title IV audit and HEERF audit have the same due date. Schools should follow the eZ-Audit [Step-by-Step Guide](#) to complete the annual Title IV audit

submission, but schools should upload their HEERF compliance attestation engagement package as an “Other” file type on the Upload Attachments page.

Due to the timing of the audit requirement and the issuance of this Guide, proprietary school’s first HEERF audit likely will not have the same due date as their Title IV audit of the same fiscal year. Therefore, schools should submit their first HEERF audit package as a Stub Audit Submission. In the Stub Audit Submission Compliance Audit Information screen of eZ-Audit, “HEERF audit package” should be entered as the reason for stub audit in Question 1. For Question 3, answer “Yes” if the HEERF audit contained any findings related to the HEERF program. The HEERF audit package will not contain the same reports and schedules listed on the Completeness Checklist page.

Instructions for eZ-Audit registration and eZ-Audit are available at the [eZ-Audit website](#). Questions about eZ-Audit can be e-mailed to fsaezaudit@ed.gov.

Schools may contract with you to perform eZ-Audit data entry and submit the compliance attestation engagement to the eZ-Audit system. However, it is the responsibility of the school to ensure that the reports are submitted within the specified deadlines. Failure to meet due dates may result in administrative proceedings leading to sanctions against the school.

B. PROFESSIONAL STANDARDS

The audit condition in the HEERF audit letter dated March 8, 2021 requires that the compliance audit be conducted in accordance with GAGAS, issued by the Comptroller General of the United States. All references to GAGAS in this Guide are to the July 2018 revision (GAO-18-568G), available from the Government Accountability Office [Yellow Book](#) website. HEERF compliance attestation engagements must be conducted in accordance with the standards applicable to examination engagements contained in GAGAS and, as applicable, the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements, which are codified in the AT-C section of the AICPA’s Professional Standards. AT-C section 315, *Compliance Attestation*, is particularly relevant to compliance attestation engagements of schools.

Please note that in addition to incorporating the AICPA’s attestation standards, GAGAS contains additional requirements, including requirements pertaining to continuing professional education, independence, peer review, and conducting and reporting on attestation engagements. This Guide specifically discusses some of the requirements contained in GAGAS and the AICPA standards to emphasize those matters or provide guidance on how they apply to these engagements. However, you are responsible for complying with all of the applicable requirements and being familiar with the related guidance contained in the professional standards that apply to the compliance attestation engagement. In addition, this Guide contains specific requirements and procedures that may go beyond what would otherwise be required in a GAGAS compliance attestation engagement. You are required to comply with these requirements in addition to the professional standards described above.

All professional standard citations are current as of the issue date of this Guide. As revisions to applicable professional standards become effective, you should modify your methodology for conducting and reporting on compliance attestation engagements, as needed to comply with the revised standards.

C. REQUIRED ATTESTATION COVERAGE

GAGAS and the AICPA standards define two levels of professional requirements and use specific terminology to identify these requirements. This Guide uses these levels of requirements and terminology consistent with the standards. The two levels of requirements are unconditional requirements and presumptively mandatory requirements. Auditors must comply with unconditional requirements in all cases where the requirement is relevant. Unconditional requirements are identified using the term “must.” Auditors must also comply with presumptively mandatory requirements in all cases where the requirement is relevant, except in rare circumstances where performing the required procedure would be ineffective in achieving the intent of the requirement. In those cases, the auditor should perform alternative procedures to achieve the intent of the requirement and must document the auditor’s justification for the departure from the required procedure (i.e., why performing the required procedure would not achieve the intent of the requirement, and how performing the alternative procedure(s) were sufficient to achieve that intent). Presumptively mandatory requirements are identified using the term “should.”

Unless otherwise noted, the attestation procedures in Chapter 2 are presumptively mandatory requirements. The auditor is expected to perform all of the procedures that are relevant to the particular engagement except in rare circumstances where the procedure would be ineffective in achieving the intent of the requirement. In those rare cases, the auditor must (1) document the auditor’s justification for departing from the procedure, (2) perform alternative procedures to achieve the intent of the requirement, and document how the alternative procedure achieved the intent of the requirement. In addition, the procedures in this Guide may not cover all possible circumstances that you may encounter at a particular school. It may be necessary for you to perform additional procedures during the compliance attestation engagement due to specific circumstances encountered at the school or changes in compliance requirements. In such circumstances, you should supplement or revise these procedures as necessary, using professional judgment, to achieve the attestation objectives and provide proper coverage.

D. REFERENCES AND RESOURCES

D.1. SOURCE OF GOVERNING REQUIREMENTS

The main source of governing requirements are (1) the CARES Act, Pub. L. No. 116-136 (March 27, 2020); (2) the CRRSAA, Pub. L. No. 116-260 (December 27, 2020); and (3) the ARP, Pub. L. No. 117-2 (March 11, 2021).

In addition to the required [SF-424 form](#), a completed Certification and Agreement was the application used to award HEERF I funds under each ALN alpha. Although the Certifications

and Agreements are no longer active applications, they helped form the basis of the governing requirements for this program.

1. [\(a\)\(1\) Student Aid Portion Certification and Agreement](#) (ALN 84.425E)
2. [\(a\)\(1\) Institutional Portion Certification and Agreement](#) (ALN 84.425F)

Institutions seeking allocations of HEERF II under section 314(a)(4) of the CRRSAA had to apply for funding through the [Proprietary Institution Grant Funds for Students Certification and Agreement, ALN 84.425Q, \(a\)\(4\) Program](#). This “Red C&A” also forms the basis of the governing requirements for the HEERF II and HEERF III program.

A notice of interpretation regarding period of allowable expenses for funds administered under the HEERF grant programs was issued on March 22, 2021 ([86 FR 15208](#)).

Furthermore, the regulations in the Education Department General Administrative Regulations 34 C.F.R. parts 75, 77, 81, 82, 84, 86, 97, 98, and 99; the Office of Management and Budget (OMB) Guidelines to Agencies on Governmentwide Debarment and Suspension (non-procurement) in 2 C.F.R. part 180, as adopted and amended as regulations of ED in 2 C.F.R. part 3485; and Subparts A through E of Title 2 of the C.F.R, Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as adopted and amended as regulations of ED in 2 C.F.R. part 3474 also apply.

All regulatory citations in this Guide are current as of the issue date of this Guide, unless otherwise noted.¹ You will need to look at earlier or subsequent volumes to ensure you use the regulations that were in effect during the period under review. Current regulations are available at the Electronic Code of Federal Regulations website at: [Current C.F.R.-ED](#) and regulations for multiple years are at [C.F.R. by Year](#).

D.2. FREQUENTLY ASKED QUESTIONS AND OTHER GUIDANCE

A number of documents posted on ED’s [CARES Act HEERF I website](#) or [CRRSAA HEERF II website](#) contain information pertinent to the compliance requirements described in this Guide. As of publication of this Guide, ED had not developed a HEERF III website or issued HEERF III guidance. ED strongly encourages auditors to regularly check the HEERF I and HEERF II websites, as well as any additional websites containing HEERF III guidance, for updated Frequently Asked Questions (FAQs) and other pertinent guidance and reporting information. The information below is current as of the date of publication of this Guide.

¹ Uniform Guidance was revised effective November 12, 2020 for most amendments. However, since the revisions are not applicable to Federal financial assistance awards issued prior to the effective date (including awards under the CARES Act issued prior to that date), this Guide does not reflect the Uniform Guidance revisions. If your auditee received a HEERF award on or after November 12, 2020, you would need to use the revised Uniform Guidance regulations.

CARES Act HEERF I:

- [CARES Act HEERF Rollup FAQs](#) (Compilation of all five previously-released HEERF FAQ documents in one document) (October 14, 2020) (these are the following five FAQ documents listed below)
- HEERF Reporting Requirements & Lost Revenue Discussion Webinar (October 14, 2020)
 - [Webinar Recording](#)
 - [Slides used in the Presentation](#)
- HEERF Technical Assistance Webinar (June 23, 2020)
 - [Webinar Recording](#)
- [HEERF Student Portion Public Reporting Requirement](#) (August 31, 2020; *Federal Register* Notice revising the original May 6, 2020 [Electronic Announcement](#))
- HEERF Institution Portion, (a)(2), and (a)(3) Funds Public Reporting Forms (October 13, 2020)
 - [Microsoft Word Version](#) | [PDF Version](#)
 - [Email to Grantees Regarding HEERF Reporting Requirements](#) (September 23, 2020)
 - [Post-October 14, 2020 webinar email to grantees](#) with several technical FAQs regarding posting the quarterly reporting form (October 20, 2020)
- HEERF Annual Reporting resources
 - [User Guide, Webinar, and Other Resources](#)
 - [Annual Reporting Form Data Elements](#) (December 21, 2020)
 - [Email to grantees successfully submitting portal access information](#) (December 21, 2020)
 - [Letter from Acting Assistant Secretary Extending Reporting Deadline](#) (January 28, 2021)

CRRSAA HEERF II:

- [\(a\)\(4\) Frequently Asked Questions](#) (January 14, 2021 and updated March 19, 2021)
- [Letter from the Acting Assistant Secretary](#) (January 14, 2021)
- [HEERF I and HEERF II Comparison Fact Sheet](#) (January 14, 2021 and updated March 19, 2021)
- [HEERF Lost Revenue Frequently Asked Questions](#) (March 19, 2021)
- [HEERF Period of Allowable Expenses Grant Records Notice](#) (March 19, 2021)

The COVID-19 pandemic has led to many federal agencies having to issue implementing guidance (e.g., frequently asked questions, memos, etc.) outside of the normal regulatory process for new and existing programs receiving COVID-19 funding. Such guidance is issued to communicate an agency’s understanding of how the relevant statutes, regulations, or the terms and conditions of the Federal awards to the extent they exist, apply to a particular circumstance, but it does not create new compliance requirements. Due to the evolving nature of the pandemic environment, it has been common for Federal agencies to update, change, or delete their specific guidance over time.

