

**Items of Interest for  
Comptroller's Directive No. 2-20  
Directive Compliance Guidelines for Higher Education Institutions**

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**General:**

- The Comptroller's Directive No. 2-20, Directive Compliance Guidelines for Higher Education Institutions, is available on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Statement Directives" link.
- 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 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 include "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).
- The following GASB statements are effective for the Commonwealth for fiscal year 2020 and thereafter:
  - **GASBS No. 84**, *Fiduciary Activities*,
  - **GASBS No. 90**, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, and
  - **GASBS No. 92**, *Omnibus 2020*, only paragraphs 11 and 13 effective upon issuance – January 2020.

**NOTE:** While the GASB has extended the effective dates due to the impact of new implementations on governments addressing COVID 19 and related staffing limitations, the Commonwealth will proceed with implementing **GASBS No. 84** and **GASBS No. 90**, effective for FY 2020 as originally scheduled. All other statements will be implemented in accordance with the revised GASB guidance. Institutions are strongly encouraged to continue preparation efforts to implement other GASB statements that will be effective for the Commonwealth in future years.

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- **GASBS No. 87, Leases**, is effective for fiscal year 2022 pursuant to revised GASB guidance. Separate implementation communications have been sent to fiscal officers and LAS contacts over the past several months. These communications have included CAPP topic updates for LAS 87 on April 1, 2020 and various communications with agencies during the Fall of 2019 and Spring of 2020. Additional training is available in the Learning Center (COVLC) at <https://covlc.virginia.gov> and information to access the test LAS 87 system will be forthcoming. The new LAS 87 system will be placed in production in July of 2021.
- 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](mailto:finrept-HE@doa.virginia.gov). Institutions must copy the Auditor of Public Accounts (APA) on e-mail submissions to: [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).
- 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.**
- DOA will notify institutions during the CAFR 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](http://www.gasb.org) for information regarding GASB statements.
- A summary of **significant attachment changes** are in this document rather than in the instructions to the individual attachments.

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- For **due date changes** refer to the Comptroller's Directive No. 2-20, Directive Compliance Guidelines for Higher Education Institutions.
- Institutions must submit Final Separately Issued Financial Statements, to APA ONLY. If audited, also submit to DOA. If unaudited, DO NOT SUBMIT TO DOA.

**COVID-19 Reporting Issues:** This guidance is based on currently known information and will provide for consistent reporting in the CAFR. DOA will affirm or provide updates regarding this guidance in a separate communication by early August. Institutions should work together to determine consistent reporting in the institution's separately issued financial statements.

**Coronavirus Aid, Relief, and Economic Security (CARES) Act Grants:** The CARES Act grants for student aid (Part A) and institutional aid (Part B) are voluntary nonexchange transactions pursuant to **GASBS No. 33**. These grants do **not** meet **GASBS No. 84** fiduciary activity criteria. Grant revenue should be reported as unearned revenue until eligibility requirements are met. When eligibility requirements are met, grant revenue should be recognized. Grant revenue recognized and grant expenses should be classified on the Attachment HE-10 as program revenue-operating grants and contributions and operating and nonoperating expenses, respectively. **Other COVID-19 Related Activity:** Do **not** report refunds to students that are a return of student payments as an expense on the Attachment HE-10. Do **not** report COVID-19 related activity as extraordinary or special items on the Attachment HE-10.

**Attachment HE-10, Financial Statement Template:** If the institution's separately issued financial statements must include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (fiduciary fund financial statements) pursuant to **GASBS No. 84**, those amounts should NOT be included in the Attachment HE-10 based on GASB Implementation Guide No. 2015-1, question 4.28.11.

### **FST and Other Applicable Tabs for HEI:**

Line item changes are as follows:

- Net Other Postemployment Benefits (OPEB) Liabilities and the Total Other Postemployment Benefits (OPEB) Liabilities are separate line items and no longer combined.
- Contributions to Permanent Endowments and Contributions to Term Endowments are combined into one line item.

### **TAB 5, LT Liabilities, for HEI:**

- Added mini debt schedules to provide **GASBS No. 88** direct placements separate from the **GASBS No. 88** other category for the Bonds Payable (issued by Institution – Institutional Debt).

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**TAB 6, Commitments, for HEI:**

- Added question to indicate if HEI has contracts where the HEI is lessor and is receiving payments, excluding intrafund payments from blended or discrete foundation(s), as of year-end in aggregate of \$5 million or more.

**TAB 7, Miscellaneous, for HEI:**

- **GASBS No. 88** question was expanded to collect more detailed information relating to unused lines of credit that are external to the Commonwealth and to clarify to NOT include lines of credit with the Department of Treasury.

**Combining FST and Other Applicable Tabs for Foundations:**

- Contributions to Permanent Endowments and Contributions to Term Endowments are combined into one line item.

