Texas A&M University-Corpus Christi
Higher Education Emergency Relief Fund Compliance
TEXAS A&M UNIVERSITY-CORPUS CHRISTI

HIGHER EDUCATION EMERGENCY RELIEF FUND COMPLIANCE

April 12, 2023

Charlie Hrncir, CPA
Chief Auditor

Project #20231501
Overall Conclusion

Internal controls over Higher Education Emergency Relief Fund (HEERF) awards at Texas A&M University-Corpus Christi are operating as intended and in compliance with applicable laws and policies.

HEERF awards were authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) Act, and granted under the HEERF I, II, and III programs, respectively.

Texas A&M University-Corpus Christi has been awarded over $59 million in aid as follows:

- Student aid $24,534,073 – $24,531,835 expended in audit period
- Institutional aid $30,888,844 – $30,139,837 expended in audit period
- Minority Serving Institutions aid $3,594,630 – all funds expended in audit period

The university expended a total of $58.27 million in HEERF during the audit period.

Summary Table

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Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls over Higher Education Emergency Relief Fund (HEERF) awards at Texas A&M University-Corpus Christi are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Accuracy of reported expenditures
- Cash management
- Institutional and MSI aid – calculated costs
- Institutional aid – expenditures
- Institutional and MSI aid – reimbursements
- Reporting requirements
- Student aid – emergency financial aid grant eligibility
- Student aid – student aid allocations

The audit period was primarily March 1, 2020 to September 30, 2022. Fieldwork was conducted from December 2022 to February 2023.

Our audit methodology included interviews, observation of processes, review of documentation, and testing of data using sampling as follows:

<table>
<thead>
<tr>
<th>Audit Objective</th>
<th>Methodology</th>
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</thead>
<tbody>
<tr>
<td>Accuracy of Reported Expenditures</td>
<td>Auditors gained an understanding of the processes used to determine reportable amounts by expense category for institutional and MSI expenditures and to determine the amounts reported for student portion emergency financial aid grants.</td>
</tr>
<tr>
<td>Determine the accuracy of reported HEERF expenditures.</td>
<td>Auditors obtained HEERF reports, agreed amounts to supporting documentation, and reviewed for accuracy and reasonableness.</td>
</tr>
<tr>
<td>Audit Objective</td>
<td>Methodology</td>
</tr>
<tr>
<td>-----------------</td>
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</tr>
<tr>
<td><strong>Cash Management</strong></td>
<td>Auditors obtained and reviewed student, institutional, and MSI HEERF drawdowns to determine if funds were drawn down within the required timeframe. Drawdowns were also reviewed for maintenance in interest bearing accounts and whether any interest over $500 was remitted to the federal government. Auditors gained an understanding of the university's plans to allocate remaining funds.</td>
</tr>
<tr>
<td><strong>Institutional and MSI Aid – Calculated Costs</strong></td>
<td>Auditors reviewed the methods used to determine the value of lost revenue and indirect costs related to COVID. Auditors obtained lost revenue and indirect cost calculations and reviewed for agreement to supporting documentation, reasonableness, and compliance with requirements.</td>
</tr>
</tbody>
</table>
| **Institutional Aid – Expenditures** | Auditors randomly selected a nonstatistical sample of 30 expenditures from institutional aid. Expenditures were reviewed to determine if:  
  - Transactions complied with program requirements for allowable costs  
  - Proper documentation was retained  
  - Costs were incurred on or after March 13, 2020  
  - Transactions complied with university requirements for disbursements |
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<td>Auditors performed data analysis and reviewed transactions for:</td>
<td>- Object codes that do not appear to be associated with significant changes to the delivery of instruction or defraying expenses associated with COVID</td>
</tr>
<tr>
<td>- Payroll expenses associated with unallowable employees</td>
<td>- Dates incurred before March 13, 2020</td>
</tr>
<tr>
<td>Auditors used professional judgment to select a nonstatistical sample of ten employees whose payroll was charged to institutional aid to determine if the employees’ activities were directly related to COVID.</td>
<td></td>
</tr>
<tr>
<td>Auditors randomly selected a nonstatistical sample of 60 students funded 112 awards from institutional aid to determine if awards complied with federal and university requirements.</td>
<td></td>
</tr>
<tr>
<td>Auditors gained an understanding of the university’s plan to meet the HEERF III institutional aid additional requirements for practices to monitor and suppress COVID and direct outreach to financial aid applicants.</td>
<td></td>
</tr>
<tr>
<td><strong>Institutional and MSI Aid – Reimbursements</strong></td>
<td>Auditors randomly selected a nonstatistical sample of five students awarded teaching fee reimbursements and five students awarded rental assistance from institutional aid. Reimbursements and rental assistance were reviewed to determine if:</td>
</tr>
<tr>
<td>Determine whether reimbursements from institutional aid were in compliance with HEERF program requirements.</td>
<td></td>
</tr>
</tbody>
</table>
### Audit Objective

