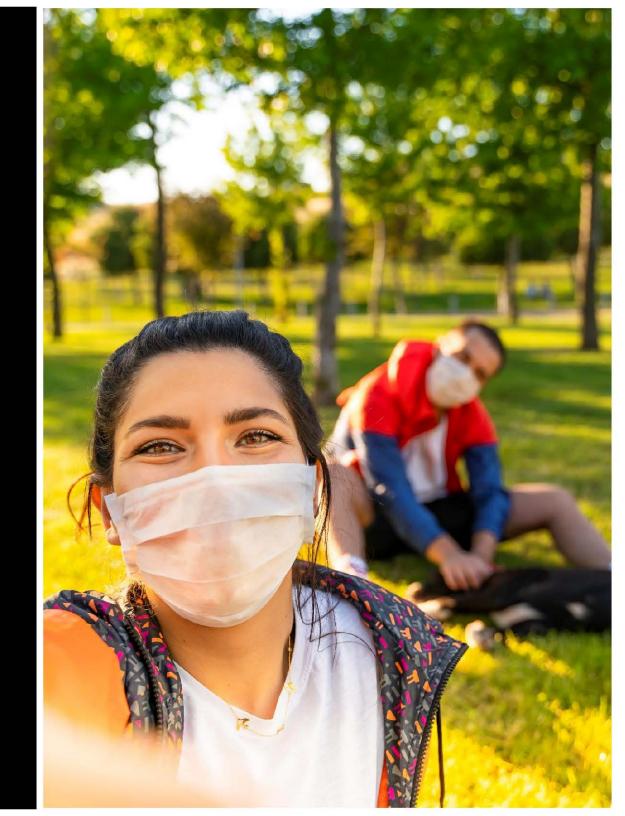
BAKER TILLY WEBINAR

HEERF II: lessons learned from a year of COVID-19 relief funding accounting, reporting and compliance

March 18, 2021







INTRODUCTIONS

Meet your presenters



Ashley Deihr, CPA, CIA, CFE Partner



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Q&A session joined with:



Ryan Engelstad, CPA Partner



Rebecca Weiss, CPA Senior Manager



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Agenda

- (01) Introduction to HEERF II funding
- (02) External audit lessons learned
- 03) Internal audit lessons learned
- **Q&**A session



Key differences – HEERF I vs. HEERF II funding

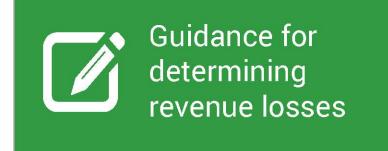
HEERF I **HEERF II** Student Institutional Student Institutional Allocation Allocation portion portion portion portion Prioritization of No students with requirements exceptional need Must provide to Defray costs to prioritize students at least associated with equal what was students based coronavirus required with HEERF I Costs that have on need or Distance education a clear students allowable other factors 50% student connection to change in 50% Able to apply to a delivery of institutional student account Lost revenue instruction due balance with express Technology costs to coronavirus permission Students must **Trainings** Remainder is be Title IV institutional use Payroll eligible Student support No eligibility restrictions Grants to students



Questions to be answered by Department of Education (ED)











External audit

External addit	
Activities allowable/allowable costs	 Emergency grants to students – tested selections against methodology, application process, payment support Institutional use – tested sample of expenditures to determine allowability, tested room and board refund calculations and returns to students
Period of performance	 3/27/20 to 15 days after date of Student Portion GAN 3/13/20 to 15 days after date of Institutional Portion GAN Most testing occurred on institutional use (room and board refunds and technology)
Matching, level of effort and earmarking	 Not applicable until the end of the period of performance
Procurement, suspension and debarment	 Related to institutional fund use Sole-source awards during the time of national emergency may be exempt from competitive procurement requirements of Uniform Guidance if documentation supports that public exigency or emergency would not permit a delay
Reporting requirements	 In most cases 30-day student portion report was tested Found that initial 30-day reports were overwritten with subsequent data, original report not maintained or unable to support date posted Reports were not posted within 30 days of student GAN date or May 6, DOE announcement (latter of the two dates) Key items reported (disbursed number of students and grant totals) not supported by

listing as of report date



Internal audit lessons learned

Assess alignment of the allocation plan with compliance requirements

- Most institutions developed compliant, well-informed allocation plans
- Institutions leveraging skillsets across campus came to reasonable and thoughtful plans
- Compare strategic priorities (i.e., the "spirit" of the guidance)

Review required reporting

- Most institutions had accurate and complete reports
- Timeliness was inconsistent
- Review publicly available reports for potential reputational impact

Review publicly available materials for alignment with plan and reporting



Internal audit lessons learned

Sample and test student share expenditures

- Test against both allocation plan and compliance requirements
- Processes and internal controls were generally effective and aligned with plans/requirements
- Consider the need for better documentation on:
 - Decision-making on specific applications (e.g., thresholds, gray areas)
 - Calculated amounts for payments (e.g., all Pell eligible students receive \$1500)
 - Exceptions granted
- Consider how to update policies for future rounds of funding for clarity/consistency

Sample and test institutional share expenditures

- Processes and internal controls were generally effective and institutions were in compliance;
 however, in the first round of funding institutional expenses were easy to identify
- Consider how future rounds of funding will be allocated to meet compliance requirements and avoid "double dipping"



Office of Inspector General (OIG) audit activity

The goal was to determine whether selected institutions receiving funds under the institutional portion of HEERF met public reporting requirements, as well as highlight reported usage of institutional funds

For 19 of the 100 institutions the OIG was unable to locate institutional portion reports on websites

100 institutions sampled

Of the 81 institutions that reported, most frequently reported expenditure categories for Section 18004(a)(1) funds included: campus safety, distance learning equipment, tuition reimbursement, technology hardware and other

Of the schools that reported "other uses" of their HEERF allocation, 22% did not follow ED's instructions or did not provide sufficient detail

ED plans to:

- Send follow-up to noncompliant institutions with a date by which a recipient must comply or face being placed in high-risk status or have its HEERF grant terminated
- Develop an office dedicated to overseeing spending of HEERF funds (currently being staffed)



Disclosure

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought.

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