This Guide often refers auditors to agency guidance documents to obtain a better understanding of statutory and regulatory compliance requirements subject to audit. When evaluating a school’s compliance, auditors must consider provisions of Federal statutes, regulations, and the terms and conditions of Federal awards. However, auditors may also consider guidance documents in effect during the period to understand the program requirements. An auditor may conclude that the school is in compliance with a type of compliance requirement based on consideration of applicable implementing guidance in effect at the time of the activity or transaction.

When citing criteria for audit findings, this Guide requires that your finding include the criteria or specific requirement upon which the finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards (Chapter 2, Section D.3). Therefore, auditors should refer to a statute, regulation, or term and condition as criteria for the audit finding.

E. AUDITOR QUALIFICATIONS

E.1. GENERAL REQUIREMENTS

To conduct engagements in accordance with GAGAS, auditors and audit firms should meet the standards discussed in GAGAS Chapters 3 through 5 related to (1) Ethics, Independence, and Professional Judgment; (2) Competence and Continuing Professional Education, and (3) Quality Assurance and Peer Review.

E.2. LICENSING REQUIREMENTS

To conduct the compliance attestation engagements covered by this Guide, auditors should be licensed certified public accountants, persons working for licensed certified public accounting firms, or licensed accountants in states that have multiclass licensing systems that recognize licensed accountants other than certified public accountants (GAGAS 7.07).

You and your audit firm should also comply with applicable provisions of the public accountancy laws and rules of the jurisdiction in which you are licensed *and* the public accountancy laws and rules of the jurisdiction where the engagement is being conducted. If the school is located in a jurisdiction outside your home jurisdiction, this Guide requires that you document, in the attestation work papers (or a central file at the firm available upon request), that

you complied with the applicable jurisdiction’s public accountancy licensing requirements in effect at the time the attestation engagement was conducted.

Practice mobility for certified public accountants is the general ability of a licensee in good standing from a substantially equivalent state to gain practice privilege outside of their home state without getting an additional license in the state where they will be serving a client or an employer. The AICPA and National Association of State Boards of Accountancy have developed an online tool to help certified public accountants and accounting firms understand the implications of mobility and assist in determining whether mobility applies to their situation. The tool is located at CPAMobility.org.

E.3. INTERNAL AUDITORS

A school’s internal auditors are not independent of the school when attesting within it. Therefore, internal auditors cannot conduct engagements prescribed by this Guide. However, you may consider the work of internal auditors in conducting the compliance attestation engagement by following AT-C § 205 A.39-.44 *Using the Work of Internal Auditors*.

F. AUDIT QUALITY AND AUDIT DOCUMENTATION

F.1. AUTHORITY

The Inspector General Act of 1978 requires Inspectors General to take appropriate steps to ensure that any work performed by Non-Federal auditors complies with applicable standards. Accordingly, we select audits/attestation engagements and conduct (or engage contractors to conduct on our behalf) Quality Control Reviews of work performed by Non-Federal auditors, including attestation engagements conducted in accordance with this Guide. Also, ED officials monitor and resolve attestation engagement findings of participating schools. Such monitoring and attestation engagement resolution may require access to and copies of attestation documentation.

All attestation supporting documentation must be made available, and photo or electronic copies of attestation documentation provided upon request to ED, ED-OIG, or their contractors or representatives.

F.2. DEFICIENT ATTESTATION WORK

If quality deficiencies in the attestation report or the associated documentation of work are found during a Quality Control Review, we may instruct you to take corrective action. If we determine that the report and/or documentation of work are unacceptable (i.e., contains quality deficiencies that may affect the reliability of the attestation report(s) and/or may require the auditor to conduct additional attestation work to support the reports in the reporting package under review), we may refer the matter to the appropriate licensing bodies in the state in which you are located and/or to professional associations of which you are a member. Action may also be initiated to

debar you from further participation in audits and attestation engagements of Federal programs. We may also recommend that ED reject the attestation reports.

F.3. RETENTION OF ATTESTATION DOCUMENTATION

You should retain attestation documentation and reports for a minimum of five years (AT-C § 105 A.36) after the date of issuance of the compliance attestation engagement report(s) to the school, unless a pertinent law or regulation provides for a longer retention period, or you are notified in writing by ED or OIG to extend the retention period. You should keep all records questioned by an audit or attestation engagement, investigation, or other review until the resolution of the questioned items.

F.4. CONFIDENTIALITY OF COMMERCIAL INFORMATION IN ATTESTATION DOCUMENTATION

Confidential commercial information, as defined by the Freedom of Information Act, means trade secrets and commercial or financial information that is privileged or confidential. If your attestation documentation contains confidential commercial information, you should take appropriate steps to identify that information in the attestation documentation to protect its confidentiality.

If we request you submit attestation documentation (electronically or photocopies) and we subsequently receive a request under the Freedom of Information Act for information that you have designated as confidential commercial information, we will make an independent determination under the Freedom of Information Act of whether that information meets the criteria for exemption from release. To the extent permitted by law, we will make a good faith effort to notify you and provide you with an opportunity to object if we disagree with your identification of the information as confidential commercial information. We will also make a good faith effort to provide the auditee an opportunity to object if the confidential commercial information concerns the auditee.

If you have not designated the information as confidential commercial information in the attestation documentation, we may assume that it does not include such information and may release it in response to a Freedom of Information Act request.

G. PRIVACY RIGHTS OF STUDENTS AND PARENTS AND AUDITOR ACCESS TO RECORDS

Personally Identifiable Information (PII) is defined by 34 C.F.R. § 99.3 as any information about an individual maintained by an agency or its servicer that can be used to distinguish or trace an individual's identity, such as his or her name, social security number, date and place of birth, mother's maiden name or any other personal information which can be linked to an individual and is prohibited in the compliance attestation engagement report.

The Family Educational Rights and Privacy Act requires educational agencies and institutions administering funds to protect the privacy of student and parent records. According to 34 C.F.R.

§ 99.31(a)(4), the school can make PII available to you without a student’s or parent’s consent if that disclosure is for the purpose of determining eligibility for the aid received, the amount of aid received, the conditions for the aid received, or enforcing the terms and conditions of the aid. Compliance attestation engagements conducted under this Guide are required by ED for such purposes. If the school refuses to provide PII to you necessary to conduct any part of the engagement, immediately contact the ED-OIG Non-Federal Audit Team at oinon-federalaudit@ed.gov for advice on how to proceed. Please note that you are also required to maintain the confidentiality of PII and may only disclose it for authorized purposes.

CHAPTER 2 – HEERF COMPLIANCE ATTESTATION ENGAGEMENTS

A. INTRODUCTION

As a condition of the HEERF award, a proprietary school must have a compliance audit conducted of its administration of the HEERF grant for any fiscal year during which the school expends \$500,000 or more in total HEERF grant funds or is on Federal Student Aid's HCM 1 or HCM 2 list in a fiscal year in which it expends any HEERF grant funds (Chapter 1, Section A.2). To satisfy the compliance audit requirement, this Guide requires an examination-level attestation engagement relating to the school management's assertions about certain compliance aspects related to the HEERF program. The compliance attestation engagement must be conducted in accordance with the standards applicable to examination engagements contained in GAGAS and AICPA's clarified attestation standards.

This chapter discusses planning considerations and identifies the compliance requirements, attestation objectives, and attestation procedures for compliance requirements pertaining to the HEERF program that must be tested in the compliance attestation engagement when applicable to the audited entity. For each compliance requirement, the auditor must test all HEERF Funds, whether under section 18004(a)(1) of the CARES Act, section 314(a)(4) of the CRRSAA, or section 2003 of the ARP, as applicable.

B. PLANNING CONSIDERATIONS FOR THE COMPLIANCE ATTESTATION ENGAGEMENTS

The objective of the compliance attestation engagement is to assess a school's compliance with criteria established by the CARES Act, CRRSAA, and/or ARP and the terms and conditions of the awards and to obtain sufficient evidence on compliance to form an opinion. The following are common to all compliance attestation engagements conducted in accordance with this Guide.

B.1. ENGAGEMENT LETTER

An engagement letter between you and the school should be prepared and should include the following:

- A statement that the engagement is to be conducted in accordance with GAGAS, the applicable AICPA attestation standards, and this Guide.
- A description of the scope of the engagement and the related reporting that will meet the requirements of this Guide.
- A statement that the auditor(s), the audit firm, its partners, assigned audit staff or contractors capable of substantially influencing the development or outcome of the engagement are not currently debarred from participating in any procurement and non-procurement transactions of any Federal executive branch agency.

- Disclose the names of any contractors, or staff of the auditor or the firm, that will be working on the engagement that are debarred from participating in any procurement and non-procurement transactions of any Federal executive branch agency.
- A statement that both parties understand that ED will use the auditor's report to help carry out its oversight responsibilities of the HEERF grant.
- A statement that the school provides the auditor all required representations and assertions, as well as the required corrective action plan if findings are disclosed during the compliance attestation engagement.
- A statement that the school has informed the auditor of early implementation on any regulatory changes.
- A statement that the school understands that the auditor is required to immediately report to the ED's OIG, Investigation Services any indications of fraud related to HEERF grants or any possible fraud identified by management that was not appropriately reported.
- A provision that the auditor should provide upon request from ED, the ED-OIG, or their representatives, access to attestation documentation, including access to attestation information stored in electronic format, and including the ability to retain copies of that information in paper or electronic form.
- A provision that the auditor should retain attestation documentation and reports for a minimum of five years after the date of issuance of the auditor's report(s) to the entity, unless a pertinent law or regulation provides for a longer retention period, or the auditor is notified in writing by ED or us to extend the retention period.
- A provision that the auditor provides a copy of his/her firm's most recent external peer review report to the school procuring the auditor's services when requested and will provide any subsequent external peer review reports during the life of the contract, when requested.
- A provision that the auditor will provide a copy of his/her individual CPA license and/or firm license to the school procuring the auditor's services when requested and will provide any subsequent licenses during the life of the contract, when requested.