**Changes to Other Attachments:**

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

**Attachment HE-1, Attachments and Survey:** Added question to indicate if the HEI has activity/balances required to be reported on fiduciary fund financial statements in accordance with **GASB No. 84**.

**Attachment HE-3, Beginning Net Position:** Removed prior GASB statement category and added **GASBS No. 84** and **GASBS No. 90** categories. Any fiduciary activity that must be reported on the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position pursuant to **GASBS No. 84** should NOT be included in the Attachment HE-3 balance. If this activity has previously been reported, the resulting restatement should be listed separately in the Changes in Reporting section.

**Attachment HE-5, GASBS No. 14 Checklist Modified through GASBS No. 90:**

- Renamed and revised for **GASBS No. 84** and **GASBS No. 90**.
- Questions added regarding the financial benefit/burden relationship, majority equity interests in a legally separate organization, and fiduciary component unit.

**Attachment HE-6, Optional Retirement Plans:** Revised footnote wording for the Optional Retirement Plans – Plan 1 and Plan 2 to reflect the Fidelity Investments is no longer a provider option effective January 2020.

**Attachment HE-7, Federal Schedules:** Federal reporting requirements have substantially changed due to COVID-19 funding. Please see pages 7 through 8 for more information.

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

The Cash Equiv. & Inv. Not w Tr tab includes the following changes:

- Added a **new** Equity type category of “International and Emerging Markets Funds.”
- Added a **new** Debt type category of “Convertible Bonds and Notes.”

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- The custodial credit risk column cells for Guaranteed Investment Contracts category are unshaded and should be left blank. Guaranteed Investment Contracts are not securities. Investments that are not securities are not exposed to custodial credit risk.
- Removed the “Index Funds” category but the “Equity Index and Pooled Funds” category still remains.

### Other Information:

If institutions that use CIPPS would like Optional Retirement Plan 1 and Plan 2 information for FY 2020, the information can be downloaded from the Payroll Audit Tool (PAT). Refer to the Attachment HE-6 Optional Retirement Plans Data Retrieval section in DOA's March 14, 2019, Payroll Bulletin guidance at [www.doa.virginia.gov/reference/payroll/bulletins/2019/2019-2.pdf](http://www.doa.virginia.gov/reference/payroll/bulletins/2019/2019-2.pdf).

### Online Training:

- 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 anytime. DOA will notify the institution's directive contacts when the 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](mailto: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.

### Directive Contact Information:

You can contact any of the individuals listed below to answer questions regarding the directive\*. In addition, if you would like to schedule 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, CAFR Project Lead  
[Christy.Tuck@doa.virginia.gov](mailto:Christy.Tuck@doa.virginia.gov) or (804) 225-3180,
- John Sotos, Assistant Director – Financial Statements,  
[John.Sotos@doa.virginia.gov](mailto:John.Sotos@doa.virginia.gov) or (804) 225-2111, or
- Sharon Lawrence, Director of Financial Reporting,  
[Sharon.Lawrence@doa.virginia.gov](mailto:Sharon.Lawrence@doa.virginia.gov) or (804) 225-2414.

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

- PeiChi Hockaday, Reporting Compliance Analyst,  
[PeiChi.Hockaday@doa.virginia.gov](mailto:PeiChi.Hockaday@doa.virginia.gov) (804) 786-0246.

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**Other Contact Information:**

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

- Barry Faison, Chief Financial Officer  
[BFaison@varetire.org](mailto:BFaison@varetire.org) or (804) 344-3128

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

- Jian Martin, Fiscal Officer  
[Jian.Martin@dhrm.virginia.gov](mailto:Jian.Martin@dhrm.virginia.gov) or (804) 225-2361
- Ricky Whitfield, Jr., Director – Contracts and Finance  
[Richard.Whitfield@dhrm.virginia.gov](mailto:Richard.Whitfield@dhrm.virginia.gov) or (804) 371-7990

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**Federal Audit Requirements:**

As a result of new and increased Federal funding to address COVID-19, 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 (2020) 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 (2018 and 2019), 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](mailto: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**.

**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 (2018 and 2019), and therefore, no notification to the Auditor of Public Accounts is expected for these programs and clusters. **Note:** The Federal programs listed below are in order by

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Catalog of Federal Domestic Assistance (CFDA) number. The first CFDA number in a cluster is used to determine the cluster's placement within the list.

CFDA Number	Name of Federal Program or Cluster (Common Acronym)
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
17.258/17.259/17.278	WIOA Cluster
20.205/20.519/20.224	Highway Planning and Construction Cluster
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) Programs Cluster
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	Improving Teacher Quality State Grants
93.268	Immunization Cooperative Agreements
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance (LIHEAP)
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
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance/SSI Cluster
VARIOUS	Research and Development Cluster (R&D)