

CARES Act- Student Emergency Assistance

Audit Report # 21-102
July 2, 2021



The University of Texas at El Paso
Office of Auditing and Consulting

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The University of Texas at El Paso
Office of Auditing and Consulting Services

500 West University Ave
El Paso, Texas 79968
915-747-5191
www.utep.edu

July 2, 2021

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited- scope audit of CARES Act- Student Emergency Assistance. During the audit, we identified many strengths in University procedures. In particular, the Office of Student Financial Aid coordinated efforts with other departments to effectively and efficiently distribute emergency aid to students in need while complying with federal regulations.

We appreciate the cooperation and assistance provided by Office of Student Financial Aid staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'.

Lori Wertz
Chief Audit Executive

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EXECUTIVE SUMMARY

Background

The University received a total of \$24,827,599 from the U.S. Department of Education as part of the *CARES Act Higher Education Emergency Relief Fund* Section 18004 (a)(1). From this amount, 50% (\$12,413,799) was required to be distributed to students.

Audit Objectives

The objective of this audit was to determine whether the Office of Student Financial Aid:

- distributed funds to students in accordance with the CARES Act Higher Education Emergency Relief Fund and guidance provided by the U. S. Department of Education (compliance of expenditures),
- had controls in place to ensure funds were tracked and used only for allowable purposes (controls over compliance), and
- had sufficient appropriate backup documentation to substantiate payments made to students.

Scope

The audit scope was limited to student emergency assistance grants awarded by UTEP using the required student portion of the *CARES Act Higher Education Emergency Relief Fund*.

Strengths

As part of the COVID-19 response, the Office of Student Financial Aid:

- collaborated with other departments across campus to ensure students in need had access to emergency aid in a timely manner.
- complied with the guidelines provided by the U.S. Department of Education in a fast-changing environment.

Conclusion

Based on the results of audit procedures performed, we conclude that the Office of Student Financial Aid distributed funds in accordance with *CARES Act Higher Education Emergency Relief Fund*, implemented controls to ensure funds were tracked and used only for allowable purposes, and had sufficient appropriate supporting documentation. There are no reportable findings. Minor items were noted and discussed with management.

BACKGROUND

The University received \$24,827,599 from the U.S. Department of Education as part of the *CARES Act Higher Education Emergency Relief Fund* Section 18004 (a)(1). From this amount, 50% (\$12,413,799) was required to be distributed to students.

The objective of these funds was to help students cover expenses related to the disruption of campus operations due to the COVID-19 pandemic. Such expenses must have been related to cost of attendance such as food, housing, course materials, technology, health care and childcare. Initially, minimal guidance was provided to colleges and universities. Therefore, UTEP had significant discretion in developing a methodology and managing the award process. In addition, guidance changed over the distribution period, requiring the Office of Student Financial Aid to continuously assess and adjust these processes.

UTEP distributed \$13,913,799 in CARES grants to students impacted by the COVID-19 pandemic. The grants were funded from the following sources:

- The required amount dictated by Section 18004(a)(1) of the CARES Act totaling \$12,413,799.
- A discretionary amount totaling \$1,500,000 that UTEP awarded from remaining institutional CARES Act funds.

The University distributed emergency aid to over 11,000 students.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the authoritative guidelines of the *International Professional Practice Framework* issued by the Institute of Internal Auditors.

AUDIT RESULTS

A. Controls Over Compliance

As required by the U.S. Department of Education, the Office of Student Financial Aid (OSFA) created a methodology to distribute emergency aid to students. Grants for the Spring 2020 term were in the range of \$500-\$1,200 and \$900-\$1500 for the Fall 2020 term.

The award distribution process included the following controls:

- Enterprise Computing (EC) designed an online application system for students.
- The online application system had both the eligibility criteria and the award methodology embedded in it.
- Amount granted was dependent on the student's responses to the online application.
- Student Business Services (SBS) created separate detail codes in Banner (the University's student information system) for these grants to disburse; as a result, emergency aid would not offset existing balances to student accounts. Funds were distributed directly to students according to the information on file via direct deposit or check. These separate detail codes also facilitated the monitoring of expenditures.
- OSFA communicated the availability of emergency aid to the student population. An announcement regarding CARES emergency aid was sent out via email to all students, faculty, and staff. The announcement was also posted in the University's online bulletin and the financial aid webpage.

Auditors tested the existence of controls in the award distribution process. The methodology created by OSFA incorporated the necessary components to comply with U.S. Department of Education (DOE) guidelines and also ensured an equitable distribution among eligible students.

B. Compliance of Student Emergency Aid

UTEP received \$24,827,599 from the DOE as part of Section 18004 (a)(1) of the CARES Act. From this amount, 50% (\$12,413,799) was required to be distributed to students. Auditors performed detailed testing of the key compliance aspects as follows:

- Grants awarded to students met the 50% requirement
- Proper identification of funds in Banner Student Information System and PeopleSoft
- Reporting requirements as outlined by the DOE
- Student eligibility
- Allowable expenses incurred by students such as those reasonably related to the disruption of campus operations due to COVID-19
- Sufficient appropriate backup documentation on file to substantiate grants made to students

In addition to the required 50% distribution, the University used part of its institutional aid to provide additional grants to students.

The OSFA worked diligently during the pandemic to distribute emergency aid to students in need. Based on audit testing, the OSFA met the required minimum distribution to students and complied with guidance from U.S. Department of Education as well as regulations from the CARES Act.

Report Distribution:

University of Texas at El Paso:

Ms. Andrea Cortinas, Vice President and Chief of Staff
Dr. Gary Edens, Vice President, Student Affairs
Ms. Heidi Granger, Assistant Vice President, Student Financial Services
Mr. Rolph R. Zehntner, Director - Systems and Operations, Student Financial Services
Ms. Mary Solis, Director and Chief Compliance and Ethics Officer

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Audit Committee Members:

Mr. Joe Saucedo
Mr. Fernando Ortega
Mr. Daniel Garcia
Ms. Guadalupe Gomez
Mr. Mark McGurk
Dr. John Wiebe

Auditors Assigned to the Audit:

Cecilia A. Estrada