B.2. MANAGEMENT'S ASSERTIONS AND REPRESENTATIONS

Management's written assertions are the basis for the auditor's testing and therefore are an integral part of the engagement. The school should provide its management's assertions in a letter to you. In their letter, the school's management should assert that it complied with each of

the following compliance requirements described in Chapter 2, Section C of this Guide, as applicable:

- Activities Allowed or Unallowed
- Allowable Costs and Cost Principles
- Earmarking
- Period of Performance
- Procurement Suspension and Debarment
- Reporting

The specific required assertions are found at the beginning of each compliance requirement in Chapter 2, Section C. If the school did not comply with one or more of the compliance requirements, school management must modify its assertions to disclose the noncompliance.

You should also obtain required written representations from the school's management as part of the compliance attestation engagement. You may choose to obtain the assertions along with management's written representations in one letter. The written representations that are required as part of the compliance attestation engagement can be found at AT-C § 205A *Examination Engagements*, paragraph 50 and AT-C §315 *Compliance Attestation*, paragraph 17. If the scope of a compliance attestation engagement is restricted because the school refused to furnish the appropriate written assertions and/or representations, ED may initiate administrative proceedings leading to sanctions against the school.

B.3. ATTESTATION RISK

The attestation documentation should evidence your assessed level of risk. Attestation risk is the risk that you express an inappropriate opinion or conclusion, as applicable, when the subject matter or assertion is materially misstated. You should design and implement overall responses to address the assessed risks and should obtain sufficient appropriate evidence to reduce attestation risk to an acceptably low level (AT-C § 105A.10 [Attestation Risk] and AT-C § 205A.19-.20).

B.4. CONSIDERING INTERNAL CONTROL IN THE COMPLIANCE ATTESTATION ENGAGEMENT

Since grant funds awarded under the HEERF are subject to the requirements of the Uniform Guidance, schools are required by 2 C.F.R. § 200.303(a) to establish and maintain effective internal control over the HEERF awards that provides reasonable assurance that the school is managing the HEERF awards in compliance with Federal statutes, regulations, and the terms and conditions of the HEERF awards. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Relevant guidance for your consideration of the school's internal control in the compliance attestation engagement is provided in AT-C § 205A and AT-C § 315.

To meet the objectives of this Guide, you should document your understanding of internal control over compliance for each compliance assertion sufficient to plan the engagement and to assess control risk. In order to obtain this understanding, you should inquire of management, supervisors, and staff personnel; inspect the school documents; and observe the school's activities and operations. Due to the coronavirus pandemic, these procedures may need to be performed remotely.

The HEERF programs may be administered by more than one organizational component within a school and each component may maintain separate or different internal control, policies, and/or procedures for ensuring compliance. In such cases, you should assess the controls in place at each component that administers a material portion of the program activity.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a compliance requirement of the HEERF programs on a timely basis. Consistent with GAGAS 7.42, for compliance attestation engagements conducted in accordance with this Guide, you should report identified deficiencies in internal control over compliance that are material weaknesses and significant deficiencies in internal control over compliance, as defined below:

Material Weakness: A deficiency or combination of deficiencies in internal control over compliance that results in a reasonable possibility that a material noncompliance with a type of compliance requirement will occur that will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency: A deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance yet is important enough to merit attention by those charged with governance.

B.5. CONSIDERING AND REPORTING FRAUD IN THE COMPLIANCE ATTESTATION ENGAGEMENT

Relevant guidance for the consideration of fraud in the compliance attestation engagement is provided in AT-C § 205A. During the engagement, you should consider whether your risk assessment procedures and other procedures related to your understanding of the school's compliance indicate risk of material noncompliance due to fraud. You should also make inquiries of appropriate parties to determine whether they have knowledge of any actual, suspected, or alleged fraud, evaluate whether there are unusual or unexpected relationships that indicate risks of material noncompliance due to fraud, and respond appropriately to fraud or suspected fraud (AT-C § 205A.32-.33).

In conducting the attestation engagement, you should exercise due professional care when pursuing any indication of fraud, so that potential future investigations or legal proceedings are not compromised. If you detect indications of fraud related to HEERF program funds, or if you learn that management identified possible fraud related to HEERF program funds and failed to report the possible fraud, you must report this immediately to the appropriate regional office of

ED's OIG, Investigation Services (OIG/IS) in accordance with this Guide. A listing of these offices and contact information can be found on [OIG/IS website](#).

After reporting the matter immediately, promptly prepare a separate written report concerning fraud or indications of such activities. The report must include all information required for reporting a finding as outlined in GAGAS 7.48-.50. This report must be submitted to the appropriate ED OIG/IS regional office either within 30 days after the date of discovery of the act, or within the time frame agreed to by you and the ED OIG/IS. The transmittal should request ED OIG/IS to reply by letter or email to you to acknowledge receipt of the report. It should also request that ED OIG/IS (1) advise you if you can also submit the separate written report with your compliance attestation engagement report to ED, and (2) whether you can reflect the contents of the separate report in your compliance attestation engagement report. You should retain the ED OIG/IS acknowledgement in your attestation documentation.

You should not submit the separate written report with your compliance attestation engagement report to ED, unless the ED OIG/IS has advised you in writing that you may do so. Also, you should not reflect the contents of the separate report in your compliance attestation engagement reports, unless the ED OIG/IS has advised you in writing that you may do so. If excluding this information from your compliance attestation engagement reports would cause a departure from attestation standards, contact the Non-Federal Audit team at oignon-federalaudit@ed.gov to discuss how the matter should be handled.

B.6. MATERIALITY FOR PURPOSES OF PROVIDING OPINION

Materiality for purposes of compliance differs from materiality for financial reporting purposes. In accordance with AT-C § 205A.16, § 315.12, and this Guide, for the compliance attestation engagements, you should consider materiality for each type of compliance requirement. Materiality should be considered in the context of qualitative factors and, when applicable, quantitative factors. Keep in mind that consideration of materiality is affected by the nature of the compliance requirements, which may or may not be quantifiable in monetary terms. You should issue a qualified or adverse opinion when reporting instances of noncompliance that individually or collectively are material in relation to each type of compliance requirement.

B.7. FOLLOW-UP ON RESOLUTION OF PRIOR FINDINGS

In accordance with GAGAS 7.13, you should evaluate whether the school has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a significant effect on the subject matter. When planning the engagement, you should ask management to identify previous audits, attestation engagements, program reviews, and other studies that directly relate to the school's compliance with the HEERF program requirements in this Guide, including whether related recommendations have been implemented. From the records of the school, you should review each finding contained in each report and all correspondence between the school and the report issuer, including any final determinations, that relates to the resolution of the finding(s). You should determine whether each prior finding has been resolved. You should use this information in assessing risk and determining the nature,

timing, and extent of current work and determining the extent to which testing that corrective actions have been implemented is applicable to the current engagement objectives.

B.8. SAMPLING METHODOLOGY

Many of the required procedures described in this chapter provide for the use of a sample to test school compliance. Unless the required procedure prescribes a sample size, auditors should refer to AT-C § 205A.31 and the AICPA Audit Guide *Audit Sampling* in determining the appropriate sample size.

The attestation documentation should describe the sampling methodology that has been employed, including information that identifies the size and content of the universes from which samples are drawn, including number of transactions/events and, if applicable, total dollar values associated with the universes.

B.9. REPORTING NONCOMPLIANCE

All noncompliance identified by you during the compliance attestation engagement, and all material noncompliance identified by the school and disclosed to you during the engagement, should be reported as findings in the Schedule of Findings and Questioned Costs. This applies even when corrective action was taken by the school after becoming aware of the noncompliance. The only exception is for matters concerning fraud or indications of fraud that cannot be reported per the provisions of Chapter 2, Section B.5.

As part of the written representations obtained from the school's management, you should request written representations stating that management has disclosed to you all deficiencies in internal control of which it is aware and its knowledge of any actual, suspected, or alleged noncompliance (AT-C § 205.50i). The school's disclosure to you should include, but is not limited to, any noncompliance self-reported to ED.

B.10. REPORTING MATERIAL NONCOMPLIANCE (SAMPLE RESULTS THAT REQUIRE PROJECTIONS)

If you determine that material noncompliance exists, you should report an estimated total for HEERF questioned costs where the standard error of the estimate does not exceed 12% of the estimate. The estimate for total amount of HEERF questioned costs should have sufficient precision so that the margin of error, or the amount added to or subtracted from the point estimate for a 90% confidence interval, does not exceed one-fifth of the estimate. An expanded sample may be required in order to achieve this confidence level. Additionally, you should estimate the percentage of errors. Sampling results for samples requiring projection must include information on the population, sample size, error found in the sample, projected total questioned costs, and projected error rate. For estimated costs or attribute percentages, precision should be expressed with 90% confidence intervals for the estimates.

C. COMPLIANCE REQUIREMENTS AND ATTESTATION PROCEDURES

This section identifies and describes compliance requirements schools are required to meet. When stating compliance requirements of schools, the word “must” is used to indicate a requirement, whereas the word “should” indicates a best practice or recommended approach rather than a requirement. This section also establishes the attestation procedures you should perform to determine whether these requirements have been met. Auditor judgement is necessary to determine whether the required procedures are sufficient to achieve the stated attestation objectives or whether alternative attestation procedures are needed. Therefore, you cannot consider this Guide to be a “safe harbor” for identifying the attestation procedures to apply in a particular engagement.

C.1. ACTIVITIES ALLOWED OR UNALLOWED

This section covers compliance requirements related to activities that can or cannot be funded under the HEERF program.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Activities Allowed or Unallowed attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether the HEERF grant funds were expended only for allowable activities.

Background:

Schools must demonstrate that costs incurred are allowable under the relevant statutory provisions. Expenditures of HEERF grant funds established by the CARES Act must have been consistent with the purpose of the Education Stabilization Fund “to prevent, prepare for, and respond to coronavirus.” In general, the CARES Act authorized broad uses of HEERF funds, with specific standards for the different funding streams described below. Unlike the funds available to proprietary schools under the CARES Act, the only allowable use of funds for HEERF II and III grants provided under the CRRSAA and ARP to proprietary schools is to provide financial aid grants to students. Auditors are strongly encouraged to review the FAQ documents and guidance materials which provide specific examples that help interpret these statutory standards.

