



U.S. Department of Education
Office of Inspector General

U.S. Department of Education's Higher Education Emergency Relief Fund Audit Resolution Activities

November 15, 2023
ED-OIG/F23AS0141

ED OIG Oversight of Coronavirus Response Funds

FLASH REPORT



NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

November 15, 2023

TO: Denise L. Carter
Acting Assistant Secretary, Office of Finance and Operations, and Delegated to Perform
the Functions and Duties of the Chief Financial Officer

FROM: Bryon S. Gordon /s/
Assistant Inspector General for Audit

SUBJECT: Final Flash Report, "U.S. Department of Education's Higher Education Emergency Relief
Fund Audit Resolution Activities," Control Number ED-OIG/F23AS0141

Attached is the subject final report that consolidates the results of our review of the U.S. Department of Education's Higher Education Emergency Relief Fund audit resolution activities. We have provided an electronic copy to your audit liaison officer. We received your comments agreeing with the recommendations in our draft report.

U.S. Department of Education policy requires that you submit a corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on recommendations that have not been completed after 6 months from the date of issuance.

We appreciate your cooperation during this review. If you have any questions, please contact me at (202) 987-0162 or bryon.gordon@ed.gov or Keith Cummins, Director, State and Local Advisory and Assistance Team, at (202) 657-8542 or keith.cummins@ed.gov.

Attachment

Purpose

The purpose of this report is to present information on independent audits with findings pertaining to the Higher Education Emergency Relief Fund (HEERF)¹ and audit resolution activities conducted by the U.S. Department of Education (Department). The significance of the information presented in this report and need for immediate action by Department management is elevated by the amount of funding provided through the HEERF program and the Department's reliance on independent audits as a key component of its oversight of HEERF grants. This report includes recommendations to the Department to further assess and strengthen its ability to resolve HEERF audit findings in a timely and effective manner.

What We Did

We compiled and summarized available information on single and proprietary school audits with HEERF findings, the status of HEERF audit resolution activities, and audit resolution staffing levels from April 2020 through June 2023. We interviewed officials from the Department's Office of Finance and Operations (OFO), Office of Postsecondary Education (OPE), and Federal Student Aid (FSA) office regarding their roles and responsibilities for audit resolution. We obtained and reviewed audit assignment and resolution information for single audits and HEERF proprietary school audits from fiscal year² (FY) 2019³ through FY 2023 from OFO's Office of Acquisition, Grants, and Risk Management, Grants Risk Management Services Division (GRMSD).

¹ HEERF is one of multiple emergency relief funds comprising the Education Stabilization Fund, which was first authorized and funded under the Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020), and for which Congress later provided additional funding under the Coronavirus Response and Relief Supplemental Appropriations Act (December 27, 2020) and the American Rescue Plan (March 11, 2021). HEERF grant award recipients are required to submit annual independent audits to the Department under certain conditions, such as (1) private nonprofit and public schools that expend \$750,000 or more in Federal awards during the non-Federal entity's fiscal year, (2) proprietary schools that expend \$500,000 or more in HEERF grant funds during the fiscal year, (3) proprietary schools on Federal Student Aid's Heightened Cash Monitoring lists in a fiscal year in which the school expended any HEERF grant funds, and (4) proprietary schools that closed or were in the process of closing.

² The Federal government's fiscal year runs from October 1 of one calendar year through September 30 of the next calendar year.

³ FY 2019 audit resolution data was used as the pre-coronavirus baseline for our comparison purposes.

What We Found

The number of independent audits with findings pertaining to HEERF and requiring resolution by GRMSD increased significantly over the past few years, as did the number of audits with complex findings as determined by GRMSD. However, the number of GRMSD staff assigned to audit resolution activities remained relatively constant during this same period—resulting in a more than fourfold increase in the number of audits assigned for resolution per person. OFO management stated that GRMSD’s staffing capacity was established to provide audit resolution services for the anticipated volume of HEERF audits it assessed early in the performance period, but that the volume and complexity of the audits has increased significantly over time. GRMSD is now facing a significant backlog of outstanding HEERF audits requiring resolution and without immediate action, the timeliness and effectiveness of the resolution of HEERF audit findings could be reduced.

