



Item: AC: I-2

**AUDIT AND COMPLIANCE COMMITTEE**  
Tuesday, June 8, 2021

**SUBJECT: MANAGEMENT ADVISORY SERVICE (MAS) REVIEW OF CARES ACT –  
HEERF INSTITUTIONAL FUNDS (REPORT #FAU20/21-5)**

---

**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

The primary objectives of this MAS were to:

- Evaluate the developed criteria, methodology and justification used by the University to distribute the HEERF – Institutional Funds during the months of April – December 2020, as required under sections 18004(a)(1) and 18004(c) of the CARES Act; and,
- Review applicable documentation or systems used by the University to ensure compliance with the CARES Act and guidance provided by the Department of Education.

No reportable issues were noted.

**IMPLEMENTATION PLAN/DATE**

Not Applicable.

**FISCAL IMPLICATIONS**

Not Applicable.

---

**Supporting Documentation:**

**Prepared by** – Mr. Reuben Iyamu, Inspector General

**Presented by** – Ms. Stacy Volnick, Vice President Administrative Affairs

MAS Report FAU20/21-5

**Phone:** 561-297-6493

**Phone:** 561-297-6455



**MEMORANDUM**

TO: FAU BOT Audit and Compliance Committee  
Dr. John Kelly, President

FROM: Reuben Christian Iyamu, Inspector General *RI*

DATE: June 8, 2021

SUBJECT: **Review of CARES Act – HEERF Institutional Funds, Report No. FAU20/21-5**

---

We have completed our Management Advisory Service (MAS) review of Coronavirus Aid, Relief, and Economic Security (CARES) Act – Higher Education and Emergency Relief Funds (HEERF). The review was conducted as part of our work plan for the 2020-21 fiscal year. The primary purpose of the review was to determine whether the University complied with the disbursement and reporting requirements of the CARES Act funding. HEERF funds were distributed in April 2020 to post-secondary institutions to support the students and institutions themselves for expenses related to the disruption of campus operations due to the coronavirus. Consistent with the funding distribution, the university expended the received funds to aid its students and support the institution for disruption of campus operations due to the coronavirus. This review focused only on the disbursement relating to the Institutional HEERF. A separate report will be issued for our review of the Student HEERF.

We determined that controls and processes established and implemented by the University ensured compliance with all applicable disbursement and reporting requirements of the Institutional HEERF. The developed criteria, methodology, and justification used by the University to distribute the Institutional HEERF were proper and in accordance with the CARES Act requirements. Transaction activities were properly recorded and supported. We did not identify any reportable issues relating to our tested transactions or the processes employed in administering the Institutional HEERF. For this review, we identified activities relevant for ensuring successful administration of the HEERF and categorized our review into those activities as (1) Compliance Analysis (2) Housing/M meal Plan Refunds, and (3) Expense Eligibility. Detailed information about the CARES Act, our reviews, and observations are described in the Appendix within this report.

We would like to thank the staffs of the Controller’s Office, Research Accounting, Department of Housing and Residential Education, Business Services, and IEA for their full cooperation and assistance during this review.

Respectively Submitted,

cc: University Provost  
Vice Presidents  
Inspector General, Florida Board of Governors  
Florida Auditor General  
Jessica Cohen, Associate Vice President for Financial Affairs and University Controller  
Elizabeth Rubin, Chief Compliance &, Ethics Officer  
Ying Liu, Assistant Provost, Office of Information Technology  
Heather Saunders, Director, Research Accounting  
Miriam Campo, Assistant V.P. for Research

# APPENDIX

## **Background**

The U.S. Department of Education (USDOE) allocated approximately \$252 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act - Higher Education and Emergency Relief Funds (HEERF) funding to the State University System of Florida. Of that amount, \$11,214,937 was awarded to Florida Atlantic University as HEERF Institutional funds for the budget period 5/4/2020 through 5/3/2021. The University's Research Accounting Office recorded the award information including authorized award amount along with a dedicated financial account in Workday for the award notice. The Departments used the Workday Finance SmartTag (TAG008078 USDOE - CARES (COVID-19) Funding-Institutional) when submitting expenses related to institutional funding. The Research Accountant processes reimbursement/drawdowns of funds expended on the CARES Institutional award from the USDOE monthly unless requested and notified to process more frequently. All institutional funds expended are reviewed and approved by the University Controller (Cost Center Manager / Grant Manager) and specific expenditure types such as accounting adjustments are reviewed and approved by the Vice President for Research (Principle Investigator). In addition, the Controller's Office works with Institutional Effectiveness & Analysis (IEA) to ensure compliance with required CARES Act quarterly reporting requirements as well as the annual reporting requirement.

## **Objectives, Scope, and Methodology**

The objectives of our review were to determine whether the University complied with the disbursement and reporting requirements of the CARES Act funding. Our review covered the period from April 1, 2020 through December 31, 2020. Procedures applied during our review to achieve our stated objectives included:

- Evaluation of the developed criteria, methodology, and justification used by the University to distribute the HEERF – Institutional Funds during the months of April – December 2020, as required under sections 18004(a)(1) and 18004(c) of the CARES Act;
- Reviewing applicable documentation or systems used by the University to ensure compliance with the CARES Act and guidance provided by the U.S. Department of Education;
- Testing a sample of HEERF – Institutional Portion reimbursements/justifications for expenditures for costs incurred on or after 3/13/20; and,
- Testing a sample of HEERF – Institutional Portion data to ensure expenditures were allowable for reimbursements made to the University related to costs associated with students or significant changes to the delivery of instruction due to coronavirus.