- For the CARES Act 18004(a)(1) Student Aid Portion (ALN 84.425E), disbursements made under the Student Aid Portion were required to be made directly to students. Allowable expenditures must have been “for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and childcare).” (CARES Act § 18004(c)). In accordance with the March 2021 Notice of Interpretation, schools may charge HEERF financial aid grant expenses to the Student

Aid Portion if they were incurred on or after March 13, 2020, the day the national emergency was declared ([86 FR 15208](#)).

The Certification and Agreement for the Student Aid Portion required that the recipient not use these funds to reimburse itself for any costs or expenses, including but not limited to any costs associated with significant changes to the delivery of instruction due to the coronavirus and/or any refunds or other benefits that the school previously issued to students.

- For the CARES Act 18004(a)(1) Institutional Portion (ALN 84.425F), allowable expenditures must have been “to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.” (CARES Act § 18004(c)). In accordance with the March 2021 Notice of Interpretation, schools may charge pre-award costs for unspent CARES Act funds back to March 13, 2020, the day the national emergency was declared ([86 FR 15208](#)).

Other allowable expenditures under the Institutional Portion include additional emergency grants made to students (in accordance with the requirements of the Student Portion). Additionally, schools also were allowed to reimburse themselves for refunds previously made to students on or after March 13, 2020, if those refunds were necessitated by significant changes to the delivery of instruction, including interruptions in instruction, due to the coronavirus. Please see Questions 29 and 31 from the [Rollup FAQs](#) for more information.

- For the CRRSAA section 314(a)(4) and ARP section 2003(4) Proprietary Institutions Grant Funds for Students (ALN 84.425Q), allowable expenditures are to provide financial aid grants to students (including students exclusively enrolled in distance education), which may be used for any component of the student’s cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or childcare. The CRRSAA, and thereby the ARP, requires that schools prioritize students with exceptional need, such as students who receive Pell Grants. However, students do not need to be Pell recipients or students who are eligible for Pell grants in order to receive a financial aid grant.

Schools may not (1) condition the receipt of financial aid grants to students on continued or future enrollment in the institution, (2) use the financial aid grants to satisfy a student’s outstanding account balance, unless it has obtained the student’s written (or electronic), affirmative consent, or (3) require such consent as a condition of receipt of or eligibility for the financial aid grant.

The expanded use of funds authority under the CRRSAA also applies to any unspent CARES Act (a)(1) program funds. As of December 27, 2020, schools may use unexpended CARES Act

funds for the following costs incurred on or after March 13, 2020, the date on which the President declared a national emergency due to the COVID-19 pandemic ([86 FR 15208](#)):

- Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll);
- Carrying out student support activities authorized by the HEA that address needs related to coronavirus; and
- Making financial aid grants to students under the same provisions as their Proprietary Institution Grant Funds for Students, including by providing such grants to students exclusively enrolled in distance education.

ED originally took the position that obligations under CRRSAA needed to have been incurred on or after December 27, 2020, the date of enactment. On March 22, 2021, a Notice of Interpretation was published in the Federal Register allowing schools to charge pre-award costs, including lost revenue, back to March 13, 2020 ([86 FR 15208](#)). ED published [FAQs](#) and examples of calculating HEERF lost revenue to address the concept and scope of reimbursing, calculating, and reporting for lost revenue under the HEERF grant program.

Under section 314(d)(3) of CRRSAA, a school that utilizes the expanded use of funds authority under the CRRSAA for its unspent CARES Act funds must ensure that no funds are used to fund contractors for the provision of pre-enrollment recruitment activities; marketing or recruitment; endowments; capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship; senior administrator or executive salaries, benefits, bonuses, contracts, incentives, stock buybacks, shareholder dividends, capital distributions, and stock options; or any other cash or other benefit for a senior administrator or executive.

Criteria: CARES Act § 18004(c)
CRRSAA §§ 314 (c)(3) and 314 (d)(2), (d)(3), and (d)(7)
ARP § 2003 (5) and (6)
[\(a\)\(1\) Institutional Portion Certification and Agreement](#)
[\(a\)\(1\) Student Aid Portion Certification and Agreement](#)
[\(a\)\(4\) Proprietary Institution Grant Funds for Students Certification and Agreement](#)
[86 FR 15208](#) - Notice of Interpretation Regarding Period of Allowable Expenses
[34 C.F.R. part 75](#)
[34 C.F.R. part 77](#)

Guidance: [HEERF FAQ Rollup Document](#)
HEERF Reporting Requirements & Lost Revenue Discussion Webinar (October 14, 2020): [Webinar Recording](#) & [Slides used in the Presentation](#)

[\(a\)\(4\) Frequently Asked Questions](#)
[Lost Revenue Frequently Asked Questions](#)

Required Procedures:

- C.1.a. Select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity.

- C.1.b. For expenditures under the CARES Act (a)(1) Student Aid Portion or CRRSAA (a)(4) and ARP 2003(4) Proprietary Institution Grant Funds for Students, determine the school (1) had a documented plan to distribute funds to students, (2) did not place any restrictions on the expenditure of those funds beyond what is in the statute, and (3) expended the entirety of the Student Aid Portion/Grant Funds for Students on emergency financial aid grants to students and that the school did not reimburse itself for any costs or expenses previously issued to students.

C.2. ALLOWABLE COSTS AND COST PRINCIPLES

This section covers compliance requirements related to allowable costs for the HEERF program.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Allowable Costs and Cost Principles attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether direct charges to the HEERF program were for allowable costs. Determine that the rate(s) used to charge indirect costs is consistent with the appropriate Indirect Cost Rate Proposal and was applied to the appropriate distribution base, or that the de minimis rate is applied to the appropriate base amount and is used consistently by the school under its federal awards.

Background:

The Uniform Guidance Cost Principles described in [2 C.F.R. part 200, Subpart E](#), apply to the HEERF program under the CARES Act, CRRSAA and ARP.

Basic Guidelines

According to 2 C.F.R. § 200.403, except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under federal awards;

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under the principles in [2 C.F.R. part 200, subpart E](#).
- Conform to any limitations or exclusions set forth in 2 C.F.R. part 200, subpart E or in the federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the school.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.
- Be adequately documented.

2 C.F.R. §§ 200.420 through 200.476 provide the principles to be applied in establishing the allowability of certain items of cost, in addition to the basic considerations identified above. For the HEERF programs covered in this section, schools generally have broad uses of funds.

Some items of cost in Subpart E of the Uniform Guidance require prior approval under [2 C.F.R. § 200.407](#) by ED. Due to the COVID-19 pandemic, ED provided its prior approval for certain cost items for all formula grants under the HEERF program from March 13, 2020 through the

period of grant performance specified under the school’s Grant Award Notifications for all HEERF grants. See Question 16 of the [\(a\)\(4\) Frequently Asked Questions](#) for additional details.

Under 34 C.F.R. § 75.533, a school may not use its grant funds for the acquisition of real property or for construction. However, *minor remodeling* such as adding barriers to enable social distancing or installing an HVAC air filtration system, is allowable where such alterations occur within the confines of a previously completed building and meet the other characteristics of the minor remodeling definition under 34 C.F.R. § 77.1.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (Facilities & Administration) costs. Financial aid grants to students are allowable direct costs.

Certain costs that otherwise would be treated as indirect costs may also be considered direct costs if directly related to a specific award (direct administrative costs). Direct administrative costs may only be charged against ALN 84.425F (the Institutional Portion grant).

Indirect Costs

Indirect costs are those costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity (2 C.F.R. § 200.56). Indirect costs are defined into two broad categories in 2 C.F.R. § 200.414(a).

- “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, operations and maintenance expenses, and library expenses.
- “Administration” is defined as general administration and general expenses such as the director's office, accounting, personnel, and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable).

Reasonable administrative costs and a school’s approved negotiated indirect cost rate may be charged against ALN 84.425F (the Institutional portion). No administrative costs (direct or indirect) and no indirect costs are allowed to be charged against ALN 84.425E (the Student Aid Portion) or ALN 84.425Q (Proprietary Institutions Grant Fund for Students), as CARES Act Section 18004(c) and CRRSAA Section 314 (c)(3), and thereby the ARP, requires that these funds be used to provide emergency financial aid grants to students. All administrative costs must be reasonable and necessary and conform to Cost Principles described in 2 C.F.R. part 200 subpart E of the Uniform Guidance.

Per 2 C.F.R. § 200.414(f), if a school has never received a negotiated indirect cost rate, it may elect to charge a de minimis rate of 10 percent of modified total direct costs. Such a rate may be

used indefinitely or until the school chooses to negotiate a rate, which the school may do at any time. If a school chooses to use the de minimis rate, that rate must be used consistently for all of its federal awards. Also, as described in 2 C.F.R. § 200.403, costs must be consistently charged as either indirect or direct but may not be double charged or inconsistently charged as both. In accordance with 2 C.F.R. § 200.400(g), a school may not earn or keep any profit resulting from federal financial assistance, unless explicitly authorized by the terms and conditions of the award. A school can always choose to charge the federal awards less than the negotiated rates or the de minimis rate.

Criteria: [2 C.F.R. part 200, Subpart E](#)
 [34 C.F.R. part 75](#)
 [34 C.F.R. part 77](#)
 CARES Act § 18004(c)
 CRRSAA § 314(c), (d)(7)
 [\(a\)\(1\) Institutional Portion Certification and Agreement](#)
 [\(a\)\(1\) Student Aid Portion Certification and Agreement](#)
 [\(a\)\(4\) Proprietary Institution Grant Funds for Students Certification and Agreement](#)

Guidance: [HEERF FAQ Rollup Document](#)
 [\(a\)\(4\) Frequently Asked Questions](#)

Required Procedures:

C.2.a. Test a sample of transactions for conformance with the following criteria contained in 2 C.F.R. part 200, as applicable:

- Costs were necessary and reasonable for the performance of the federal award and allocable under the principles of 2 C.F.R. part 200, subpart E.
- Costs conformed to any limitations or exclusions set forth in 2 C.F.R. part 200, subpart E, or in the federal award as to types or amount of cost items. *If the auditor identifies unallowable direct costs, the auditor should be aware that “directly associated costs” might have been charged. Directly associated costs are costs incurred solely as a result of incurring another cost, and would not have been incurred if the other cost had not been incurred. When an unallowable cost is incurred, directly associated costs are also unallowable.*
- Costs were consistent with policies and procedures that apply uniformly to both federally financed and other activities of the school.
- Costs were accorded consistent treatment. A cost was not assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances was allocated to the federal award as an indirect cost.
- Costs were not included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.
- Costs were adequately documented.
- Costs were approved by the federal awarding agency, if required (see 2 C.F.R. § 200.407 for selected items of cost that require prior written approval).