Audit Resolution and Roles and Responsibilities

The Department relies on annual independent audits of public, private non-profit, and proprietary institutions of higher education (schools) as a primary component of its oversight of the more than \$76 billion in HEERF grants that it awarded to over 4,900 schools. OPE emphasized the importance of independent audits in its two annual letters⁴ to HEERF recipients, stating that

[a]udits form a critical component of the Federal Government’s proper oversight of grant programs generally, and of the disaster relief provided during the novel coronavirus (COVID-19) pandemic specifically. Quality audits are reliable and effective tools to improve the integrity and effectiveness of the Department programs and help reassure the American public, the Congress, and the Department’s Office of the Inspector General that taxpayer dollars are used efficiently and effectively.

⁴ The Department’s annual audit requirement letters to HEERF recipients dated March 8, 2021, and March 23, 2022.

Generally, the Department's program offices are responsible for audit resolution for the grant programs they administer, except for audits under GRMSD's purview.⁵ However, Department management determined in 2020 that GRMSD would be responsible for resolving independent audits of HEERF recipients. The Director of GRMSD said the rationale at the time was that the unit had performed a similar role in resolving independent audits of other emergency programs authorized under the American Recovery and Reinvestment Act of 2009.

Data Quality Conditions and Limitations

The scope of our review was limited by certain data quality conditions, noted here and elsewhere in the report, that must be considered when using the results presented. Importantly, because GRMSD tracks audits by the date on which they are assigned for resolution rather than by the fiscal year that they cover, we were not able to accurately assess when audits were due or the number of audits that should have been submitted. GRMSD relied on listings provided by the U.S. Census Bureau's Federal Audit Clearinghouse (FAC) and FSA's eZ-Audit contractor⁶ as the universe of HEERF audits entering its audit resolution process. We did not verify the reliability of or otherwise corroborate GRMSD's audit resolution tracking data because it was produced by GRMSD intake processes that relied on the manual review of audit reports. Additional verification of audit findings for the purpose of assessing the reliability of GRMSD's tracking data was beyond the scope of this limited review.

GRMSD's Audit Resolution Workload

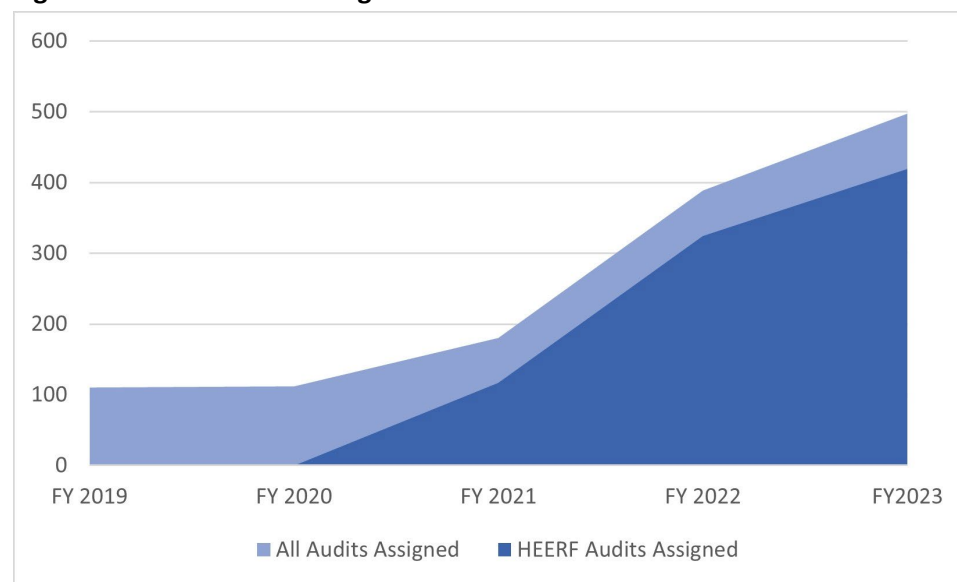
The number of independent audits requiring resolution by GRMSD and the backlog of unresolved audits have increased significantly in response to audit requirements covering recipients of HEERF and other coronavirus relief grant funds. As shown in Figure 1, GRMSD assigned 110 audits to staff for resolution in FY 2019 and 112 in FY 2020, which represent the baseline of its pre-coronavirus audit resolution workload. After the Department started receiving audits required by the coronavirus relief programs in FY 2021, the number of audits that GRMSD assigned to staff for resolution