We conducted this review in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Principles and Standards for Offices of Inspector General*. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.



## Review Observations

### Review of Compliance Analysis

According to guidance provided by the USDOE on April 21, 2020, Section 18004(c) of the CARES Act allows institutions to use up to one-half of their total funds received under Section 18004(a)(1) to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. The funding for Recipient's Institutional Costs is currently available through a second Certification and Agreement process. Because helping students is a priority for the USDOE, institutions must have entered into the Funding Certification and Agreement for Emergency Financial Aid Grants to Students before submitting the second Certification and Agreement for Recipient's Institutional Costs.

We noted the University signed and returned the required Certificates and Agreements to the U.S. Department of Education prior to receiving any CARES Act funds. The Recipient's Funding Certification and Agreement for Emergency Financial Aid Grants to Students under the CARES Act was signed on April 12, 2020. The Recipient's Funding Certification and Agreement for the Institutional Portion of the Higher Education Emergency Relief Fund was signed on April 21, 2020.

A review of the *FAU Cares Act Reporting* reports posted to the University's COVID-19 website <https://www.fau.edu/coronavirus/> indicated that each report included the following required elements:

- An acknowledgement that the institution signed and returned to the USDOE the Certification and Agreement and the assurance that the institution has used, or intends to use, no less than 50 percent of the funds received under Section 18004(a)(1) of the CARES Act to provide Emergency Financial Aid Grants to students;
- The total amount of funds that the institution has received from the USDOE pursuant to the institution's Certification and Agreement for Emergency Financial Aid Grants to Students;
- The total amount of Emergency Institutional funding allocated to reimburse the University for expenditures related to costs associated with significant changes to the delivery of instruction due to the coronavirus under Section 18004(a)(1) and Section 18004(c) of the CARES Act; and,
- The total amount of funds expended, obligations & commitments, and unspent balance for each fund awarded.

We verified that the Chief Compliance & Ethics Officer ensures the University's compliance with the State University System of Florida Board of Governors Self-Monitoring Tool and updates it regularly. We found no reportable issues under this review category.

### Testing of Housing/Meal Plan Refunds

The University established a process based on a plan approved by the FL Board of Governors on March 31, 2020 to reimburse students for meal plans and housing expenses. Only those students who logged into the housing portal and elected to depart campus by March 31, 2020 on the Spring 2020 Housing Plan form were eligible for the refund. The student's accounts were credited for the refunds on April 15, 2020. The Certification and Agreement allowed institutions to use the funds for Recipient's Institutional Costs to reimburse themselves for costs related to refunds made to students for housing, food, or other services that the University could no longer provide.

The University refunded students a total of \$6,774,362.91 for spring 2020 meal plans and housing.

Spring 2020 Reimbursements	
Type	Amount
Meal Plans	\$1,486,303.26
Housing	\$5,288,059.65

There were 2,435 students reimbursed for meal plans using the CARES Act HEERF – Institutional portion. We judgmentally selected 30 students to evaluate the accuracy of the calculation of the student’s reimbursed amount that was credited to the student’s account. The selected student’s meal plan reimbursements reviewed totaled \$20,036.70. Our review determined the calculations for the credited amounts for the University’s student meals were allowable, accurate, and met the conditions of the guidance provided by the USDOE and the Certification and Agreement.

There were 3,770 students reimbursed for housing using the CARES Act HEERF – Institutional portion. We judgmentally selected 30 students to evaluate the accuracy of the calculation of the student’s reimbursed amount that was credited to the student’s account. The selected student’s housing credit reviewed totaled \$41,630.35. Our review determined the calculations for the credited amounts for the University’s student housing were allowable, accurate, and met the conditions of the guidance provided by the USDOE and the Certification and Agreement. We found no reportable issues under this review category.

**Review of Expense Eligibility:**

The University, in response to the COVID-19 pandemic, transitioned from primarily in-person instruction to 100% remote instruction on March 16, 2020. The University reimbursed itself for \$2,269,515.72 using the CARES Act – Institutional Portion funds as authorized by the Certification and Agreement associated with these funds. The Certification and Agreement allowed for reimbursement of costs for which the University had a reasoned basis for concluding such costs have a clear nexus to significant changes to the delivery of instruction due to the coronavirus. Our review of expenditures related to Institutional Costs funds did not identify payment to contractors for pre-enrollment recruitment activity; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship, or payments made for any senior administrator or executive salary, benefits, or other forms of compensation.

We reviewed the supporting documentation of 30 judgmentally selected expense transactions totaling \$171,959.45 for which the University reimbursed itself for, to determine whether each of the expenses were allowable. Our review determined that the supporting documentation demonstrated that all expenses were allowable under the terms of the Certification and Agreement. We found no reportable issues under this review category.

## **Management's Response** (Associate Vice President for Financial Affairs and University Controller)

I acknowledge completion of this report with no reportable issues.

**This MAS review was conducted by:**

Allaire Vroman, Internal Auditor/Investigator  
Ben Robbins, CPA (N.C.), Audit Services/Investigations Administrator (Retired)

**Approved by:**

Reuben Iyamu, MBA, CIA, CFE, CIGA, Inspector General