- C.2.b. For schools using an approved negotiated indirect cost rate:
- C.2.b.i. Obtain and read the current indirect cost rate agreement and determine the terms in effect.
 - C.2.b.ii. Test a sample of transactions for conformance with the criteria contained in 2 C.F.R. part 200:
 - C.2.b.ii.A Select a sample of claims for reimbursement and verify that the rates used are in accordance with the rate agreement, that rates were applied to the appropriate bases, and that the amounts claimed were the product of applying the rate to the applicable base.
 - C.2.b.ii.A Verify that the costs included in the base(s) are consistent with the costs that were included in the base year (e.g., if the allocation base is total direct costs, verify that current year direct costs do not include costs items that were treated as indirect costs in the base year).
- C.2.c. For schools using a de minimis indirect cost rate:
- C.2.c.i. Determine that the school has not claimed indirect costs on the basis of a negotiated rate in the three fiscal years immediately prior to the current audit period.
 - C.2.c.ii. Test a sample of transactions for conformance with 2 C.F.R. § 200.414(f):
 - C.2.c.ii.A Select a sample of claims for reimbursement of indirect costs and verify that the de minimis rate was used consistently, the rate was applied to the appropriate base, and the amounts claimed were the product of applying the rate to a modified total direct costs base; and
 - C.2.c.ii.B Verify that the costs included in the base are consistent with the costs that were included in the base year, i.e., verify that current year modified total direct costs do not include costs items that were treated as indirect costs in the base year.
 - C.2.c.iii. For a school conducting a single function, which is predominately funded by federal awards, determine whether use of the de minimis indirect cost rate resulted in the school double-charging or inconsistently charging costs as both direct and indirect.

C.3. EARMARKING

This section covers compliance requirements that specify the minimum percentage of the HEERF program funding under the CARES Act that must be used to provide emergency financial aid grants to students.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Earmarking attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether the minimum percentage of HEERF funds received under Section 18004(a)(1) of the CARES Act were used to provide emergency financial aid grants to students.

Background:

Schools must use no less than 50 percent of funds received under Section 18004(a)(1) of the CARES Act to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus. Conversely, schools may use up to 50 percent of the funds they receive under Section 18004(a)(1) to “cover any costs associated with significant changes to the delivery of instruction due to the coronavirus so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities, including marketing and advertising; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.”

The 50 percent division of the (a)(1) funds into the Student Aid Portion and Institutional Portion was made by ED. Each were given as separate grant awards, the Student Aid Portion under ALN 84.425E and the Institutional Portion under ALN 84.425F.

The order of incurring costs which will be attributed to the Student Aid and Institutional portions is not relevant to the earmarking requirement but, rather, the relationships between these two portions must be met and measured by the end of the period of performance. Therefore, testing this requirement is only applicable at the end of the period of performance.

Under section 314(d)(5) of the CRRSAA, a school that utilizes the expanded use of funds authority under the CRRSAA for its unspent CARES Act funds must ensure at least 50% of the funds it received under CARES Act section 18004(a)(1) (generally, its HEERF I Student Aid Portion award) is used for financial aid grants to students.

Criteria: CARES Act § 18004(c) CARES Act
CRRSAA § 314 (d)(5)
[\(a\)\(1\) Institutional Portion Certification and Agreement](#)
[\(a\)\(1\) Student Aid Portion Certification and Agreement](#)

Guidance: [HEERF FAQ Rollup Document](#)
[\(a\)\(4\) Frequently Asked Questions](#)

Required Procedures:

- C.3.a. Perform procedures to verify that the amounts recorded in the financial records show that at least 50 percent of funds received under Section 18004(a)(1) of the CARES Act was used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus, by the end of the period of performance.

C.4. PERIOD OF PERFORMANCE

This section covers compliance requirements related to the period during which the funds are available for obligation under the HEERF program.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Period of Performance attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether (a) the HEERF program was only charged for allowable costs incurred during the period of performance or costs incurred prior to the date the HEERF award was made, as authorized by ED and (b) if applicable, obligations were liquidated within the required time period.

Background:

In the CARES Act certification and agreements, all schools were originally given one calendar year (12 months) from the date of award in their HEERF I Grant Award Notifications to complete the performance of their CARES Act HEERF I grant awards. Therefore, for example, if a grantee received a Grant Award Notification on April 7, 2020, the one calendar year period of performance for their HEERF I grant under the CARES Act would be through April 6, 2021.

Schools were also given one year from the date of their CRRSAA HEERF II award to complete the performance of their (a)(4) Proprietary Institution Grant Funds for Students award. ARP HEERF III awards will be considered supplemental awards to the existing (a)(4) Proprietary Institution Grant Funds for Students, so the date the supplemental grant is made extends the performance period of the CRRSAA HEERF II grant by an additional year. That is, if a grantee received an ARP HEERF III (a)(4) supplement on May 1, 2021, the performance period of its CRRSAA HEERF II and ARP HEERF III (a)(4) funds will be extended until April 30, 2022.

No-cost extensions of up to 12 months are available as provided for in 2 C.F.R. §200.308(d)(2). In accordance with 2 C.F.R. § 200.343(b), after the end of the year-long period of performance, schools have an additional 90 calendar days to liquidate their obligations made during their year-long period of performance as part of the grant closeout procedures. Please see Question 6 from the [Rollup FAQs](#) for more information.

For CARES Act HEERF awards, schools were allowed to incur pre-award costs consistent with [2 C.F.R. § 200.458 and 34 C.F.R. § 75.263](#) from March 13, 2020, the date of the declaration of the national emergency due to the coronavirus, to the date of their HEERF grant award for their (a)(1) Institutional Portion as long as those expenditures would have been allowable if incurred after the date of the HEERF grant award. For the (a)(1) Student Aid Portion, institutions were only able to refund themselves for institutionally-funded emergency grants to students that were made (1) for authorized expenses related to the disruption of campus operations due to coronavirus as set forth in Section 18004(c) of the CARES Act; (2) made to students eligible to

receive emergency financial aid grants under the CARES Act; and (3) made on or after March 13, 2020. Please see Questions 10 and 30 from the [Rollup FAQs](#) for more information.

For the CRRSAA HEERF II awards, funds may be used for pre-award costs incurred on or after March 13, 2020, the date on which the President declared a national emergency due to the COVID-19 pandemic ([86 FR 15208](#)).

- Criteria:* [\(a\)\(1\) Institutional Portion Certification and Agreement](#)
 [\(a\)\(1\) Student Aid Portion Certification and Agreement](#)
 [\(a\)\(4\) Proprietary Institution Grant Funds for Students Certification and Agreement](#)
 [86 FR 15208](#) - Notice of Interpretation Regarding Period of Allowable Expenses
 2 C.F.R. § 200.308(d)(2)
 2 C.F.R. § 200.343(b)
 2 C.F.R. § 200.458
 34 C.F.R. § 75.263
- Guidance:* [HEERF FAQ Rollup Document](#)
 [Lost Revenue Frequently Asked Questions](#)

Required Procedures:

- C.4.a. For HEERF awards with performance period beginning dates during the audit period, test transactions for costs recorded during the beginning of the calendar year period of performance for the respective HEERF grant as defined in the “Background” section, and verify that the costs were not incurred prior to the start of the calendar year period of performance, or pre-award costs incurred prior to March 13, 2020 for the (a)(1) Institutional Portion, or for refunds for school-funded emergency grants to students made on or after March 13, 2020 for the (a)(1) Student Aid Portion or the (a)(4) Proprietary Institution Grant Funds for Students.
- C.4.b. For HEERF awards with performance period ending dates during the audit period, test transactions for costs recorded during the latter part and after the calendar year period of performance and verify that the costs had been incurred within the calendar year period of performance, unless a no-cost extension was obtained from ED.
- C.4.c. For HEERF awards with performance period ending dates during the audit period, test transactions for federal award costs for which the obligation had not been liquidated (payment made) as of the end of the calendar year period of performance and verify that the liquidation occurred within the allowed 90 calendar days.
- C.4.d. Test adjustments (e.g., manual journal entries) for HEERF award costs and verify that these adjustments were for transactions that occurred during the calendar year period of performance.

C.5. PROCUREMENT SUSPENSION AND DEBARMENT

This section covers compliance requirements related to the school's procurement of goods or services with HEERF grant funds.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Procurement Suspension and Debarment attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether procurements under HEERF awards were made in compliance with applicable federal regulations and other procurement requirements specific to HEERF. For covered transactions, determine whether the school verified that entities are not suspended, debarred, or otherwise excluded.

*Background:***Procurement**

Schools must follow the procurement standards set out at 2 C.F.R. §§ 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 C.F.R. part 200. A school must:

1. Meet the general procurement standards in 2 C.F.R. § 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.
2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 C.F.R. § 200.319.
3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 C.F.R. § 200.320(a) and (b).
 - a. Under the micro-purchase method, the aggregate dollar amount of micro purchases that do not exceed the micro-purchase threshold (set at \$10,000 by the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1), may be awarded without soliciting competitive quotations if the school considers the price to be reasonable (2 C.F.R. § 200.320(a)).
 - b. Small purchase procedures are used for purchases that exceed the micro-purchase threshold but do not exceed the simplified acquisition threshold (set at \$250,000 by the FAR at 48 C.F.R. Subpart 2.1). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 C.F.R. § 200.320(b)).
4. For acquisitions exceeding the simplified acquisition threshold, the school must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 C.F.R. § 200.320(c); the competitive proposals method under the conditions specified in 2 C.F.R. § 200.320(d); or the noncompetitive proposals method (i.e., solicit a

proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 C.F.R. § 200.320(f).