⁵ GRMSD is responsible for the resolution of all findings from external audits of the Department's discretionary grant programs and findings involving cash management and subrecipient monitoring from external audits of the Department's formula grant programs.

⁶ FSA's contractor administers its eZ-Audit web application that provides proprietary schools receiving funding from HEERF and student financial assistance from other Department programs with a paperless, single point of submission for financial statements and compliance audits.

sharply increased—reaching 497 by June of FY 2023, the end of the period covered by this review. Single audits with HEERF findings have been the largest contributing factor in the increase of the overall number of audits that GRMSD assigned to staff for resolution since the beginning of the coronavirus pandemic. As shown in Figure 1, the number of single audits with HEERF findings that GRMSD assigned to staff grew by about 260 percent starting in FY 2021 and continuing through FY 2023. It is important to note that the data points in Figure 1 do not include the additional HEERF proprietary school audits that GRMSD received for FY 2021 and subsequent submissions because GRMSD had yet to complete intake processing and assignment of those audits, as discussed in the HEERF Proprietary School Audit Resolution section below.

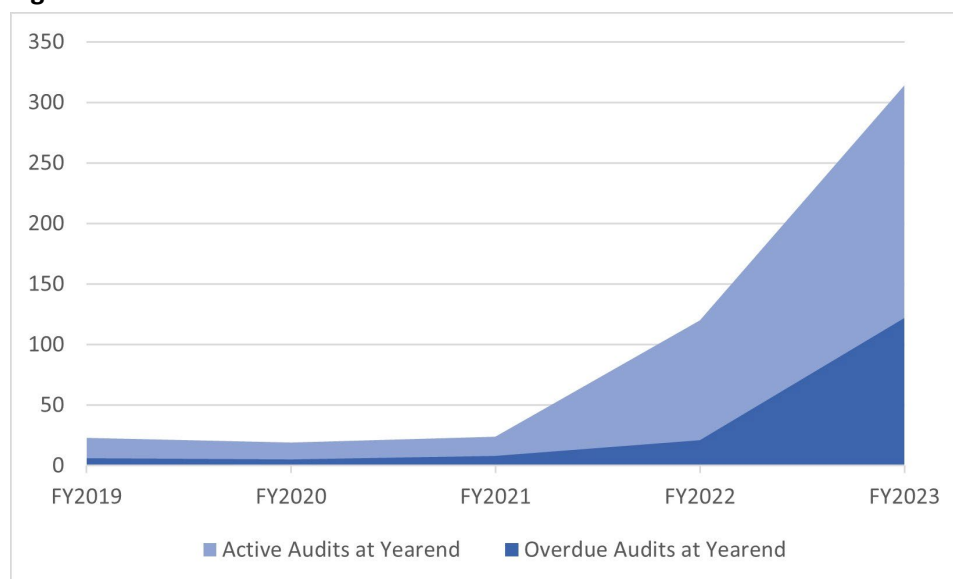
Figure 1. Audits GRMSD Assigned to Staff for Resolution from FY 2019–FY 2023⁷



Additionally, as shown in Figure 2, the total number of audits that were assigned to staff but that were not resolved increased by 400 percent from FY 2021 yearend to FY 2022 yearend, indicating that the backlog of audits awaiting resolution has grown substantially. A GRMSD official said that this was one method for tracking backlog, but also noted that these unresolved audits would not always be considered untimely. Another measure of the backlog of audits requiring resolution that can be observed in GRMSD's tracking data is overdue audits at yearend. The number of overdue audits at yearend increased by 163 percent from FY 2021 to FY 2022.

