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 to 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
    - $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

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEERF Institutional Portion</td>
<td>$12.2 M</td>
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<tr>
<td>HEERF SIP</td>
<td>$1.2 M</td>
</tr>
<tr>
<td>CRF - HB 1043</td>
<td>$4.5 M</td>
</tr>
<tr>
<td>CRF - HB 1105 for PPE</td>
<td>$1.1 M</td>
</tr>
<tr>
<td>CRF - HB 1105 for research</td>
<td>$9.0 M</td>
</tr>
<tr>
<td>Other CARES Act Funds</td>
<td>$0.5 M</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$28.5 M</strong></td>
</tr>
</tbody>
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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?