

Internal Audit Report

CARES Act I (Financial Aid) Audit

October 2020

Distribution – CARES Act I (Financial Aid) Audit

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Background – CARES Act I (Financial Aid) Audit

Background

- The University of Texas at Arlington (UTA) received **\$21,177,188** in federal stimulus aid from the Higher Education Emergency Relief (HEER) Fund. The source of the HEER funding was from the \$14 billion in federal stimulus aid that was issued to higher education institutions as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act.
- UTA distributed **\$15,588,594** in CARES grants to students impacted by the COVID-19 pandemic. The grants were funded from the following sources:
 1. The required amount dictated by Section 18004(a)(1) of the CARES Act totaling \$10,588,594.
 2. A discretionary amount totaling \$5,000,000 that UTA awarded from remaining institutional CARES Act funds.
- The Department of Education’s objective was to get these funds to students in need as quickly as possible. Minimal distribution guidance was provided to colleges and universities. As a result, UTA had significant discretion in developing a methodology to award students with the emergency assistance.
- UTA’s methodology to distribute the CARES grants to students is outlined below:
 1. Students were required to complete a CARES Act Emergency Grant Fund application.
 2. Priority was given to students with the highest need as demonstrated either through the calculated Expected Family Contribution (EFC) from the Free Application for Federal Student Aid (FAFSA) or other factors which included the date eligible students completed the application.
 3. Standard amounts were awarded with the goal to assist as many students as possible with an impactful dollar amount. (Eligible full-time students received \$1,000 per term. Eligible students enrolled less than full time received \$500 per term. The total awarded to a single student was limited to \$2,000).
 4. The aid was provided to assist students impacted by the COVID-19 pandemic with their attendance expenses, such as food, housing, course materials, technology, health care and child-care.
- UTA distributed CARES grants to nearly **11,000 students**.
- **Appendix A** illustrates the process used to distribute the CARES grants to students in need.

Audit Objective, Scope and Methodology – CARES Act I (Financial Aid) Audit

Audit Objective

The primary objective of the audit was to determine whether UTA complied with the CARES Act in distributing funds to students in need.

Additional audit objectives were as follows:

- Ensure that the federal application to receive the CARES funds was properly executed
- Determine whether UTA had a documented plan for allocating the CARES funds to students in need
- Determine whether UTA followed the documented plan
- Determine whether the funds were distributed to the account indicated in the student's profile
- Determine the strategy and methodologies used to communicate the offer to the UTA student population were adequate

Audit Scope and Methodology

The scope of the audit included a review of the eligibility for approximately 10,500 of the students that received CARES funding. Much of this review was automated. However, exceptions were reviewed manually on a sample basis. Additionally, the audit scope included an evaluation of the awareness program, allocation plan, award distribution, and compliance with regulatory reporting requirements related to the allocation and distribution of the available funds.

It should be noted that the scope of the audit only included the distributed amount of CARES Act Emergency Assistance Grants made directly to students impacted by the COVID-19 pandemic. The usage of the remaining CARES Act funds was not included in this audit's scope.

Our examination was conducted in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

We greatly appreciated the assistance and cooperation we received performing this audit from UTA employees across the institution. Specifically, we recognize and thank the Financial Aid staff for the time spent researching items and answering questions related to this audit.

Summary – CARES Act I (Financial Aid) Audit

Summary:

Overall, our review disclosed the following:

- UTA quickly developed and executed a plan to distribute CARES funds which resulted in compliance with the CARES Act, as well as the guidance provided by the Department of Education.
- UTA's disbursements to students impacted by the COVID-19 pandemic were accurate, appropriate and in compliance with the requirements specified by the CARES Act, as well as the guidance provided by the Department of Education.
- Disclosures and notifications related to CARES disbursements were appropriate.

In summary, there were no reportable findings requiring follow-up in this audit. Minor opportunities were disclosed and discussed with management during this audit. Appropriate action was taken.

Appendix A – Financial Aid Process – CARES I (Financial Aid) Audit

