



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF POSTSECONDARY EDUCATION

March 8, 2021

Dear HEERF Grantee:

The purpose of this letter is to provide an overview of the Higher Education Emergency Relief Fund (HEERF) grant program auditing requirements.<sup>1</sup> Auditing requirements for the HEERF grant fund fall into two categories—those public and private nonprofit institutions that may be required to submit an audit under the Single Audit Act Amendments of 1996 (Single Audit Act) and proprietary institutions that the U.S. Department of Education (Department) will require to submit a similar audit to the Department.

Audits form a critical component of the Federal Government's proper oversight of grant programs generally, and of the disaster relief provided during the novel coronavirus (COVID-19) pandemic specifically. Quality audits are reliable and effective tools to improve the integrity and effectiveness of the Department programs and help reassure the American public, the Congress, and the Department's Office of the Inspector General that taxpayer dollars are used efficiently and effectively.

### **Single Audits of Public and Private Nonprofit Institutions**

#### *Who must obtain an audit?*

Any non-Federal entity, including private nonprofit and public institutions, that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards, including student financial assistance under Title IV of the Higher Education Act of 1965, as amended (Title IV) and HEERF, must have a single audit conducted in accordance with [2 CFR part 200 Subpart F-Audit Requirements](#).

A non-Federal entity that expends less than \$750,000 in Federal awards during the non-Federal entity's fiscal year is exempt from Federal single audit requirements for that year, except as noted in [2 CFR § 200.503](#), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

Regardless of the need to submit an audit, all financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for

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<sup>1</sup> Please note this letter applies to HEERF grant funds provided under Coronavirus Aid, Relief, and Economic Security (CARES) Act (HEERF I), the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (HEERF II), and additionally, any HEERF grant funds that may be provided under the American Rescue Plan (ARP) (HEERF III).

a period of three years from the date of submission of the last HEERF grant's final expenditure report as required by [2 CFR § 200.334](#).

*What must be audited?*

Auditors must evaluate assistance listing (CFDA) 84.425 – Education Stabilization Fund in its entirety to determine if it meets the requirements to be audited as a major Federal program. The separate grant types or subprograms (including HEERF), which were distributed using alpha characters at the end of the assistance listing number, are not considered separate programs for major program purposes.

Auditors of private nonprofit and public institutions must use a risk-based approach, in accordance with [2 CFR § 200.518](#), to determine which Federal programs are audited as major programs during a single audit. The Department has not designated the Education Stabilization Fund as an automatic high-risk program, but auditors should consider that the Education Stabilization Fund is a new program not previously audited or subjected to Department oversight, and the inherent risk that comes with a new program, when determining the major Federal programs.

The Compliance Supplement is a document that identifies existing, important compliance requirements that the federal government expects to be considered as part of a single audit, as well as audit objectives and suggested audit procedures for determining compliance with these requirements. The 2020 Compliance Supplement is available [here](#). Program objectives, program procedures, and compliance requirements specific to the Education Stabilization Fund and HEERF grant program are included in [OMB's 2020 Compliance Supplement Addendum](#) (December 22, 2020), beginning on page 4-84.425-HEERF-1 (PDF page 66).

*How can we pay for this audit?*

Under [2 CFR § 200.425](#), private nonprofit and public institutions may use a reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act. That is, if an institution is submitting a single audit of multiple federal programs, it should reasonably distribute the costs of the single audit among the audited programs.

Because of the nature of the Student Aid Portion grants (assistance listing 84.425E), no audit costs may be charged to that program as that grant program may be used only to provide financial aid grants to students.

*Where is the audit submitted?*

Single Audits by private nonprofit and public institutions are submitted via the [Federal Audit Clearinghouse](#) (FAC) system. The FAC provides access information and technical support in

using their system to submit your single audit. For more information, please see [their FAQs here](#) and [instructions here](#), or contact them at either 1-866-306-8779 or [govs.fac.ides@census.gov](mailto:govs.fac.ides@census.gov).<sup>2</sup>

Submissions must include cover form SF-SAC (Data Collection Form for Reporting on Audits of States, Local Governments, Indian tribes and Tribal organizations, Institutions of Higher Education, and Non-profit Organizations), OMB Control Number 0607-0518. More information regarding this cover form [is available here](#).

*When must we submit an audit?*

Single audit report submission requirements are described in 2 CFR § 200.512 and generally require single audit report packages to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. Under [OMB memorandum M-20-26](#), those institutions that had normal single audit due dates from March 30, 2020 through June 30, 2020 were allowed to delay the completion and submission of their single audit reporting package up to six (6) months beyond the normal due date. Those institutions that have/had normal due dates from July 1, 2020 through June 30, 2021 were given an extension for up to three (3) months beyond the normal due date by OMB memorandum M-20-26 and Appendix VII of the [2020 Compliance Supplement Addendum](#).

*Where can we find more information?*

More information regarding Single Audits is available at the OIG's [Single Audit webpage here](#).