<table>
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</table>
|                | • Transactions complied with program requirements for allowable costs  
|                | • Proper documentation was retained  
|                | • Costs were incurred on or after March 13, 2020  
|                | • Transactions complied with university requirements for disbursements  
|                | Auditors performed data analysis and reviewed transactions for:  
|                | • Reimbursement amounts that were significantly higher than other refunds issued in the same category  
|                | • Multiple reimbursements issued to the same individual in the same category  
|                | • Reimbursements issued for fiscal year 2021 activity |

### Reporting Requirements

**Determine whether the university complied with HEERF reporting requirements.**

Auditors gained an understanding of the university’s processes for preparing HEERF reports for student, institutional, and MSI aid awards including responsible parties, deadlines, submission, and public posting requirements. Auditors reviewed the HEERF expenditure reports submitted by the university for timely completion, submission, and compliance with posting requirements. Student aid reports were reviewed for compliance with federal requirements, including how grants were distributed to students, grant amounts awarded to...
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<td><strong>Student Aid – Emergency Financial Aid Grant Eligibility</strong></td>
<td>Auditors gained an understanding of the process for providing emergency grants to students under each HEERF program including:</td>
</tr>
</tbody>
</table>
| Determine whether emergency financial aid grants issued to students were in compliance with HEERF program requirements. |   - Criteria for eligibility  
   - Methodology for verifying eligibility  
   - Prioritization of awards to students with exceptional need  
   - Methodology for determining each grant amount  

Auditors performed data analysis and reviewed results to determine whether any students received significantly higher awards than the approved amount, and whether the university prioritized students with exceptional need for HEERF II and III.  
Auditors randomly selected a nonstatistical sample of 60 students awarded 133 aid grants to determine if awards complied with eligibility requirements, agreed to predetermined amounts, and were in compliance with requirements for application to outstanding balances as applicable. |
| **Student Aid - Student Aid Allocations**            | Auditors reviewed emergency financial aid grants to ensure funds were awarded as emergency grants, at least 50% of HEERF I was distributed as student grants, at least the same dollar amount of HEERF II was distributed as student grants, and at least the |
| Determine whether student aid allocations were provided to students as emergency financial aid grants.   |
Audit Objective | Methodology
--- | ---
minimum amount of HEERF III was made available for student grants.

Controls Assessment Classification

Audit areas highlighted in red in the Summary Table are considered to have significant weaknesses in internal controls. Significant weaknesses include errors, deficiencies, or conditions which result in one or more violations of internal controls, laws, A&M System policies, or member rules. These violations have a high probability for legal consequences, financial consequences, or negative impacts to the organization’s reputation. These are situations in which a CEO, provost, vice president, dean, or director need to be involved in the problem resolution.

Audit areas highlighted in yellow in the Summary Table are considered to have notable weaknesses in internal controls. Notable weaknesses include errors, deficiencies or conditions which result in minor to moderate noncompliance with internal controls, laws, A&M System policies, or member rules. These are situations which can and should be corrected at the department or supervisor level.

Audit areas highlighted in green in the Summary Table are considered to have effective internal controls.

Items that were not significant or notable were communicated to management during the course of the audit.

Criteria

Our audit was based upon standards as set forth in the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University-Corpus Christi Rules and Standard Administrative Procedures
- Office of Postsecondary Education, Department of Education HEERF grant programs and guidance
- Other sound administrative practices
The audit was conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). Those 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The Office of Internal Audit is independent per the GAGAS standards for internal auditors.

**Audit Team**

Robin Woods, CPA, Director  
Danielle Carlson, CPA, CIA, Senior Manager  
Debbie Bugenhagen  
Holly Giesenschlag, CPA  
Nancy Hodgins, CPA  
Natalie Scally

**Distribution List**

Dr. Kelly Miller, President  
Dr. Clarenda Phillips, Provost and Vice President for Academic Affairs  
Ms. Jaclyn Mahlmann, Vice President for Finance and Administration  
Dr. Andy Benoit, Vice President for Enrollment Management  
Ms. Yolanda Castorena, Associate Vice President for Finance and Controller  
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Mr. John LaRue, Chief Ethics & Compliance Officer