⁷ The data for FY 2023 provided in this figure cover the period October 2022 through June 2023.

Figure 2. Active and Overdue Audits at Yearend from FY 2019–FY 2023⁸



Uncertainty exists regarding the completeness of GRMSD’s records of audits requiring resolution because it had not assessed recipient expenditure data and other records to ensure that all audits required by HEERF grant award conditions entered its tracking process for each annual audit cycle.⁹ GRMSD’s records were limited to independent audits received and processed through its intake procedures. Consequently, the results presented in this report are based on the audits received by the Department and do not necessarily account for all required HEERF recipient audits, including incidents where HEERF recipients did not submit audits to the Department as required by grant award conditions.

HEERF Proprietary School Audit Resolution

GRMSD has not made adequate progress on its resolution of HEERF proprietary school audits over the past year and has not identified the number of audits with findings from FSA’s 2021 submission that it will need to resolve. GRMSD’s processes for the intake and resolution of HEERF proprietary school audits are separate from its single audit

⁸ The data for FY 2023 provided in this figure cover the period October 2022 through June 2023.

⁹ A GRMSD official said that completeness checks were performed in the past under normal conditions; however, management determined that it would be impractical to assess for HEERF grants because of the number of award recipients and expected increases in resolution workload. The official also said that in FY 2021, OPE officials conducted some limited completeness checks and identified several recipients that had not submitted independent audits as required by the applicable grant award conditions.

resolution processes. The Director of GRMSD said that additional overtime funding for staff would have been applied to resolve HEERF proprietary school audits, but that expected funding for this purpose was reduced, as discussed further below. GRMSD's tracking records indicated that the HEERF proprietary school audits from FSA's 2020 submissions are nearly resolved. Because of our data quality concerns and lack of processed audit records for FSA's 2021 submissions, we did not conduct additional review procedures related to GRMSD's resolution of HEERF proprietary school audits.

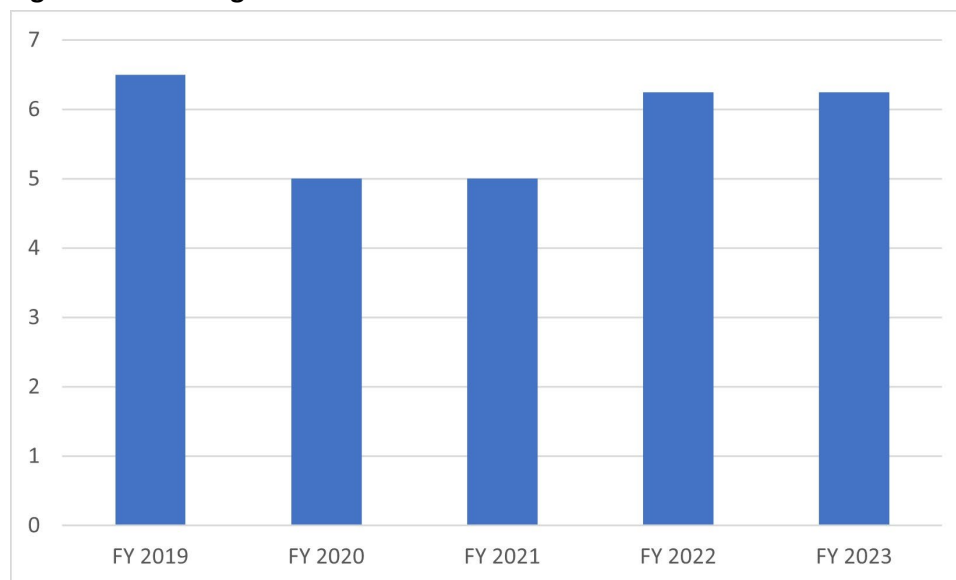
GRMSD had to create the audit resolution and tracking process for HEERF proprietary school audits on short notice after realizing that the process used for single audits was not feasible due to implementation challenges. FSA's eZ-Audit contractor¹⁰ codes HEERF proprietary school audits as they are submitted into eZ-Audit and then provides FSA with listings of HEERF proprietary school audits on a rolling basis. FSA then periodically forwards these listings to GRMSD in batches for resolution. GRMSD began resolving audits from FSA's 2020 submissions in November 2021.

