

**South Arkansas Community College
Higher Education Emergency Relief Fund – Education Stabilization Fund
Internal Control over Federal Compliance
For the Year Ended June 30, 2022**

President – Dr. Bentley Wallace

Vice President of Academic Affairs – Dr. Stephanie Tully-Dartez

Vice President of Student Services – Dr. Derek Moore

Vice President of Finance and Administration – Michael Armstrong

Controller – John Baine

Financial Accounting Manager – Heather McGarity (hired August 2021 – previous employee left the College before prior year end)

Accounts Payable – Ann Southall

Background

South Arkansas Community College has received allocations of HEERF Institutional Funds as part of the CARES Act passed in March 2020, the CRRSAA Act passed in December 2020, and the ARP Act passed in March 2021.

The Department of Education has provided guidance on appropriate uses and reporting requirements of HEERF Institutional Funds, though the College also used resources published by the National Association of College and University Business Officers (NACUBO) and other such organizations prior to and during expenditures of HEERF Institutional Funds.

All HEERF Institutional Funds expenditures/transfers and drawdowns are recorded in restricted general ledger codes in the Jenzebar system. Separate indexes are maintained for each allocation, including separation of student aid, institutional, and supplemental institutional funds.

Student Portion (84.425E):

The amount of each award will be based on the number of credit hours in which a qualified student was enrolled on the 11th Class Day of each semester the awards are offered. HEERF II (CRRSAA) requires that institutions provide the emergency financial aid grants directly to students “for expenses any component of the student’s cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care, or child care. Unlike the CARES ACT, the CRRSAA requires that institutions prioritize students with exceptional need, such as students who receive Pell Grants, and authorizes grants to students exclusively enrolled in distance education”.

The SACC Institutional Directive on disbursements to students is posted on the SACC website (<https://www.southark.edu/cares>) and explains the methods used to determine which students are eligible to receive a CARES/CRRSAA funds. See additional information below:

- Students must be enrolled and attending classes in the semester you apply. The first round of fund distributions will not begin until instructors verify your attendance, which includes attending in-person classes and logging in and completing assignments in online classes.
- The distribution of funds will not begin until after the 11th class day and attendance is verified.
- Part-time students will receive \$500 and full-time students will receive \$1,000.

- If you are enrolled as a part-time student and then enroll in enough courses move you to full-time status (12+ credit hours), you will receive two rounds of checks at \$500 each.
- An online form for eligibility has to be completed to receive funds. Students can choose to apply funds to their balance. These funds will not be applied immediately to their balance, but this will mark their account for expected funds.
- If a form is completed, but student is not enrolled in classes or student is marked for non-attendance by an instructor at the 11th class day, the student will not receive any funds.
- All students enrolled and attending classes, will be eligible for funds. High school students will be eligible during summer classes only.

Institutional Portion (84.425F):

HEERF II, HEERF III, and HEERF I funds liquidated (spent) on or after December 27, 2020. Beginning December 27, 2020, any unused HEERF I Institutional Portion funds, new HEERF II Institutional Portion funds, HEERF III Institutional Portion Funds may be used to defray expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll) and to make additional financial grants to students (CRRSAA Section 314(c)(1-3); ARP Section 2003). HEERF I and HEERF II funds may also have been used to carry out student support activities authorized by the HEA that address needs related to coronavirus. The ARP eliminated this use of funds for HEERF III.

New required uses of ARP HEERF III Institutional Portion grant funds: ARP created two new requirements that a portion of HEERF III institutional funds must be used (a) to implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and (b) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances, described in section 479A of the HEA (see [HEERF III FAQs](#) questions 21 and 28–35).

HEERF grant funds must **not** be used for see HEERF III FAQ #22 at 1005.305):

- funding contractors for the provision of pre-enrollment recruitment activities;
- marketing or recruitment (see HEERF III FAQs question 27 for information on reengagement activities);
- endowments;
- capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship;
- senior administrator or executive salaries, benefits, bonuses, contracts, incentives, stock buybacks, shareholder dividends, capital distributions, and stock options, or any other cash or other benefit for a senior administrator or executive;
- religious worship, instruction, or proselytization or equipment or supplies to be used for religious worship, instruction, or proselytization; or
- Construction or purchase of real property.

Activities Allowed/Unallowed

Allowable Costs

The Vice President of Finance and Administration, the Controller, and Financial Accounting Manager received guidance from ZOOM trainings hosted by ADHE, ACC, and directives from NACUBO detailing allowable and unallowable costs for HEERF. All funds expended were allocated providing direct payments to students, costs relating to operating additional class sections, campus safety and operations, purchasing leasing or renting additional equipment, and replacing lost revenue. **Supporting documentation is maintained in accordance with guidance that supports purchases, journal entries, and direct payment to students.** The Institutional Research Department reviews the emergency grant payment applications of students who meet the eligibility requirements established by the U.S. Department of Education. The SACC administrative cabinet established award amounts for students based on credit hours enrolled. The Institutional Research Office then transmitted the awards to the Business Office who reviewed the transmitted amount, printed the checks and mailed them to the students or placed in the Bookstore for pickup per student request. Direct deposits are made into SACC. Year-end general ledger balances were compared to G5 balances to ensure accuracy.

Cash Management

In addition to these basic cash management principles, for CRRSAA HEERF II and ARP HEERF III, the Certification and Agreements and/or Supplemental Agreements requires that Student Aid Portion (ALN 84.425E) should be disbursed within 15 calendar days of the drawdown from ED's G5 grants system and Institutional Aid Portion, (a)(2), and (a)(3) funds (all other ALNs) should be disbursed within 3 calendar days of the drawdown from G5. For lost revenue, the "obligation" occurs on the date the institution completes its estimate of its amount of lost revenue after the estimation period.

