

# COVID-19 Who Really CARES?

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Division of Institutional Integrity Annual Legal Symposium

November 10, 2020

# Introduction

## ❖ Agenda:

- Campus response to COVID-19
- Financial impact of COVID-19
- Federal and State relief legislation
- Allocation of CARES Act funds @ UNC Charlotte
- Audit of CARES Act fund usage

## ❖ Objectives:

- Awareness of the financial impacts of the COVID-19 pandemic
- Awareness of relief funds provided at the Federal and State levels

# Campus Response to COVID-19

## ❖ Primary focus:

- Safety of our campus community
- Continuity of high-quality education for our students

## ❖ High-level decisions:

- Call students back from study abroad
- Non-mandatory employees required to telework or use admin leave
- Most classes online by Mar 16; the remainder online as of Mar 23
- Residence halls closed (200-300 students granted an exception)
- Summer classes moved entirely online
- Fall semester begins Sep 7 fully online; Oct 1 hybrid and in-person instruction are added; fully online after Thanksgiving
- Spring semester begins Jan 20; fully online after Spring Break

# Financial Impact of COVID-19

## ❖ Types of financial impact:

- Refunds
- Incremental expenses
- Budgeted expenses
- Sunk costs
- Lost revenue

## ❖ Amount of financial impact:

- FY20 – \$33.8M
- FY21 – \$80.2M anticipated

# Federal and State Relief Legislation

- ❖ CARES Act (Coronavirus Aid, Relief, and Economic Security Act)
  - March 27, 2020 – \$2.2T
  - Higher Education Emergency Relief Fund (HEERF) – \$14B
    - ❑ Administered by the U.S. Department of Education
    - ❑ Distributed directly to Institutions of Higher Education
  - Coronavirus Relief Fund (CRF) – \$150B
    - ❑ Administered by the U.S. Department of Treasury
    - ❑ Distributed to State, Local, and Tribal governments

# CARES Act – HEERF

## ❖ Programs

- Student Portion – \$12,155,279
- Institutional Portion – \$12,155,278
  - ❑ Expiration date 10-May-2021
  - ❑ Change in delivery of instruction; room & board refunds; aid to students
- Strengthening Institutions Program (SIP) – \$1.2M
  - ❑ Expiration date 1-Jun-2021
  - ❑ Change in delivery of instruction; scholarships

## ❖ Report quarterly to U.S. Department of Education

# CARES Act – CRF

## ❖ State Legislation

- NC 2020 COVID-19 Recovery Act – HB 1043
  - ❑ \$44.4M to Board of Governors of the UNC System
  - ❑ Allocated to campuses based on financial impact identified
    - UNC Charlotte – \$4.5M
- Coronavirus Relief Act 3.0 – HB 1105
  - ❑ \$13M to Board of Governors of the UNC System for PPE
    - UNC Charlotte – \$1.14M
  - ❑ UNC Charlotte Bioinformatics Research Center – \$9M

❖ Expiration date 30-Dec-2020

❖ Report monthly to NC Pandemic Recovery Office

# Relief Funds Awarded for Institutional Use

<u>Source of Funds</u>	<u>Amount</u>
HEERF Institutional Portion	\$ 12.2 M
HEERF SIP	\$ 1.2 M
CRF - HB 1043	\$ 4.5 M
CRF - HB 1105 for PPE	\$ 1.1 M
CRF - HB 1105 for research	\$ 9.0 M
Other CARES Act Funds	\$ 0.5 M
TOTAL	<u>\$ 28.5 M</u>

# Allocation of CARES Act Funds

## ❖ Guiding principles

- Top priority – Direct benefit to student academic success in COVID-19 environment
- Next priority – University-wide impact directly related to health & safety
- Lower priority – Expenditures likely eligible for FEMA reimbursement

## ❖ Criteria for allocations

- Highest consideration for expenditures most closely aligned with the guiding principles
- Expenditures must have planned completion no less than one month before expiration dates of funds

## ❖ Allocation exclusions

- No additional FY20 expenditures will be considered for reimbursement
- Expenditures that can be easily absorbed into a department's operating budget
- No cash allocations to individual students (non-cash distributions only)

# CARES Act Audit

## ❖ Audit Objectives:

- To determine that UNC Charlotte has identified all covered expenses for each program
- To assess internal controls in place to ensure that spending is appropriate, transactions are approved and that expenditures have not been submitted under multiple programs
- To determine that reporting requirements have been met

# CARES Act Audit

## ❖ Risks:

- Missed Opportunity for Expense Reimbursement
  - ❑ Allowable expenses not identified and missed opportunity by the University to be reimbursed
  - ❑ Duplication of expenditure under multiple grants
  - ❑ Expenses submitted NOT for purpose of cost defrayment directly related to COVID
- Reputational Risk
- Liability / Penalties for Non-Compliant External Reporting

# CARES Act Audit

## ❖ Controls:

- Published / Communicated Internal Guidelines
  - ❑ Published / Communicated Internal Guidelines on Allowable Expenditures for CARES Act funds
- Internal Control Strategies
  - ❑ Implementation of Internal Control strategies to ensure accounting for and appropriate spending of CARES Act funds
- Management Oversight
  - ❑ Management Oversight to ensure complete & timely submission of reports as required by regulation

# Questions?