Staffing Levels Assigned to Audit Resolution Activities

The number of GRMSD staff assigned to audit resolution activities remained relatively constant even as its workload increased significantly during the period covered by our review. In FY 2019, before the coronavirus pandemic began, 6.5 full-time equivalent (FTE) staff were assigned to the Department's audit resolution activities according to GRMSD's records. In July 2020, the Department's former Audit Resolution and Risk Management Services divisions merged to create GRMSD. During this period of reorganization and through FY 2021, attrition reduced the staffing level assigned to audit resolution activities to an average of five FTEs. The combined audit resolution and risk management staff generally retained their respective roles and responsibilities until around May 2023, when three staff whose primary responsibilities related to risk management activities were assigned audit resolution activities in addition to their regular duties. This adjustment increased the staff assigned to audit resolution activities to an average of 6.25 FTEs for FY 2022 and FY 2023. See Figure 3.

¹⁰ FSA's existing eZ-Audit contractor administers the Department's process for the intake of Title IV proprietary school audit submissions.

Figure 3. FTEs Assigned to Audit Resolution Activities from FY 2019–FY 2023¹¹



GRMSD offered overtime hours for existing staff in December 2021 to address the additional workload created by the increase in audits required by the coronavirus relief programs. According to the Director of GRMSD, his division spent about \$35,000 on overtime payments, but expected funding for this purpose was reduced, creating an approximately \$65,000 gap needed to address the increased workload. The Director of GRMSD said that OFO management requested additional funding and provided data on staffing needs in support of the request but had not received any additional funding at the time of this review. The Director also said that OFO management considered outsourcing HEERF audit resolution activities but decided against it based on challenges that staff experienced when the resolution process was outsourced for audits of emergency programs authorized by the American Recovery and Reinvestment Act of 2009.

HEERF Audit Resolution Procedures and Finding Complexity

When GRMSD made its initial assignments of HEERF single audits to staff for resolution in November 2020, the Director advised staff to use existing abbreviated resolution

¹¹ The data for FY 2023 provided in this figure cover the period October 2022 through June 2023.

procedures¹² to increase the timeliness of resolving audit findings at the lower range of the complexity scale, with ratings from 1 through 3. GRMSD's audit finding complexity scale consists of ratings from 1 through 5, with audits rated 1 being the least complex and audits rated 5 being the most complex. Audits with complexity ratings of 1 through 3 contain findings with questioned costs under \$100,000¹³ and generally less complex recommended corrective actions, such as procedural enhancements. Audits with complexity ratings of 4 or 5 contain findings with questioned costs over \$100,000, a recommendation for the Department itself to determine the appropriate amount of questioned costs, or material compliance issues that are nonmonetary in nature or require coordination with other Department offices to resolve.

The number of audits with HEERF findings that GRMSD rated at the higher range of the complexity scale (ratings of 4 or 5), grew from a total of 9 in FY 2021, to 13 in FY 2022, to 37 through June of FY 2023—an increase of more than 300 percent during the period covered by our review. GRMSD staff were required to perform full resolution procedures on these higher complexity audits that included additional verification activities beyond the abbreviated resolution procedures, such as coordination with the Office of General Counsel and OPE. OPE officials provided HEERF subject matter expertise on various programmatic or compliance issues at weekly audit work group meetings and in response to audit-specific requests from GRMSD, in addition to OPE's other oversight activities covering HEERF. While GRMSD was able to apply the abbreviated resolution procedures for most findings, the increasing number of audits with complex HEERF findings required additional work to resolve, reduced the timeliness of the resolution process, and contributed to backlogs of unresolved HEERF audits.

