

# Items of Interest for Comptroller's Directive No. 2-21 Directive Compliance Guidelines for Higher Education Institutions

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## General:

- The Comptroller's Directive No. 2-21, 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.
- 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, Financial Reporting 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) 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 anytime. 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](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.

- 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 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).
- DOA will notify institutions during the Comprehensive Annual 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](http://www.gasb.org) for information regarding GASB statements.
- The following GASB statements are effective for the Commonwealth for fiscal year 2021 and thereafter:
  - **GASBS No. 93**, *Replacement of Interbank Offered Rates*, excluding paragraphs 11b, 13, 14, and
  - **GASBS No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, only a portion of paragraph 4, paragraph 5, and revisions to Implementation Guide No. 2019-2, *Fiduciary Activities*.
- **GASBS No. 87**, *Leases*, is effective for fiscal year 2022. Separate implementation communications have been sent to fiscal officers and LAS contacts over the past 18 months. These communications have included CAPP topic updates for LAS 87 published on April 1, 2020 and various communications with agencies during the Fall of 2019, Spring of 2020, and Spring of 2021. Training is available in the **Learning Center** (COVLC) at <https://covlc.virginia.gov>. Search using keyword "LAS 87." There are three training modules and a test that must be passed in order to gain update access beginning in July 2021. A practice sandbox version of LAS 87 is also available. To request access, contact [LAS@doa.virginia.gov](mailto:LAS@doa.virginia.gov). The new LAS 87 system will open 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).

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- If you identify a submission that needs a revision, please contact the [AttachmentAnalyst@doa.virginia.gov](mailto: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** are in this document rather than in the instructions to the individual attachments.
- For **due date changes** refer to the Comptroller's Directive No. 2-21, Directive Compliance Guidelines for Higher Education Institutions. Many due dates did not change. It is anticipated the due dates will remain the same for future years, 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.

**Attachment HE-10, Financial Statement Template:**

Reminder: 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.

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## Fluctuation Scopes:

Fluctuation scopes have **increased** to the following:

- Increases or decreases greater than 10% and \$9.7 million or
- Increases or decreases greater than \$19.4 million (regardless of scope)

## Reconciliation - Draft SNP & SRECNP & Attachment HE-10:

- The following Attachment HE-10 reconciliation tabs are **no longer required**:
  - HEI-Assets & Def. Outflows
  - HEI-Liabilities & Def. Inflows
  - HEI- Net Position
  - HEI- Rev, Exp, and Chgs
  - Foundations–Assets
  - Foundations–Liabilities
  - Foundations–Net Position
  - Foundations– Rev, Exp, and Chgs
- Supplemental Item 7, Statement of Net Position (SNP) and Statement of Revenues, Expenses, and Changes in Net Position (SRECNP), is **no longer required**.

## Reconciliation - Final Separately Issued Financial Statements & Attachment HE-10:

- For institutions that submit final separately issued financial statements to the APA pursuant to Attachment HE-13 instructions, a reconciliation between the Statement of Net Position (SNP) and Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) to the Attachment HE-10 must be available to the APA. This reconciliation must clearly document how the institution's separately issued financial statement line items and amounts are reported in the financial statement template for the institution and the foundation(s). The reconciliation must be available to APA when the separately issued financial statements are submitted to APA.
- If IALR, RHEA, and VCUHSA submit audited final separately issued financial statements to DOA pursuant to Attachment HE-13 instructions, Supplemental Item 8, Reconciliation – Audited SNP & SRECNP to HE-10, is also required. DOA will provide format in a separate communication.

## TAB F5, LT Liabilities, and TAB F9, Short-Term Debt, for Foundations:

- Payee information is **no longer required**.

## Changes to Other Attachments:

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

## Attachment HE-1, Attachments and Survey:

- Added a Part 6 on the Survey tab with a question pertaining to **GASBS No. 87**.

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## **Attachment HE-3, Beginning Net Position:**

- Removed prior GASB statement categories and added **GASBS No. 93** and **GASBS No. 97** categories for portions effective for FY 2021.

## **Attachment HE-5, GASBS No. 14 Checklist Modified through GASBS No. 97:**

- Renamed and revised for **GASBS No. 97**.
- Added item in "APPOINTS VOTING MAJORITY" section and revised financial benefit/burden questions regarding contributions to pension and other postemployment benefit plans.

## **Attachment HE-7, Federal Schedules:**

- The term Assistance Listing Number (ALN), a unique number assigned to identify Federal Assistance Listings, will replace the Catalog of Federal Domestic Assistance (CFDA) Number. The Assistance Listing Program Title, the title that corresponds to the Federal Assistance Listings Number, will replace the former CFDA program title.

## **Attachment HE-15, FY 2021 Off-Balance Sheet Financial Obligations:**

- Added a Part 1 with an overall question and a question regarding deferred maintenance.

## **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 new criteria:

- **Errors greater than \$9.7 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 \$9.7 million each but the total correcting AJE debit/credit amount exceeds \$9.7 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 \$9.7 million, this meets the scope. Additionally, if corrections are needed to footnote/informational tabs for individual line items that are less than \$9.7 million each but in total exceeds \$9.7 million, this meets the scope.

## **Other Information:**

If institutions that use CIPPS would like Optional Retirement Plan 1 and Plan 2 information for FY 2021, 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).

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**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:

- 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
- Patrice Elliot, Chief Financial Officer  
[Patrice.Elliott@dhrm.virginia.gov](mailto:Patrice.Elliott@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 (2021) 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 (2019 and 2020), 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 (2019 and 2020), 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 Assistance listing number (ALN), formerly known as the Catalog of Federal Domestic Assistance (CFDA) number. The first ALN number in a cluster is used to determine the cluster's placement within the list.

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<b>Assistance Listing Number (ALN)</b>	<b>Name of Federal Program or Cluster (Common Acronym)</b>
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 (CACFP)
10.565/10.568/10.569	Food Distribution Cluster
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	Workforce Innovation and Opportunity Act (WIOA) Cluster
20.205/20.219/20.224	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund (CRF)
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
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
84.425	Education Stabilization Fund (ESF)
93.044/93.045/93.053	Aging Cluster
93.268	Immunization Cooperative Agreements
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement (CSE)
93.568	Low-Income Home Energy Assistance
93.575/93.596	Child Care and Development Fund (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 (CHIP)
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 (R&D)