

Items of Interest for Comptroller's Directive No. 2-24 Directive Compliance Guidelines for Higher Education Institutions

General:

- The Comptroller's Directive No. 2-24, Directive Compliance Guidelines for Higher Education Institutions, is available on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- Contact any of the individuals listed below to answer questions regarding the directive*. In addition, if you would like to schedule a conference call or a meeting at DOA to meet one-on-one with individuals from DOA to discuss any specific topics and ask questions regarding the directive, contact any of the individuals listed below:
 - Christy Tuck, Financial Reporting Project Lead
Christy.Tuck@doa.virginia.gov or (804) 225-3180,
 - John Sotos, Assistant Director – Financial Reporting,
John.Sotos@doa.virginia.gov or (804) 225-2111, or
 - Susan Jones, Director of Financial Reporting,
Susan.Jones@doa.virginia.gov or (804) 225-2414.

*For questions regarding Attachment HE-7, contact the following:

- PeiChi Hockaday, Lead Reporting Compliance Analyst,
PeiChi.Hockaday@doa.virginia.gov or (804) 786-0246.
- DOA will offer online training to cover directive changes and other topics thus avoiding travel time and costs. It is anticipated that the sessions will be available in June and can be accessed at any time. DOA will notify the institution's directive contacts when the online training sessions are available. Participation **is strongly encouraged** for individuals that must complete information contained in this directive. To register for any of the training modules, login to the **Learning Center** (COVLC) at <https://covlc.virginia.gov>, click on the "Catalog" link. Search using the keyword "**DOA Directive**" and click the higher education course/reference you wish to access. If you have difficulty accessing the training, contact your institution COVLC site administrator, or email doatraining@doa.virginia.gov for guidance.

Note: Some institutions are not members of the Learning Center and will be unable to access this online training. In these instances, please contact DOA. The training can be provided as a PDF document for those nonmember institutions.

- AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*, states that the identification by the auditors of a material misstatement, identification of fraud by senior management, and ineffective oversight of an entity's financial reporting are indicators of a material weakness in internal control. This also includes restatements of previously issued financial statements to reflect a correction of a material misstatement. This applies regardless of whether the auditors or the institution discovers the restatement. **Note:** This does not apply to a change in accounting principle to comply with a new accounting principle or a justifiable voluntary change from one GAAP to another. **Institutions must ensure**

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controls are in place to avoid material misstatements and/or misclassifications in the attachments and other financial information submitted to DOA.

- Institutions will be notified if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. An integral part of the financial and administrative management standards includes “substantial compliance with all financial reporting standards approved by the State Comptroller.” **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** In addition, failure to provide complete and accurate information by the required due dates may result in citation in the Comptroller’s *Report on Statewide Financial Management and Compliance* (Quarterly Report). Failure to comply includes but is not limited to the following:
 - failure to provide accurate information (which results in multiple resubmissions or multiple corrections to Attachment HE-10),
 - failure to provide corrected information after DOA inquiries, and
 - failure to respond to DOA inquiries within reasonable specified timeframes.
- It is imperative that each institution adhere to the specified due dates and have controls in place to ensure accurate reporting information. Lack of timely and accurate responses necessary for the compilation of critical reports such as the Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards (SEFA) jeopardizes the state’s bond rating and compliance with federal reporting requirements.
- DOA will notify institutions during the Annual Comprehensive Financial Report preparation and throughout the year if additional information is needed and provide a due date via e-mail correspondence. DOA will also notify institutions as needed of reporting issues.
Institutions must read and comply with separate communications from DOA.
- Institutions should refer to the GASB website at www.gasb.org for information regarding GASB statements.
- The following GASB statements are effective for the Commonwealth for fiscal year 2024 and thereafter:
 - **GASBS No. 99**, *Omnibus 2022*, only paragraphs 4 to 10, and
 - **GASBS No. 100**, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62.

Implementation Guide 2021-1, Question 5.1, is also effective for fiscal year 2024 and indicates the institution should capitalize assets whose individual acquisition costs are less than the institution’s capitalization threshold for an individual asset if those assets in the aggregate are significant. Changes adopted to conform to the provisions of Implementation Guide 2021-1 Q 5.1 should be applied retroactively as a restatement of beginning net position.