¹² According to the Department's "Handbook for External Post Audit Process" (ACSH-OFO-007), abbreviated resolution can be used when it is clear that corrective actions have been or can be fully implemented quickly, a serious violation does not exist, the grantee has no other open audits, the audit meets applicable guidance and standards, there are no open repeat findings, and the findings are procedural or questioned costs are less than \$25,000.

¹³ GRMSD guidance states that audits with a complexity rating of 3 could have questioned costs between \$10,001 and \$100,000. Consequently, because questioned costs must be less than \$25,000 for staff to use abbreviated resolution procedures, the use of these procedures may not always be appropriate for such audits and should be evaluated on a case-by-case basis.

Timeliness of Audit Resolution

The Department's ability to timely resolve independent audits covering its grant programs is a crucial factor in ensuring effective oversight of these programs. It is particularly important for programs that the Department has designated as higher-risk pursuant to OMB's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (2 Code of Federal Regulations (C.F.R.) Part 200), as it did for the Education Stabilization Fund, including HEERF, and that provide for substantial emergency funding over a short period of time. In such cases, there is greater urgency to identify and correct any instances of noncompliance.

A GRMSD official said that they have prioritized the timely resolution of HEERF single audits for the past year because the Department's audit tracking system applies a 6-month timeliness standard, as required by Federal rules.¹⁴ For HEERF proprietary school audits, GRMSD has not applied the same 6-month timeliness standard because the intake and resolution processes are completely separate from its HEERF single audit resolution processes.¹⁵ Instead, the Director of GRMSD stated that the statute of limitations¹⁶ for the recovery of questioned costs has been viewed as the timeliness threshold for proprietary school audits and he did not expect that it would expire for any HEERF audits.

Based on our observations during this limited review, GRMSD may be at risk of not being able to support the timely resolution of HEERF audit findings. GRMSD should further assess its audit resolution capacity and processes, and Department management should use the updated audit resolution status information to ensure that GRMSD has the resources necessary to appropriately prioritize the timely and effective resolution of HEERF audit findings. While we did not assess the effectiveness of GRMSD's standard or

¹⁴ For HEERF single audits, 2 C.F.R. section 200.513(c)(3) states that the Federal awarding agency must issue a management decision as prescribed in 2 C.F.R. section 200.521, and follow up on audit findings to ensure that the recipient takes appropriate and timely corrective action.

¹⁵ For HEERF proprietary school audits, section 8(b)(2) of OMB Circular A-50 requires prompt resolution and corrective actions on audit recommendations. It states that in the case of audits performed by non-Federal auditors, resolution should be made within 6 months after receipt of the report by the Federal government.

¹⁶ 34 C.F.R. section 81.31(c) establishes a statute of limitations for programs administered by the Department. The Department cannot seek recovery of funds that were spent more than 5 years before an auditee receives a program determination letter.

abbreviated audit resolution processes during this review, it is possible that a continuing backlog of outstanding audits and the closeout of HEERF grants could create an incentive for GRMSD to further abbreviate its audit resolution procedures. These factors could potentially reduce the effectiveness of the HEERF audit resolution process and the value of associated oversight activities.

What We Recommend

We recommend that the Assistant Secretary, Office of Finance and Operations—

- 1.1 Assess GRMSD’s future workload based on the anticipated volume and complexity of independent audits with potential HEERF findings that are likely to be submitted through the end of the grant closeout period, coordinating with other Department offices as necessary for assistance and to obtain relevant data to inform this assessment.
- 1.2 Evaluate whether the staffing level assigned to HEERF audit resolution activities is sufficient to support the timely and effective resolution of all outstanding and anticipated HEERF single and proprietary school audit findings, and if not, develop and implement a plan of action to address the issue.

Department Comments

We provided a draft of this flash report to the Department for review and comment. We summarize the Department’s comments here and provide the full text of its comments at the end of the report.