5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 C.F.R. § 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 C.F.R. § 200.323(d)).
6. Ensure that every purchase order or other contract includes applicable provisions required by 2 C.F.R. § 200.326. These provisions are described in Appendix II to 2 C.F.R. part 200, “Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.”

One of the circumstances that would allow for noncompetitive proposals, as described in 2 C.F.R. § 200.320(f), is “public exigency or emergency for the requirement will not permit a delay results from competitive solicitation.” If a school relies on this exception to make sole-source awards during the time of national emergency due to the coronavirus, the school must sufficiently document rationales and determinations to do so. A circumstance that may influence this determination is the length of time between the procurements and the emergency at issue. Specifically, exceptions are more likely to be acceptable the closer the procurement occurred to the March 13, 2020 declaration of the national emergency.

Suspension and Debarment

Schools are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 C.F.R. § 180.220. All non-procurement transactions entered into by a passthrough entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 C.F.R. § 180.215.

When a school enters into a covered transaction with an entity at a lower tier, the school must verify that the entity, as defined in 2 C.F.R. § 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management Exclusions maintained by the General Services Administration and available at <https://www.sam.gov/SAM/> (click on Search Record, then click on Advanced Search-Exclusions) (**Note:** The OMB guidance at 2 C.F.R. part 180 and agency implementing regulations still refer to the System for Award Management Exclusions as the Excluded Parties List System), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 C.F.R. § 180.300).

Schools receiving contracts from the federal government are required to comply with the contract clause at FAR 52.209-6 before entering into a subcontract that will exceed \$30,000, other than a subcontract for a commercially available off-the-shelf item.

Criteria: 2 C.F.R. §§ 200.318 through 200.326
2 C.F.R. Part 180
48 C.F.R. Subpart 2.1

48 C.F.R. § 9.405-2(b)

48 C.F.R. § 52.209-6

Guidance: [HEERF FAQ Rollup Document](#)

Required Procedures:

- C.5.a Obtain the school’s procurement policies and verify that the policies comply with the compliance requirements described above.
- C.5.b Verify that the school has written standards of conduct that cover conflicts of interest and govern the performance of its employees engaged in the selection, award, and administration of contracts (2 C.F.R. § 200.318(c) and 48 C.F.R. §§ 52.203-13 and 52.303-16).
- C.5.c Ascertain if the school has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If yes, verify that these limitations were not applied to HEERF funded procurements (2 C.F.R. § 200.319(b)).
- C.5.d Select a sample of procurements and perform the following procedures:
1. Examine contract files and verify that they document the history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price (2 C.F.R. § 200.318(i) and 48 C.F.R. part 44 and § 52.244-2).
 2. For grants and cooperative agreements, verify that the procurement method used was appropriate based on the dollar amount and conditions specified in 2 C.F.R. § 200.320.
 3. Verify that procurements provide full and open competition (2 C.F.R. § 200.319 and 48 C.F.R. §52.244-5).
 4. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and ascertain if the limitation was justified (2 C.F.R. §§ 200.319 and 200.320(f) and 48 C.F.R. § 52.244-5).
 5. Ascertain if cost or price analysis was performed in connection with all procurement actions exceeding the simplified acquisition threshold, including contract modifications, and that this analysis supported the procurement action (2 C.F.R. § 200.323 and 48 C.F.R. § 15.404-3). **Note:** A cost or price analysis is required for each procurement action, including each contract modification, when the total amount of the contract and related modifications is greater than the simplified acquisition threshold.
- C.5.e Review the school’s procedures for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 C.F.R. §§ 200.212 and 200.318(h); 2 C.F.R. § 180.300; 48 C.F.R. § 52.209-6).
- C.5.f Select a sample of procurements and subawards and test whether the school followed its procedures before entering into a covered transaction.

C.6. REPORTING

This section covers compliance requirements related to the school’s responsibilities for quarterly and annual reporting for HEERF.

Required Management Assertion

[School] complied with all criteria effective during the attestation period, as appropriate, for the Reporting attestation objective included in Chapter 2, Section C of the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants*.

Attestation Objective:

Determine whether HEERF reporting includes all activity of the reporting period, are supported by applicable accounting or performance records, and are timely and accurately presented and/or posted in accordance with governing requirements.

Background:

Section 18004(e) of the CARES Act directs schools receiving funds under Section 18004 of the Act to submit (in a time and manner required by ED) a report to ED describing the use of funds distributed from HEERF. There are three components to reporting for HEERF that are applicable to proprietary schools: 1) quarterly public reporting on the (a)(1) Student Aid Portion; 2) quarterly public reporting on the (a)(1) Institutional Portion; and 3) the annual report.

Section 18004(a)(1) Student Aid Portion Quarterly Public Reporting (ALN 84.425E)

The Certification and Agreement directs each school applying for HEERF funds to comply with Section 18004(e) of the CARES Act and submit an initial report to ED thirty days from the date of the school’s Certification and Agreement. Beginning on May 6, 2020, with the issuance of an electronic announcement [available here](#), ED required institutions that received a HEERF I 18004(a)(1) Student Aid Portion award to publicly post the following seven reporting items on their website, as an initial report under Section 18004(e) of the CARES Act, no later than 30 days after award, and update that information every 45 days thereafter (by posting a new report):

1. An acknowledgement that the school signed and returned to ED the Certification and Agreement and the assurance that the school has used, or intends to use, no less than 50 percent of the funds received under Section 18004(a)(1) of the CARES Act to provide Emergency Financial Aid Grants to students.
2. The total amount of funds that the school will receive or has received from ED pursuant to the school’s Certification and Agreement [for] Emergency Financial Aid Grants to Students.
3. The total amount of Emergency Financial Aid Grants distributed to students under Section 18004(a)(1) of the CARES Act as of the date of submission (i.e., as of the 30-day Report and every 45 days thereafter).

4. The estimated total number of students at the school eligible to participate in programs under Section 484 in Title IV of the HEA and thus eligible to receive Emergency Financial Aid Grants to students under Section 18004(a)(1) of the CARES Act.
5. The total number of students who have received an Emergency Financial Aid Grant to students under Section 18004(a)(1) of the CARES Act.
6. The method(s) used by the school to determine which students receive Emergency Financial Aid Grants and how much they would receive under Section 18004(a)(1) of the CARES Act.
7. Any instructions, directions, or guidance provided by the school to students concerning the Emergency Financial Aid Grants.

ED has identified reporting items 3 through 6 as key line items that the auditor should focus on when determining accuracy of the reported data.

On August 31, 2020, ED revised the electronic announcement through a [Federal Register notice](#) by decreasing the frequency of reporting after the initial 30-day period from every 45 days thereafter to every calendar quarter. Grantees posting a 45-day report on or after August 31, 2020, are required to instead post a report every calendar quarter, no later than 10 days after the end of each calendar quarter. The first calendar quarter report was due by October 10, 2020 and covered the period from after their last 45-day or 30-day report through the end of the calendar quarter on September 30, 2020. The revised electronic announcement maintained the same seven reporting elements but added a clarifying footnote on determining the number of eligible students.

Section 18004(a)(1) Institutional Portion Quarterly Public Reporting (ALN 84.425F)

The Certification and Agreement directs each school applying for HEERF funds to comply with Section 15011(b)(2) of Division B of the CARES Act and submit quarterly reports, in a time and manner required by ED. ED has developed the Quarterly Budget and Expenditure Reporting form (OMB Control Number 1840-0849) that schools must use to satisfy the quarterly Institutional Portion reporting. This form, available in [PDF](#) and [Microsoft Word](#) versions, includes a chart that the school must use to specify the amount of expended CARES Act funds for each funding category.

The form must be conspicuously posted on the school's primary website on the same page the reports of the school's activities under the Student Aid Portion are posted. A new separate form must be posted covering each quarterly reporting period (September 30, December 31, March 31, June 30), concluding after either (1) posting the quarterly report ending September 30, 2022 or (2) when a school has expended and liquidated all (a)(1) Institutional Portion funds and checks the "final report" box. Schools must post this quarterly report form no later than 10 days after the end of each calendar quarter (October 10, January 10, April 10, July 10) apart from the first report, which is due October 30, 2020.

The form instructions (located on page 3 of the form) provide for more detailed information on completing and posting the form.

Annual CARES Act Reporting

ED has developed the HEERF Data Collection Form (OMB Control Number 1840-0850) that schools must use to satisfy the annual reporting requirement. This form, available for reference only [here](#), collects information about how the proprietary school used its Section 18004(a)(1) Student Aid Portion and Institutional Portion of HEERF funds.

The form will be submitted to ED via the [Annual Report Data Collection System](#). The first Annual Report was due on February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020. As of publication of this Guide, the second Annual Report is due on February 1, 2022 and applies to the reporting period from January 1, 2021 through December 31, 2021. The third Annual Report is due on February 1, 2023 and applies to the reporting period from January 1, 2022 through December 31, 2022.

CRRSAA Reporting

Section 314(e) of the CRRSAA requires schools to submit a report to ED on the use of funds no later than six months after the date of the award, in a manner to be specified by the Secretary. Schools must also promptly and timely provide a detailed accounting of the use of funds in such manner and with such subsequent frequency as the Secretary may require. ED intends to establish reporting requirements regarding the distribution of financial aid grants to students consistent with section 314(e) of CRRSAA but may require additional or more frequent reporting to be specified by the Secretary.

Any additional reporting requirements, including any requirements for ARP reporting, will be communicated to schools and posted on the HEERF webpages.

