



JB Pritzker, Governor

Grace B. Hou, Secretary

600 East Ash, Building 400, 3rd Floor • Springfield, Illinois 62703

DATE: April 7, 2021
TO: IDHS Grantees & Providers
FROM: Brian K. Bond
Director, IDHS Office of Contract Administration
RE: 2020 FINANCIAL REPORTING FOR FEDERAL COVID FUNDING

The Department is corresponding with your organization to ensure you have accurate information regarding the 2020 Financial Reporting of the Federal Payroll Protection Program (PPP) and your IDHS-Medicaid funded programs and grant funded programs for the year ending in 2020.

The American Institute of Certified Public Accountants (AICPA) released guidance regarding how a nongovernmental entity should account for a forgivable loan received under the Payroll Protection Program (PPP). The guidance counsels it is unlikely an entity will recognize forgiveness of the PPP loan until notice of forgiveness is officially provided by the lender. Consequently, it is most likely the 2020 year-end financial statements do not reflect the revenue received from the PPP loan program which supported the same costs funded by IDHS payments.

The Payroll Protection Program is to be used to cover the following costs:

- Payroll costs
 - Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
 - Payment for vacation, parental, family, medical, or sick leave
 - Allowance for dismissal or separation
 - Payment required for the provisions of group health care benefits, including insurance premiums
 - Payment of any retirement benefit
 - Payment of State or local tax assessed on the compensation of employees (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

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These costs cannot be covered by both State Funding and a forgiven PPP loan. In order to comply with CFR200.345 (previously CFR200.344) Post-closeout adjustment and continuing responsibilities, the Department is sending this reminder to ensure that your organization is adequately informed.

If you believe your FY20 Grant Close-Out Report and/or FY20 Consolidated Year End Financial Report (CYEFR) need to be revised, in order to properly reflect cost allocation between funding sources, please contact the IDHS Office of Contract Administration at: DHS.OCA.FinancialReporting@Illinois.gov

Please note that additional information related to the ongoing Federal Payroll Protection Program (PPP) will be communicated to IDHS Grantee/Providers within the Departments FY21 Financial Reporting Packets in May of 2021

Brian K. Bond

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