In its response, the Department stated that it concurred with our two recommendations and had begun taking steps to address the finding. The Department described the challenging circumstances that it faced during the implementation and ongoing administration of the HEERF program due to the unprecedented funding amounts, number of recipients, and compressed timeframes. The Department also described the corrective actions that it has planned and recently initiated in support of the timely and effective resolution of HEERF audit findings, including assessing the remaining HEERF audit resolution workload through the end of the grant closeout period, requesting additional overtime funds to help eliminate the backlog of unresolved audits, and prioritizing the assignment and resolution of audit findings with questioned costs.

OIG Response

We acknowledge the challenging circumstances that the Department faced in administering the HEERF program and audit resolution process and appreciate its prompt response to address our recommendations. We reviewed the Department’s

proposed corrective actions and believe that they would be responsive to our recommendations if implemented as described.

Appendix A. Scope and Methodology

Our review covered all audits requiring resolution by GRMSD from October 1, 2018, through June 30, 2023; however, we focused on independent audits of HEERF recipients from April 2020 through June 2023. We conducted our review remotely from June 2023 through August 2023. We held an exit conference and discussed the results of our review with Department officials on August 28, 2023.

Use of Computer-Processed Data

While we believe that GRMSD's audit resolution data are acceptable for the limited purpose of presenting our general observations in this report, we were not able to obtain reasonable assurance of the reliability of data for other purposes. As a result, the audit resolution status figures presented in this report should only be used for the purposes stated in this report. In consideration of known data quality conditions and limitations as discussed above, our use of computer-processed data to support observations presented in this report was limited to information about HEERF audits and the status of audit resolution activities.

Compliance with Standards

We prepared this flash report in alignment with OIG's quality control standards and the Council of Inspectors General for Integrity and Efficiency's (CIGIE) "Quality Standards for Federal Offices of Inspector General," which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for the conclusions and recommendations contained in this report.

Appendix B. Acronyms and Abbreviations

C.F.R.	Code of Federal Regulations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Department	U.S. Department of Education
FAC	U.S. Census Bureau Federal Audit Clearinghouse
FSA	Federal Student Aid
FTE	full-time equivalent
FY	fiscal year
GRMSD	Grants Risk Management Services Division
HEERF	Higher Education Emergency Relief Fund
OFO	Office of Finance and Operations
OMB	Office of Management and Budget
OPE	Office of Postsecondary Education

Department Comments



UNITED STATES DEPARTMENT OF EDUCATION OFFICE OF FINANCE AND OPERATIONS

October 16, 2023

TO: Bryon S. Gordon, Assistant Inspector General for Audit
Office of the Inspector General

FROM: Denise L. Carter, Delegated the Authority to Perform the Duties and Functions of
the Office of Finance and Operations Assistant Secretary **DENISE CARTER**
Digitally signed by DENISE CARTER
Date: 2023.10.16 14:57:52 -0400

SUBJECT: Agency Response on Draft Flash Report, "U.S. Department of Education's
Higher Education Emergency Relief Fund Audit Resolution Activities," Control
Number ED-OIG/F23AS0141.

Thank you for the opportunity to review and comment on the Office of Inspector General's Draft Flash Report on the Higher Education Emergency Relief Fund (HEERF) Audit Resolution Activities. We appreciate the work that went into this engagement and the resulting report, and the fact that this work and the report were done expeditiously so it could provide information on our processes and suggest improvements when appropriate, so that we can act on it in real time. While your work on this engagement was very useful, we also think it's important to keep in mind the extremely unusual and unprecedented circumstances that generated the HEERF program, and the very challenging circumstances under which the program office administered the program under a crisis situation with limited resources along with the many competing priorities. Of course, these challenging circumstances were present in the Office of Finance and Operations, and its audit resolution work.

At the very beginning of the HEERF program, there was pressure to get the money out so that recipients could use it in very difficult circumstances, including, at times, life and death situations. There was an unprecedented amount of money to obligate to numerous institutions under very tight timelines. As I'm sure you will note, the program administration, implementation and accountability all improved over time, but under very trying circumstances.