## **Compliance Audits of Proprietary Institutions**

*Who must obtain an audit?*

Any proprietary institution that either (1) expended \$500,000 or more in HEERF grant funds during an institution's fiscal year, or (2) was on Federal Student Aid's (FSA's) [Heightened Cash Monitoring](#) (HCM) 1 or 2 lists in an institution's fiscal year in which it expended any HEERF grant funds must submit a compliance audit covering the institution's administration of the entire HEERF grant program to the Department.<sup>3</sup> The HEERF compliance audit must be conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and the applicable audit guide developed by the OIG.

A proprietary institution that expended less than \$500,000 in HEERF grant funds during an institution's fiscal year and is not otherwise on HCM 1 or HCM 2 list during an institution's fiscal year in which it expended any HEERF grant funds is exempt from this HEERF compliance audit requirement for that year, but the grant records must remain available for review or audit by authorized officials of the Department.

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<sup>2</sup> Please note that the Department also requires institutions receiving Title IV program funds to submit via [FSA's eZ-Audit system](#).

<sup>3</sup> This includes both the Student Aid Portion and Institutional Portion of CARES Act funding provided to propriety institutions under assistance listings (CFDA) 84.425E and 84.425F as well as the Proprietary Institutions Grant Funds for Students program under assistance listing 84.425Q.

Regardless of the need to submit an audit, all financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the last HEERF grant's final expenditure report as required by [2 CFR § 200.334](#).

*What must be audited?*

OIG's audit guide, *Guide for Compliance Attestation Engagements of Proprietary Schools Expending Higher Education Emergency Relief Fund Grants* (HEERF Audit Guide), will provide requirements and guidance to satisfy the HEERF compliance audit requirement. To satisfy the HEERF compliance audit requirement, this HEERF Audit Guide will require an examination-level attestation engagement. The compliance requirements identified as being subject to audit in the HEERF Audit Guide will generally be the same as those identified in the HEERF section of the 2020 Compliance Supplement addendum. The HEERF Audit Guide is currently being developed and will be available on the [OIG' Proprietary Schools, Foreign Schools, and Third-Party Servicer Audits webpage](#) once published. Since FSA already requires an annual audit of all proprietary schools that participate in the Title IV programs, to the extent practicable, the annual Title IV audit may be used to cover certain areas of the HEERF audit if separately auditing those areas would be duplicative.

*How can we pay for this audit?*

Like private nonprofit and public institutions, proprietary institutions may use a reasonable proportionate share of the reasonable costs associated with implementation of this audit requirement.

Because of the nature of the Student Aid Portion grant (assistance listing 84.425E) and Proprietary Institutions Grant Funds for Students (assistance listing 84.425Q), no audit costs may be charged to those programs as those grant programs may be used only to provide financial aid grants to students.

*Where is the audit submitted?*

This audit will be submitted via [FSA's eZ-Audit System](#), the same system that is already used to submit the annual Title IV audit. Specific instructions on where and how to submit your audit will be included in the HEERF Audit Guide, which will be issued subsequent to this letter.

*When must we submit an audit?*

The audit report package for the compliance attestation engagements must be submitted within the later of 120 days after issuance of the HEERF Audit Guide, or the submission deadline for the institution's annual Title IV audit, as established by [34 CFR § 668.23\(a\)\(4\)](#), including any extensions granted by ED for those audits.

*Where can we find more information?*

More information regarding proprietary institution auditing will be available at the OIG's [Proprietary Schools, Foreign Schools, and Third-Party Servicer Audits webpage here](#).

### **General Requirements and Information – All HEERF Grantees**

*How should we have our auditor conduct the audit or attestation procedures regarding the [HEERF public reporting requirements](#)?*

In the 2020 Compliance Supplement Addendum and the HEERF Audit Guide, we ask auditors to confirm that the institution was both timely and accurate in posting its (1) Section 18004(a)(1) Student Aid Portion Quarterly Public Reporting (assistance listing 84.425E) and (2) Sections 18004(a)(1) Institutional Portion, (a)(2), and (a)(3) Quarterly Public Reporting (assistance listings 84.425F, 84.425J, 84.425K, 84.425L, 84.425M, 84.425N, as applicable) reports.

The Department understands that this information may be unique and challenging to audit, particularly because auditors are asked to verify information posted on a webpage which may not be accessible during audit fieldwork. For these public reporting requirements, the Department will accept as evidence of compliance, contemporarily produced emails, webmaster logs, or other relevant documentation establishing a good-faith indication that the institution posted the required information at approximately the timelines established by our public reporting requirements.

*Who can we contact for more information?*

Please reach out to the following for more information:

- For technical support or information on submitting a single audit via the [Federal Audit Clearinghouse](#) (FAC) system: 1-866-306-8779 or [govs.fac.ides@census.gov](mailto:govs.fac.ides@census.gov).
- For general inquiries about the HEERF program: [HEERF@ed.gov](mailto:HEERF@ed.gov).
- For technical assistance related to performing the audit or attestation engagement: [oinon-federalaudit@ed.gov](mailto:oinon-federalaudit@ed.gov).

Thank you for all the work you are doing on behalf of our nation's students during this challenging year and for your prompt attention to this matter.

Sincerely,

*Tiawanda M. Burse*

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Tiawanda Burse,  
Deputy Assistant Secretary of Management &  
Planning, Office of Postsecondary Education.  
Delegated authority to perform functions of  
Assistant Secretary, Office of Postsecondary Education.