

# **Stephen F. Austin State University**

## **Higher Education Emergency Relief Funds Student Portion Audit**

**As of January 31, 2023**

**Audit Report 23-V**



## **Department of Audit Services**

**Jane Ann Bridges, CPA, CIA, CFE, Chief Audit Executive  
Box 6121, SFA Station  
Nacogdoches, Texas 75962  
Phone 936-468-5204  
Fax 936-468-7698  
Email [bridgesja1@sfasu.edu](mailto:bridgesja1@sfasu.edu)**

**EXECUTIVE SUMMARY**

**INTRODUCTION**

The Department of Audit Services has completed an audit of the University’s Higher Education Emergency Relief Funds (HEERF) Student Portion.

In response to the COVID-19 pandemic, Congress created the HEERF grant program to provide aid to students, support the transition to distance education, defray institutional expenses incurred as a result of the pandemic, and provide support services to students. HEERF was established by the following:

- Coronavirus Aid, Relief, and Economic Security Act (CARES) March 2020 – provided \$2.2 trillion in aid to the American people negatively impacted by the pandemic. Of that money, approximately \$14 billion was allocated to HEERF (HEERF I).
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) December 2020 – provided \$22.7 billion in support for institutions of higher education (HEERF II).
- American Rescue Plan Act (ARP) March 2021 – provided \$39.6 billion in support to institutions of higher education to serve students and ensure learning continued during the pandemic (HEERF III).

The University has received \$60,485,707 in HEERF. A breakdown of HEERF is reflected in the following chart.

Program	Student Aid Portion	Institutional Portion*	Total
HEERF I (CARES)	\$ 5,262,539	\$ 5,781,950	\$ 11,044,489
HEERF II (CRRSAA)	\$ 5,262,539	\$ 12,593,167	\$ 17,855,706
HEERF III (ARP)	\$ 15,344,767	\$ 16,240,745	\$ 31,585,512
<b>Total</b>	<b>\$ 25,869,845</b>	<b>\$ 34,615,862</b>	<b>\$ 60,485,707</b>

*Source U.S. Department of Education Higher Education Emergency Relief Fund website*

*\*Includes additional Supplemental Institutional Portion (SIP)*

Institutions that received student funds and/or institutional funds from any of the three HEERF grant programs must comply with the applicable reporting requirements, which include both quarterly and annual reporting.

This is the third audit on the HEERF grant program. Audit Services completed an audit on the FY 2022 Audit Plan, 22-X Higher Education Emergency Relief Funds, which looked to ensure the University was in compliance with the applicable HEERF reporting requirements prescribed by the HEERF grant programs. And most recently, Audit Services completed an audit on the FY23 Audit Plan, 23-IV Higher Education Emergency Relief Funds – Institutional Portion, which looked to ensure that the University was in compliance with the applicable HEERF Institutional Portion spending requirements.



**AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

The audit objective was to gain assurance that the University is in compliance with the applicable HEERF Student Portion spending requirements prescribed by the HEERF grant programs.

The audit scope included the University’s HEERF student expenditures as of January 31, 2023.

We performed our audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards (GAGAS)*. The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The audit methodology consisted of performing a risk assessment; reviewing applicable policies, procedures, laws, and best practices; interviewing appropriate University personnel; testing for compliance with applicable HEERF student grant program guidelines; and performing other procedures as deemed necessary.

The audit criteria included:

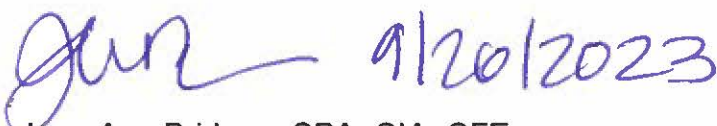
- Coronavirus Aid, Relief, and Economic Security Act;
- Coronavirus Response and Relief Supplemental Appropriations Act;
- American Rescue Plan Act;
- University policies and procedures;
- Other sound higher education federal grant guidelines and practices.

**SUMMARY OF FINDINGS AND OBSERVATIONS**

We gained assurance that the University was generally in compliance with the applicable HEERF Student Portion spending requirements prescribed by the HEERF grant programs. While performing our audit, we noted an opportunity to strengthen controls, enhance compliance, or improve processes which is included in the attached Details of Audit Observations as Student Awards. The audit observation was rated using the audit ratings as shown in Appendix 1.

**ACKNOWLEDGEMENTS**

We appreciate the assistance provided to us during our audit by the Office of Financial Reporting; the Office of Research and Graduate Studies; and the Office of Financial Aid and Scholarships.



Jane Ann Bridges, CPA, CIA, CFE  
Chief Audit Executive  
Stephen F. Austin State University

**DETAILS OF AUDIT OBSERVATIONS**

**Observation 1: Student Awards**

**Background:** The CARES HEERF Certification and Agreement for the Student Portion states, "Recipient shall promptly comply with Section 18004(e) of the CARES act or in such other additional form as the Secretary may specify...how grants were distributed to students, the amount of each grant awarded to each student, how the amount of each grant was calculated, and any instructions or directions given to students about the grants". In addition, the guidance speaks to keeping consistent recordkeeping in accordance with the Uniform Guidance (2 CFR §§ 200.333-200.337) which requires documentation to be retained for no less than 3 years and the right of access by the federal government.

**Observation:** During our review, we noted the following:

- HEERF I and II student awards were not fully aligned with initially established criteria.
- Some supporting documentation relating to HEERF student awards was not readily available.

**Observation Rating:** High

**Recommendation:** The Office of Financial Aid and Scholarships (the Office) should further document any variation of actual award practices to initially established criteria. In addition, the Office should strengthen record retention procedures.

**Management Response:** The Office will document any variation of actual award practices to initially established criteria and strengthen record retention procedures.

**Responsible Party:** Vice President for Enrollment Management

**Implementation Date:** December 31, 2023



**APPENDIX 1 SFASU AUDIT SERVICES OBSERVATION RATINGS**

Audit Services uses professional judgment to rate the audit observations identified in audit reports. The audit observation ratings are determined based on the risk or effect of the issues in relation to the audit objective(s), along with other factors. These factors include, but are not limited to, financial impact; potential failure to meet area/program/function objectives; level of compliance with laws, regulations, and other requirements or criteria; adequacy of the design of control activities and information system activities; level of potential fraud, waste, or abuse; control environment; history of audit issues; and other pertinent factors.

The table below provides a description of the audit observation ratings used by SFASU Audit Services.

SFASU Audit Services Observation Ratings	
Rating	Description
Low	The audit observation does not present significant risks or issues that could negatively impact the University in the area/program/function audited. Action is needed to address the audit observation.
Medium	The audit observation presents risks or issues that if not addressed could moderately impact the University in the area/program/function audited. Action is needed to address the audit observation and reduce risks to a more desirable level.
High	The audit observation presents risks or issues that if not addressed could substantially impact the University in the area/program/function audited. Prompt action is needed to address the audit observation and reduce risks to a more desirable level.
Priority	The audit observation presents risks or issues that if not addressed could critically impact the University in the area/program/function audited. Immediate action is needed to address the audit observation and reduce risks to a more desirable level.