The Accounts Payable Clerk codes all HEERF expenditures to restricted GL codes during the normal non-payroll expenditure process. The Financial Accounting Manager reviews expenditures and submits a drawdown request for the revenue. **Reimbursements/grant funds are posted to their respective restricted general ledger codes within the Jenzabar software to be monitored by the Financial Accounting Manager to ensure funds are received and properly posted.** The Financial Accounting Manager verifies the revenue received agrees to the amount requested and prepares a journal entry to record the transaction. The journal entry is independently reviewed.

Period of Performance

In the CARES Act, CRRSAA, and ARP Certification and Agreements, all institutions were given one calendar year (12 months) from the date of award in their HEERF Grant Award Notifications (GAN) to complete the performance of their HEERF grants.

Institutions generally must expend their HEERF grant funds within one year from the date when ED processed the most recent obligation of funds for each specific grant. Thus, institutions that received a supplemental award under ARP have one year to spend all remaining HEERF I, HEERF II, and new HEERF III funds for each grant from the date their HEERF III supplemental award is made. The specific period of performance will be indicated in Box 6 of the institution's most recent GAN.

For the HEERF II and HEERF III awards, funds may be used for all costs incurred on or after March 13, 2020. Report on the SEFA no earlier than the date of the award or substantial amendment to the award terms.

The Vice President for Finance and Administration, Controller, and Financial Accounting Manager received guidance from ZOOM webinar training hosted by ADHE in April outlining period of performance requirements in addition to other compliance requirements for the HEERF program. The Vice President of Finance and Administration maintains documentation of the “Grant Award Notification” for institutional and student funds specifying grant dates and awarded amounts. **All expenditures are made within the Period of Availability of Federal Funds.** Supporting documentation is maintained in accordance with guidance that supports purchases, journal entries, and direct payment to students. SACC has developed a system to monitor the period of availability of funds requirements. A year end comparison was performed between disbursement records and drawdowns requested on the reimbursable basis, and award availability from DOE G5 system to ensure period of availability requirements are met.

Procurement and Suspension and Debarment

The Vice President for Finance and Administration, Controller, and Financial Accounting Manager received guidance from ZOOM webinar training hosted by ADHE in April outlining Procurement and Suspension and Debarment requirements for the HEERF program. **The College used the same procurement policies and procedures for federal and non-federal funds.** Supporting documentation is maintained in accordance with guidance that supports purchases, journal entries, and direct payment to students. SACC utilized vendors on state contract for the majority of the IT-related purchases. No sole source purchases were made.

Reporting – Special Reporting

There are three components to reporting for HEERF: 1) public reporting on the (a)(1) Student Aid Portion; 2) public reporting on the (a)(1) Institutional Portion (a)(2) and (a)(3) subprograms (Quarterly Reporting Form), as applicable; and 3) the annual report.

The CARES Act 18004(e) and the CRRSAA 314(e) requires an institution receiving funds under HEERF I and HEERF II to submit a report to the secretary, at such time in such a manner as the secretary may require. While ARP does not explicitly identify procedures by which institutions must report on their uses of HEERF grant funds, ED exercises this reporting authority under 2 CFR section 200.328 and 2 CFR section 200.329.

A. Annual Reporting (all HEERF grantees)

ED will be collecting an annual report for HEERF grantees in April 2022 (data elements here; user guide here). ED will share more information regarding this annual report, which will require institutions to report on their uses of HEERF I CARES Act funds, HEERF II CRRSAA funds, and HEERF III ARP funds in advance of the ARP annual reporting deadline.

B. Quarterly Public Reporting for (a)(1) Institutional Portion, (a)(2), and (a)(3) funds (Assistance Listings 84.425F, 84.425J, 84.425K, 84.425L, 84.425M, 84.425N, 84.425S, as applicable)

The CARES, CRRSAA, and ARP institutional quarterly portion reporting requirements involve publicly posting completed forms on the institution’s website.

The forms must be conspicuously posted on the institution's primary website on the same page the reports of the IHE's activities as to the emergency financial aid grants to students (Student Aid Portion) are posted.

A new, separate form must be posted covering aggregate amounts spent for HEERF I, HEERF II, and HEERF III funds each quarterly reporting period (September 30, December 31, March 31, June 30), concluding after an institution has expended and liquidated all (a)(1) Institutional Portion, (a)(2), and (a)(3) funds and checks the "final report" box. IHEs must post this quarterly report form no later than 10 days after the end of each calendar quarter (October 10, January 10, April 10, July 10) apart from the first report, which was due October 30, 2020, and the report covering the first quarter of 2021, which is due July 10, 2021.

C. Quarterly Public Reporting for (a)(1) Student Aid Portion (Assistance Listings 84.425E)

On May 13, 2021, ED published an [additional notice](#) for student aid public reporting under CRRSAA and ARP, which requires that institutions publicly post certain information on their website. Institutions must publicly post their report as soon as possible, but no later than 30 days after the publication of the notice or 30 days after the date ED first obligated funds under HEERF I, II, or III to the institution for Emergency Financial Aid Grants to Students, whichever comes later. The report must be updated no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30).

The College submits their Annual Performance Report for HEERF I, II, and III for use of funds through December 31, 2021 by May 6, 2022.

The College posts all required quarterly reports on their website at <https://www.southark.edu/cares>. SACC posted its information and updates the required reporting. The reports are completed quarterly by the Business Office. These reports are submitted to the Graphic and Web Design Coordinator who then posts the reports to the SACC website.