

Provider Relief Fund Reporting and Audit Requirements

The CARES Act restricts the use of Provider Relief Fund (PRF) payments to healthcare expenses or lost revenues attributable to coronavirus. Given PRF reporting and audit requirements, you must document and be prepared to defend every use of PRF distributions, despite limited guidance on eligible healthcare expenses or lost revenue.

Reporting Requirements

Any entity receiving \$10,000 or more in PRF distributions must report on funds expended through the end of 2020 by February 15, 2021, to HHS. You may continue to expend funds through June 30, 2021. You must also report on all 2021 expenditures by July 31, 2021 and return any unused funds.



Considerations

- 1 Have you established a process to monitor and interpret HHS updates and reporting guidance (e.g., timeline, format)?
- 2 Did you implement accounting processes to identify and segregate the use of PRF funds within your organization?
- 3 Have you received other funds for healthcare expenses or lost revenue attributable to coronavirus (e.g., Paycheck Protection Program, FEMA, insurance)?
- 4 Have you established and tested internal controls to ensure compliance with tracking processes?
- 5 Have you formalized and documented your criteria for calculating healthcare expenses and lost revenue attributable to coronavirus?
- 6 Do you understand how to account for the distributions, including when to recognize as revenue and how to treat unused distributions?
- 7 Do you understand the impact on your fiscal year-end accounting? Your Medicare Cost Report?
- 8 For tax-exempt healthcare providers, are any relief distributions attributable to an unrelated trade or business? Have you considered tax consequences?
- 9 For taxable healthcare providers, have you considered when unused relief funds may need to be returned? Also, are there any IRS timing and taxability considerations related to year of receipt vs. return in subsequent year?
- 10 Are you considering allocating different distributions among legal entities?

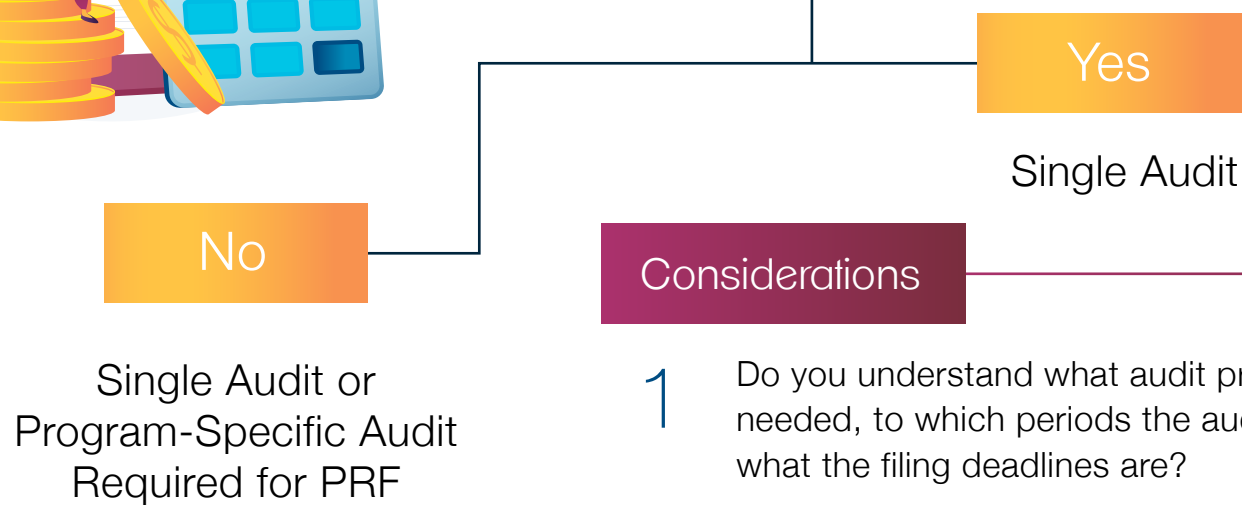
Audit Requirements

Any entity expending \$750,000 or more in federal grant funds (including PRF payments) is subject to a single audit or program-specific audit performed under the requirements of Uniform Guidance and conducted in accordance with Government Auditing Standards.

Considerations

- 1 Do you understand whether you will need a single audit or a program-specific audit, and how these differ from your annual financial audit?
- 2 If you have multiple entities with federal grants, do you consolidate, or report individually?
- 3 Do you need to prepare a separate audit for each type of PRF distribution received?
- 4 Have you ensured there are effective internal controls on appropriate use of funds, as these are required focus areas of the audit?

Did your entity expend funds from federal distributions other than the PRF?



Considerations

- 1 Do you understand what audit preparation is needed, to which periods the audits apply, and what the filing deadlines are?
- 2 Do you have an existing relationship with a qualified auditor who has completed specific training related to Government Auditing Standards?

Why PYA?

Our interdisciplinary team includes consultants, accountants, and auditors working together to provide timely and practical guidance on PRF-related issues.

Contact [Martie Ross](#), [Catherine Bunch](#), [Michael Ramey](#), or [Lori Foley](#) at (800) 270-9629 to discuss how we can assist you with your complex needs.

- PYA can keep you up-to-date on the latest guidance, and help you evaluate proposed uses of PRF distributions based on this guidance.
- PYA can assist with appropriate accounting practices for PRF funds and documentation justifying specific expenditures.
- PYA can help you interpret and apply these reporting requirements to your specific circumstances.