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- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. DOA's e-mail submission address is as follows: finrept-HE@doa.virginia.gov. Institutions must copy the Auditor of Public Accounts (APA) on e-mail submissions to: APAFinRept@apa.virginia.gov.
- If you identify a submission that needs a revision, please contact the AttachmentAnalyst@doa.virginia.gov mailbox for guidance prior to submission. If a resubmission is approved, please follow the revision instructions provided for the submission. Exception: Resubmissions of the following attachments are not allowed unless DOA requires a resubmission in a separate communication: Attachments HE-10, HE-10a, HE-10b, HE-12, and HE-14.
- Only cells highlighted in yellow allow for data entry. If a cell requires an amount to be entered, only whole numbers are allowed. Messages that appear should provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.** Certain yellow input cells are prepopulated with "Answer Required" or a formula to populate "Answer Required" or "N/A" based on answers to prior questions. The "Answer Required" messages must be cleared before submission. If you cannot determine why there is an "Answer Required" message in a cell, contact DOA.
- **Certification** tabs require all preparers and reviewers to answer questions, type their name, and check applicable boxes. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer are certifying they were not the same individual for any tab; and the preparer and reviewer are certifying they have read and understood the instructions for the attachment.**
- A summary of **significant attachment changes** is in this document rather than in the instructions to the individual attachments.
- For **due dates** refer to the Comptroller's Directive No. 2-24, Directive Compliance Guidelines for Higher Education Institutions. Attachment and supplemental item due dates are the same as the prior year, regardless of the day of the week.
- Institutions must submit Final Separately Issued Financial Statements, to APA ONLY. If audited, also submit to DOA. If unaudited, DO NOT SUBMIT TO DOA.

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Attachment HE-10, Financial Statement Template:

Below is a summary of changes to the Attachment HE-10:

Fluctuation Scopes:

Fluctuation scopes on the **FST** have **decreased** to the following:

- Increases or decreases greater than 10% and \$9.9 million or
- Increases or decreases greater than \$19.8 million (regardless of scope)

FST, Elimination Entries to FST, and HEI Flux for HEI:

Added **Restricted Receivables, Net** line item for receivables that meet either criterion below rather than requesting amounts in a separate communication:

- Restricted Receivables, Net amounts expected to be collected in greater than one year; or
- Restricted Receivables, Net amounts expected to be collected in greater than one year and a portion is expected to be collected within one year.

Added **Increase (decrease) Upon Hedge Termination** line item for **GASBS No. 99**.

TAB 2, Receivables, for HEI:

- Added Parts 3 & 4 for the **Restricted Receivables, Net** line item.

TAB 7, Miscellaneous, for HEI:

- Changes for **GASBS No. 99** and **GASBS No. 100**: Added new questions in Parts 25 and 26.

Combining FST, Elimination Entries to FST, and Foundation Flux for Foundations:

- Added **Restricted Receivables, Net** line item for receivables that meet either criterion previously mentioned and is not applicable to foundation receivables reported on the Combining FST's Contributions Receivable line item.

TAB F3, Receivables, for Foundations:

- Added Part 3 for the **Restricted Receivables, Net** line item.

Changes to Other Attachments:

The following are some of the changes made to other attachments:

Attachment HE-3, Beginning Net Position:

- Changes for **GASBS No. 100** include the type of restatement categories and applicable disclosures may be requested in a separate communication.
- On TAB 1, HEI: Removed GASB statements implemented in the prior year and added implementation for the following: **GASBS No. 99** for portions effective FY 2024, and **Implementation Guide 2021-1, Question 5.1**.

Attachment HE-10a, GASBS No. 68 Entries:

- Notes added to cells that have amounts which should agree to the Attachment HE-10.

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- Part 2 revised to only require the Total Ending Net Position Impact amount and removed the individual Attachment HE-10 FST net position line items.

Attachment HE-10b, GASBS No. 75 Entries:

- Part 2 revised to only require Total Ending Net Position Impact amounts for each plan and removed the individual Attachment HE-10 FST net position line items.
- Part 3 revised to only provide the ending balances for the Long-Term Liabilities and removed the line items for beginning balances.
- Removed Part 4 and replaced with Notes in cells that have amounts which should agree to the Attachment HE-10. Part 5 renumbered to Part 4.

Attachment HE-11, Schedule of Cash, Cash Equivalents, and Investments as of June 30:

- On the Detail tab, removed Part 10, concentration of credit risk.
- On the Foreign Currency Inv tab, added additional currencies.

Errors discovered after Attachment HE-10 submission:

Institutions must ensure the Attachment HE-10 is complete, accurate, and submitted by the due date. However, if an unexpected error is discovered after the Attachment HE-10 submission, refer to the **Errors Discovered after Submission** section in the Attachment HE-10 instructions to notify DOA and APA if it meets either of the following criteria below. If applicable, the emails to notify DOA and APA of errors discovered should be sent as soon as possible and no later than **October 8**.

- **Errors greater than \$9.9 million* or**
- **Corrections required by the institution's auditor, regardless of the dollar amount**

*Note: If an unexpected error requires a correcting AJE for individual line items less than \$9.9 million each but the total correcting AJE debit/credit amount exceeds \$9.9 million, this meets the scope. Institutions must also track adjustments between the financial statements and the HE-10, and if the aggregated total amount exceeds \$9.9 million, this meets the scope. Additionally, if corrections are needed to footnote/informational tabs for individual line items that are less than \$9.9 million each but in total exceeds \$9.9 million, this meets the scope.