Criteria: CARES Act § 18004(e)
CARES Act § 15011(b)(2) of Division B
CRRSAA § 314(e)
[\(a\)\(1\) Institutional Portion Certification and Agreement](#)
[\(a\)\(1\) Student Aid Portion Certification and Agreement](#)
[\(a\)\(4\) Proprietary Institution Grant Funds for Students Certification and Agreement](#)
Federal Register August 31, 2020 ([85 FR 53802](#))

Guidance: [HEERF Reporting and Data Collection Webpage](#)
[HEERF FAQ Rollup Document](#)
Electronic announcement dated May 6, 2020; subject: [Higher Education Emergency Relief Fund Reporting – Emergency Financial Aid Grants to Students](#)
Email from September 23, 2020, [Email to grantees regarding HEERF Reporting Requirements](#)
HEERF Reporting Requirements & Lost Revenue Discussion Webinar (October 14, 2020): [Webinar Recording & Slides used in the Presentation](#)
Email from October 20, 2020, [Post-October 14, 2020 webinar email to grantees Annual Reporting Form Data Elements](#)

[Email to grantees successfully submitting portal access information](#)
[Letter from Acting Assistant Secretary Extending Reporting Deadline](#)
[\(a\)\(4\) Frequently Asked Questions](#)
[HEERF Grant Program Auditing Requirements \(March 18, 2021\)](#)

Required Procedures:

- C.6.a. Select the annual report and a sample of the quarterly public reporting on the (a)(1) Student Aid Portion and the Institutional Portion (and any reports required by section 314(e) of CRRSAA or by the Secretary), and test for accuracy and completeness:
- C.6.a.i. Review the supporting records and ascertain if all applicable data elements were included in the annual and sampled quarterly reports. Trace the reported data to records that accumulate and summarize data.
 - C.6.a.ii. Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.
 - C.6.a.iii. Test mathematical accuracy of reports and supporting worksheets.
 - C.6.a.iv. Perform appropriate analytical procedures and ascertain the reason for any unexpected differences. Examples of analytical procedures include (a) comparing current period reports to prior period reports and (b) comparing anticipated results to the data included in the reports.
 - C.6.a.v. For the quarterly public reporting on the (a)(1) Student Aid Portion, determine whether the method(s) of distribution in reporting item 6 (described in “Background”) is consistent with the method(s) that were actually employed by the school to distribute emergency financial aid grants to students.
- C.6.b. Examine the quarterly public postings on the (a)(1) Student Aid Portion and review evidence of compliance with the requirements for schools to (a) report 30 days after award and post a new report every 45 days thereafter until August 31, 2020; and (b) post quarterly reports no later than 10 days after the end of each calendar quarter, starting with the calendar quarter ending on September 30, 2020. *Evidence of compliance may include contemporarily produced emails, webmaster logs, or other relevant documentation establishing a good-faith indication that the school posted the required information at approximately the timelines established by ED’s public reporting requirements ([HEERF Grant Program Auditing Requirements](#)).*

- C.6.c. Examine the number of quarterly public postings on the (a)(1) Institutional Portion and review evidence of compliance with the requirements to post the first quarterly report by October 30, 2020 and post quarterly reports thereafter no later than 10 days after the end of each calendar quarter. *Evidence of compliance may include contemporarily produced emails, webmaster logs, or other relevant documentation establishing a good-faith indication that the school posted the required information at approximately the timelines established by ED’s public reporting requirements ([HEERF Grant Program Auditing Requirements](#)).*
- C.6.d. For reports required by section 314(e) of CRRSAA (or other reports required by the Secretary), examine the reports and test for timeliness.
- C.6.e. Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted to ED or posted publicly on the school’s website.

D. COMPLIANCE ATTESTATION ENGAGEMENT REPORT CONTENTS

The HEERF audit package consists of the below components. The format and content of these components are illustrated in the examples provided in Section D.6 of this chapter. Schools may be subject to administrative proceedings that could lead to sanctions if an acceptable reporting package is not submitted.

D.1. INFORMATION SHEET

The Information Sheet provides information about the school and the auditor. The form and required content of the Information Sheet are shown in Section D.6-1.

D.2. REPORT ON MANAGEMENT’S ASSERTIONS ON COMPLIANCE

This is your report on the school’s assertion about compliance with the specified requirements of the HEERF grant program. You must report findings of noncompliance, significant deficiencies, and material weaknesses. This report should be on formal letterhead representing the independent auditor(s) firm. The form and required content of the Information Sheet are shown in Section D.6-2. Examples D.6-2a through D.6-2c are intended to provide illustrations for various situations. Auditors, using professional judgment, may adapt these examples to other situations not specifically addressed within the illustrations.

Note that when engaged to report on an assertion and you identify material noncompliance, you should report directly on the subject matter, rather than on the assertions (as illustrated in example D.6-3c).

D.3. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A Schedule of Findings and Questioned Costs must be included as part of every HEERF audit package. The Schedule of Findings and Questioned Costs includes information about the amount of HEERF grant funds expended during the fiscal year and identifies all your findings of noncompliance, significant deficiencies, and material weaknesses identified during the compliance attestation engagement. If there were no findings, the schedule should include a statement to that effect.

You can use your judgment in determining the format of this schedule, but at a minimum each finding in the compliance attestation engagement should include the information in GAGAS sections on Presenting Findings in the Report (GAGAS 7.48-.49) and Obtaining and Reporting the Views of Responsible Officials (GAGAS 7.55-.58).

For each finding of noncompliance in the compliance attestation engagement, GAGAS 7.19 explains that you should plan and perform procedures to develop the criteria, condition, cause, and effect of the finding to the extent that these elements are relevant and necessary to achieve the engagement objectives. In addition, GAGAS 7.48 explains that when presenting findings, you should develop the elements of the findings to the extent necessary to assist management or oversight officials of the audited entity in understanding the need for taking corrective action.

This Guide requires that your finding include the criteria or specific requirement upon which the finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards. You must also make recommendations for corrective action to the school, unless corrective action is not necessary. In such cases, you should provide the reason(s) why corrective action was not necessary.

If the noncompliance causes any expenditure of Federal funds to be questioned, you should identify the dollars involved as questioned costs, and include a recommendation that the school confer with ED officials about whether refunds or adjustments are required. Questioned cost is a cost that is questioned by the auditor because of an audit/attestation finding, including (a) a cost that resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds; (b) costs that at the time of the audit/attestation, are not supported by adequate documentation; or (c) costs that appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

ED uses these compliance attestation engagements to determine if the school complied with ED requirements and to identify and address any noncompliance and internal control deficiencies. Therefore, it is important that your findings contain adequate information to provide perspective on any matters that will allow ED to identify areas of concern and take necessary corrective action. Findings should be placed in perspective by describing the nature and extent of the issues being reported and the extent of the work performed that resulted in the finding, in accordance with GAGAS 7.49. With this information, ED management can put proper perspective on the finding for resolution. For each finding, you should include the following information to place the finding in perspective:

- The number of units affected by the noncompliance and the associated monetary value.
- The number of units and monetary value of the universe and sample size of the attribute(s) tested that relate to the noncompliance. If the sample was expanded to evaluate the projected error rate statistically, the report should also include information about the sampling methodology, confidence level, precision, expected rate of occurrence, and estimated disallowance to the population, including the point estimate and lower and upper limits (Chapter 2, Section B.10).
- Your definition of material noncompliance for the type of compliance requirement under which the instances of noncompliance were found, as discussed in Chapter 2, Section B.6.

In accordance with GAGAS 7.55, you should obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as planned corrective actions. In your Schedule of Findings and Questioned Costs, you should include or describe the auditee's comments (concurrence or non-concurrence with the finding), and describe your consideration of the auditee's comments, if the auditee does not concur with the finding. The school must develop and submit a *separate* Corrective Action Plan (Chapter 2, Section D.5 and D.6-5.) for each finding and recommendation in one document and this Corrective Action Plan must be included when submitting the reporting package.

Each finding in the schedule should be numbered so that the findings may be referenced easily during resolution and follow-up. The first digits of the finding number are the fiscal year being audited, and a hyphen is used to separate these digits from a number indicating the sequence of the finding. For example, the reference numbers for the third, fourth, and fifth findings for fiscal year 202X would be 202X-003, 202X-004, and 202X-005.

D.4. SUMMARY SCHEDULE OF PRIOR FINDINGS

For fiscal years subsequent to the first fiscal year during which a school expends HEERF award funds, the school must prepare a Summary Schedule of Prior Findings to be submitted with the HEERF audit package. In the schedule, the school should report the status of –

- Findings reported in audits, attestation engagements, program reviews, or other studies that directly relate to the school’s compliance with HEERF grant program requirements in this Guide that were issued in the prior fiscal year or during or after the audit/attestation period but before the date of your report.
- Findings reported in the prior year’s Summary Schedule of Prior Findings as unresolved.

When findings were fully corrected, the summary schedule need only list the findings and state that corrective action was taken. When findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the findings recurrence and planned corrective action, and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in ED’s management decision, the summary schedule must provide an explanation.

The school should refer to the findings using the numbers that were assigned in the prior report. If the findings in the prior report were not numbered, the school should identify prior findings in an appropriate manner (e.g., page number, caption, etc.). The school should clearly state if –

- There were no prior findings in the immediate prior compliance attestation engagement report issued in accordance with this Guide and other pertinent audits/attestation engagements or reviews, or
- There were no other pertinent audits/attestation engagements or reviews that directly relate to the school’s compliance with HEERF grant program requirements in this Guide that were issued in the prior fiscal year or during or after the audit/attestation period but before the date of the auditor’s report.

You must follow-up on prior findings as described in Chapter 2, Section B.7, and perform procedures to assess the reasonableness of the Summary Schedule of Prior Findings prepared by the school. If you conclude that the schedule materially misrepresents the status of any prior finding, you must report a current-year finding.

D.5. CORRECTIVE ACTION PLAN

When the compliance attestation engagement contains findings, the school must prepare, and submit with the reporting package, a corrective action plan to address each finding included in the Schedule of Findings and Questioned Costs.