Regarding audit resolution, as time went on, we were able to prioritize our resolution activities using a risk-based analysis. We also note that the vast majority of the findings had to do with reporting and whether reports and information were uploaded on recipients' websites on a timely basis. With all the responsibilities that grantee institutions had, it is understandable that some may have been late in posting the reporting. It is encouraging, if not reaffirming, that there were very few serious findings that involved misuse of funds or fraud and the like. We also appreciate the Inspector General's report in the interests of continual improvement and the responsibilities

400 MARYLAND AVENUE, SW; WASHINGTON, DC 20202
www.ed.gov

*The Department of Education's mission is to promote student achievement and preparation for global competitiveness
by fostering educational excellence and ensuring equal access*

we have to our taxpayers, students and institutions. With all that background in mind, we concur with the two recommendations in the Draft Flash Report and have taken steps to address both findings.

Regarding Recommendation 1.1, based on discussions with the Office of Postsecondary Education (OPE) and the Office of the General Counsel, my office, the Office of Finance and Operations (OFO), anticipates a steady decline in the number of HEERF audits being received for resolution, and we are continuing our progress in resolving matters and reducing a backlog. The last quarter (July – September) of the Federal Fiscal Year (FFY) 2023 showed a significant decline in the number of assigned HEERF audits (24) compared to the last quarter of FFY 2022 (82). Further, according to OPE's September 22, 2022, G5 data, 88 percent of all HEERF dollars had been expended (\$9 billion of \$75.4 billion unexpended), and as of September 28, 2023, 97.75 percent of all HEERF dollars were expended. With just 2.25 percent of funds being available for expenditure in FFY 2024 (\$1.7 billion of \$75.4 billion), we expect to see an accelerating decline in HEERF audits beginning in FFY 2024 and continuing thereafter.

Additionally, this month, the Grants Risk Management Services Division (GRMSD) will begin the audit intake process for the fiscal year (FY) 2021 and 2022 HEERF proprietary school audits. During the intake process, GRMSD staff will identify any audits with questioned costs and management will ensure the resolution of these audits are prioritized. Any FY 2021 or FY 2022 HEERF proprietary school audits with questioned costs will be assigned for resolution no later than the end of November 2023.

In response to Recommendation 1.2, we agree that GRMSD did not have an appropriate number of staff in FFY 2022 and 2023 to handle the FY 2021 and 2022 single audits and FY 2020, 2021 and 2022 proprietary school audits requiring resolution. As noted above, due to the sudden and unprecedented circumstances during this period, it was difficult to have an appropriate number of staff to handle this situation. We did receive some additional funds in FFY 2022 that were used for GRMSD staff to resolve the FY 2020 proprietary school audits by working overtime. GRMSD resolved 144 HEERF proprietary school audits working overtime, in addition to the 289 single audits resolved (433 total). We also requested and received additional funds for GRMSD staff to work overtime on audit resolution activities in Q4 of FFY 2023. The additional overtime hours worked last month (September) helped GRMSD resolve 75 single audits, more than double the number (34) of single audits it previously resolved in any month this past fiscal year. GRMSD resolved 333 single audits and 8 HEERF proprietary school audits (341 total) in FFY 2023.

OFO has requested additional overtime funds during the Continuing Resolution period in the amount of \$89,220 and are awaiting approval. OFO will also request additional overtime funds for GRMSD audit resolution activities in FFY 2024. At current staffing levels, provided we have an additional surge of overtime resources, we will continue working on the backlog to eliminate it as quickly as possible. We will continue to prioritize audit findings with questioned costs when making audit assignments and will manage the resolution of HEERF audits in the most responsible way possible with the resources we are provided, in addition to other responsibilities, including the Semi-Annual Report to Congress on Audits, the Office of

Bryon S. Gordon, Assistant Inspector General for Audit – Page 3 of 3

Management and Budget Compliance Supplement, and our Risk Management activities with High-Risk and At-Risk Grantees.