Other Contact Information:

For questions regarding the **GASBS No. 68**, NPL entries, and **GASBS No. 75** OPEB entries to be provided by VRS, contact the following:

- Leslie Weldon, Chief Financial Officer
LWeldon@varetire.org or (804) 771-7352

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For questions regarding the **GASBS No. 75** OPEB entries to be provided by DHRM, contact either of the following:

- Denise Sandlin, Chief Financial Officer
Denise.Sandlin@dhrm.virginia.gov or (804) 371-7990
- Donna Brown, Fiscal Officer
Donna.Brown@dhrm.virginia.gov or (804) 225-2361

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Federal Audit Requirements:

This section sets the expectation and provides instructions for Commonwealth entities that are included in the Commonwealth's [Single Audit](#) to notify the Auditor of Public Accounts when it is known or likely that statewide fiscal year expenditures for a Federal program or a cluster of programs, not in Appendix A, will exceed **\$30 million**.

- 1) Commonwealth entities receiving Federal resources that are subject to [31 U.S.C. Chapter 75: Requirements for Single Audits](#) (Single Audits) are responsible for arranging for the audit required by Title 2 U.S. Code of Federal Regulations (C.F.R.) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) ([§200.508\(a\)](#)). While Commonwealth entities included in the annual [Single Audit](#) of the Commonwealth of Virginia do not need to arrange their own separate Single Audit, management is expected to notify the Auditor of Public Accounts if it is known or likely that the current statewide fiscal year (2024) expenditures for a Federal program or a cluster of programs will exceed **\$30 million** for the first time in three fiscal years (the current fiscal year plus the two immediate prior fiscal years). **Appendix A** contains the programs that have exceeded \$30 million at least once in the prior two immediate fiscal years (2022 and 2023), and therefore, no notification to the Auditor of Public Accounts is expected for the programs or cluster of programs in **Appendix A**.
- 2) When determining if Federal expenditures will exceed \$30 million, Uniform Guidance [§200.502](#) provides the **basis for determining Federal awards expended** that are subject to Single Audit. (*For example, such as: expenditure transactions, disbursement of funds to subrecipients, use of loan proceeds, receipt of property or surplus property, use of program income, distribution or use of food commodities, etc.*) Commonwealth entities should contact the Federal awarding agency, if it is unclear if the Federal resources are subject to Single Audit and/or which basis should be used for determining Federal awards expended. Appendix III of the current year Compliance Supplement on the Office of Management and Budget's Office of Federal Financial Management [website](#) provides Federal Agency Single Audit, Key Management Liaison, and Program Contacts that may be able to address questions about Federal programs.
- 3) Commonwealth entities are expected to notify the Auditor of Public Accounts using the email address, APAFederal@apa.virginia.gov, when it is known or likely that statewide Federal awards expended for a fiscal year for an individual Federal program or a cluster of programs not listed within Appendix A is expected to exceed \$30 million.

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Appendix A: Listing of individual Federal programs and cluster of programs that have had statewide expenditures exceeding \$30 million in at least one of the prior two fiscal years (2022 and 2023), and therefore, no notification to the Auditor of Public Accounts is expected for these programs and clusters. **Note:** The Federal programs listed on the following page are in order by Assistance listing number (ALN), formerly known as the Catalog of Federal Domestic Assistance (CFDA). The first ALN in a cluster is used to determine the cluster’s placement within the list.

Assistance Listing Number (ALN)	Name of Federal Program or Cluster (Common Acronym)
10.542	Pandemic EBT Food Benefits
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.553/10.555/10.556/10.559/10.582	Child Nutrition Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.565/10.568/10.569	Food Distribution Cluster
11.300/11.307	Economic Development Cluster
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.228	Community Development Block Grants/State’s program and Non-Entitlement Grants in Hawaii
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
17.258/17.259/17.278	WIOA Cluster
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.029	Coronavirus Capital Projects Fund
47.070	Computer and Information Science and Engineering
64.005	Grants to States for Construction of State Home Facilities
66.458	Clean Water State Revolving Fund Cluster
84.007/84.033/84.038/84.063/84.268/ 84.379/84.408/93.264/93.342/93.364/93.925	Student Financial Assistance (SFA) Program Cluster

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Assistance Listing Number (ALN)	Name of Federal Program or Cluster (Common Acronym)
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
84.425	Education Stabilization Fund
93.044/93.045/93.053	Aging Cluster
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575/93.596	CCDF Cluster
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775/93.777/93.778	Medicaid Cluster
93.837	Cardiovascular Diseases Research
93.855	Allergy and Infectious Diseases Research
93.859	Biomedical Research and Research Training
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance/SSI Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Various	Research and Development