The corrective action plan should be submitted on the school's letterhead. It should identify each finding, using the number the auditor assigned to it in the audit report, and should be signed by the school's official (signing official) who was responsible for its preparation. That official should also provide his or her title, telephone number, and e-mail address. The corrective action plan should include the school's comments on findings and recommendations and actions taken or planned, as discussed below and illustrated in D.6-5.

- **Comments on Findings and Recommendations.** The signing official should provide a statement of concurrence or non-concurrence with the findings and recommendations. If the signing official does not agree with a finding, he or she must explain why, and provide specific reasons.
- **Actions Taken or Planned.** The signing official should describe the actions the school has taken, or plans to take, to correct the deficiencies identified in the compliance attestation engagement report. For a planned action, the corrective action plan should include an anticipated completion date. If the signing official does not believe a corrective action is required, he or she must state so and include an explanation.

HEERF audit packages containing findings that are submitted without a corrective action plan are incomplete and will not be accepted.

D.6. ILLUSTRATIVE COMPLIANCE ATTESTATION ENGAGEMENT REPORTS, SCHEDULES, AND FORMS

This section contains examples and provides further guidance on the contents of the reports, schedules, and forms that comprise the HEERF audit package.

Example Number	Title
D.6-1.	Information Sheet
D.6-2a.	Report on Management’s Assertions on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the <i>Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants</i> (Unmodified Opinion, No Reportable Findings)
D.6-2b.	Report on Management’s Assertions on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the <i>Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants</i> (Unmodified Opinion, Reportable Findings)
D.6-2c.	Report on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the <i>Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants</i> (Qualified Opinion, Reportable Findings)
D.6-3.	Schedule of Findings and Questioned Costs
D.6-4.	Summary Schedule of Prior Findings
D.6-5.	Corrective Action Plan

D.6-1 Information Sheet

Information Sheet

Fiscal Period Start Date:

Fiscal Period End Date:

Part I: School Information

School Name (including dba name):	
School Address:	
TIN Number(s):	
OPEID Number(s):	
DUNS Number(s):	
School President:	
HEERF Contact Person(s) Name and Title:	
Contact Telephone:	
Contact Email:	
Has the school expended and liquidated all HEERF funds as of the Fiscal Period End Date? (Y/N)	

Part II: Auditor Information

Audit Firm Name:	
Address:	
Contact Person Name and Title:	
Contact Telephone:	
Contact Email:	
Firm License Number:	

D.6-2a Report on Management’s Assertions on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Unmodified Opinion, No Reportable Findings)

Independent Accountant’s Report

[Appropriate Addressee]

We have examined management of [School’s] assertions that [School] complied with the compliance requirements regarding Activities Allowed or Unallowed, Allowable Costs and Cost Principles, Earmarking, Period of Performance, Procurement Suspension and Debarment, and Reporting described in Chapter 2 of the March 2021 edition of the U. S. Department of Education’s *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Guide) relative to [Schools] participation in the Higher Education Emergency Relief Fund grant program, for the year ended [Date].² [School’s] management is responsible for its assertions. Our responsibility is to express an opinion on management’s assertions about [School’s] compliance with the compliance requirements referred to above based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertions about compliance with the compliance requirements referred to above are in accordance with (or based on) the criteria, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on [School’s] compliance with the compliance requirements referred to above.

In our opinion, management’s assertions that [School] complied with the compliance requirements referred to above for the year ended [Date],³ are fairly stated, in all material respects.

The purpose of this report is to examine management’s assertions about compliance with the compliance requirements referred to above relative to [School’s] participation in the Higher Education Emergency Relief Fund grant program, for the year ended [Date]. The report is not suitable for any other purpose.

² Only those compliance requirements which are applicable to the school, and therefore examined as part of the compliance attestation engagement, should be listed in this paragraph.

³ The opinion should be modified, as appropriate, depending on the specific circumstances of the compliance attestation engagement.

[Practitioner's signature]

[Practitioner's City and State]

[Date of practitioner's report]

D.6-2b Report on Management’s Assertions on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Unmodified Opinion, Reportable Findings)

Independent Accountant’s Report

[Appropriate Addressee]

We have examined management of [School’s] assertions that [School] complied with the compliance requirements regarding Activities Allowed or Unallowed, Allowable Costs and Cost Principles, Earmarking, Period of Performance, Procurement Suspension and Debarment, and Reporting described in Chapter 2 of the March 2021 edition of the U. S. Department of Education’s *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Guide) relative to [Schools] participation in the Higher Education Emergency Relief Fund grant program, for the year ended [Date].⁴ [School’s] management is responsible for its assertions. Our responsibility is to express an opinion on management’s assertions about [School’s] compliance with the compliance requirements referred to above based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertions about compliance with the compliance requirements referred to above are in accordance with (or based on) the criteria, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on [School’s] compliance with the compliance requirements referred to above.

In our opinion, management’s assertions that [School] complied with the compliance requirements referred to above for the year ended [Date],⁵ are fairly stated, in all material respects.

In accordance with *Government Auditing Standards* and this Guide, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control and any noncompliance with provisions of laws, regulations, contracts or grant agreements and instances of fraud that are material to management’s assertions about [School’s]

⁴ Only those compliance requirements which are applicable to the school, and therefore examined as part of the compliance attestation engagement, should be listed in this paragraph.

⁵ The opinion should be modified, as appropriate, depending on the specific circumstances of the compliance attestation engagement.

compliance with the compliance requirements referred to above. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management’s assertions about compliance with the compliance requirements referred to above are in accordance with (or based on) the criteria, in all material respects, and not for the purpose of expressing an opinion on the internal control over compliance or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and this Guide, and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings and Questioned Costs.⁶

The purpose of this report is to examine management’s assertions about compliance with the compliance requirements referred to above relative to [School’s] participation in the Higher Education Emergency Relief Fund grant program, for the year ended [Date]. The report is not suitable for any other purpose.

[*Practitioner’s signature*]

[*Practitioner’s City and State*]

[*Date of practitioner’s report*]

⁶ See Chapter 2, Section D.3 and D.6-3.

D.6-2c Report on Compliance for the Higher Education Emergency Relief Fund Grant Program Required by the *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants (Qualified Opinion, Reportable Findings)*⁷Independent Accountant’s Report

[Appropriate Addressee]

We have examined [School’s] compliance with the compliance requirements regarding Activities Allowed or Unallowed, Allowable Costs and Cost Principles, Earmarking, Period of Performance, Procurement Suspension and Debarment, and Reporting described in Chapter 2 of the 2021 edition of the U. S. Department of Education’s *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (Guide) relative to [Schools] participation in the Higher Education Emergency Relief Fund (HEERF) grant program, for the year ended [Date].⁸ [School’s] management is responsible for [School’s] compliance with the compliance requirements referred to above. Our responsibility is to express an opinion on [School’s] compliance with the compliance requirements referred to above, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether [School] complied, in all material respects, with the compliance requirements referred to above. An examination involves performing procedures to obtain evidence about compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on [School’s] compliance with the compliance requirements referred to above.

As described in the accompanying Schedule of Findings and Questioned Costs, our examination disclosed material noncompliance with [identify type of compliance requirement] applicable to [School] for the year ended [Date].

In our opinion, except for the material noncompliance described in the preceding paragraph, [School] complied, in all material respects, with the compliance requirements referred to above for the year ended [Date].⁹

⁷ This report reflects the requirements of AT-C 205A.79, which states that when an auditor is engaged to report on an assertion but identifies material noncompliance, the auditor should express an opinion directly on the subject matter, not on the assertion.

⁸ Only those compliance requirements which are applicable to the school, and therefore examined as part of the compliance attestation engagement, should be listed in this paragraph.

⁹ The opinion should be modified, as appropriate, depending on the specific circumstances of the compliance attestation engagement.

In accordance with *Government Auditing Standards* and this Guide, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control and any noncompliance with provisions of laws, regulations, contracts or grant agreements and instances of fraud that are material to [School's] compliance with the compliance requirements referred to above. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether [School] complied, in all material respects with the compliance requirements referred to above, and not for the purpose of expressing an opinion on the internal control over compliance or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and this Guide, and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings and Questioned Costs.¹⁰

The purpose of this report is to evaluate compliance with the compliance requirements referred to above relative to [School's] participation in the Higher Education Emergency Relief Fund grant program, for the year ended [Date]. The report is not suitable for any other purpose.

[*Practitioner's signature*]

[*Practitioner's City and State*]

[*Date of practitioner's report*]

¹⁰ See Chapter 2, Section D.3 and D.6-3.

D.6-3 Schedule of Findings and Questioned Costs

You should refer to Chapter 2, Section D.3 regarding the content of the findings and the information necessary to place the findings in perspective, including information on the universe(s) and sample(s), the noncompliance identified, and the definition of material noncompliance for the applicable compliance requirement.

Schedule of Findings and Questioned Costs

Part A – Information About HEERF Grant Expenditures

ALN	HEERF Program Name	Expenditures for Fiscal Year Ending [Date]
84.425E	Student Aid Portion	
84.425F	Institutional Portion	
84.425Q	Proprietary Institutions Grant Funds for Students	

Part B – Attestation Findings

Finding 202X-001

Criteria:

Condition:

Cause:

Effect or Potential Effect:

Questioned Costs (if applicable):

Recommendation:

Views of Responsible Officials:

D.6-4 Summary Schedule of Prior Findings

You should refer to Chapter 2, Section D.4 regarding the content of this schedule.

Summary Schedule of Prior Findings

[On school’s letterhead]

Action taken on prior findings in report, Audit Control Number # xx-xxxx-xxxxx titled [Title of report] are:

Finding 202X-001: Include a summary of the finding and recommendation.

Status Identify the status of the finding resolution.

D.6-5 Corrective Action Plan

You should refer to Chapter 2, Section D.5 regarding the content of this schedule.

Corrective Action Plan

[On school’s letterhead]

Finding 202X-001: Include a summary of the finding and recommendation.

Comments on Finding and Recommendation(s): Provide a statement of concurrence or non-concurrence with an explanation and specific reason.

Actions Taken or Planned: Describe actions taken or planned with anticipated completion date.

Signature of School Official
Title and Date
Telephone:
Email: