

24-May-21

**Integrity Monitor Firm Name: K2 Integrity**  
**Engagement: New Jersey Office of The Secretary of Higher Education's Integrity Oversight Monitorship**  
**Quarter Ending: June 30, 2021**

No.	Recipient Data Elements	Response	Comments
<b>A. General Info</b>			
1.	Recovery Program Participant	New Jersey Office of The Secretary of Higher Education	
2.	Federal Funding Agency (e.g., Section 5001 of CARES Act)	Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19	
3.	State Funding (if applicable)	N/A	
4.	Award Type	Sub-recipient grants from New Jersey Department of Treasury (DOT)	
5.	Award Amount	\$225,200,000	
6.	Accountability Officer	Angela M. Bethea, Assistant Secretary/CFO, Office of the Secretary of Higher Education	
7.	Brief Description, Purpose and Rationale of Integrity Monitor Project/Program	The New Jersey Office of The Secretary of Higher Education ("OSHE") received \$225 million in Federal Coronavirus Relief Funds ("CRF"), pursuant to a Memorandum of Understanding with the Treasurer of the State of New Jersey. From these funds, 100% have been allocated to public institutions and four-year public mission independent institutions to address the financial burdens as they provide high quality education in the State. On July 17, 2020, Governor Murphy signed Executive Order 166 ("EO 166"), which established the COVID-19 Compliance and Oversight Task Force (the "Taskforce") and the Governor's Disaster Recovery Office (GDRO). Under EO 166, any New Jersey State Agency receiving more than \$20 million in CARES Act funding may engage an Integrity Monitor in accordance with the IOM Guidelines.	
8.	Contract/Program Location (if applicable)	Office of the Secretary of Higher Education, 1 John Fitch Plaza, 10th Floor, PO Box 542, Trenton, NJ 08625-0542	
9.	Amount Expended by Recovery Program Participant to Date	\$225,199,085.00	
10.	Amount Provided to other State or Local Entities	All \$225,199,085 was provided to Institutions of Higher Learning in New Jersey	
11.	Completion Status of Contract or Program	31-Mar-21	
12.	Expected Contract End Date/Time Period	03/31/2021	
<b>B. Monitoring Activities</b>			
13.	If FEMA funded, brief description of the status of the project worksheet	N/A - The Grant Programs are not FEMA funded.	
<b>No. Recipient Data Elements</b>			
14.	Quarterly Activities/Project Description (include with specificity activities conducted, such as meetings, document review, staff training, etc.)	<p>K2 Integrity ("K2") was retained on or about December 24, 2020, to conduct a review of the use of federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funds for COVID-19 related programs by the New Jersey Office of the Secretary of Higher Education ("OSHE"). Specifically, OSHE received \$225,200,000 through a memorandum of understanding ("MOU") executed between the New Jersey Department of the Treasury ("Treasury") and OSHE for allocation among Institutions of Higher Education ("IHEs") in New Jersey. The \$225.2 million was awarded and distributed in two tranches; the first, in the amount of \$150 million, distributed between November 12 and December 4, 2020, and the second, in the amount of \$80 million (including \$5 million left over from the first tranche), distributed between December 21 and December 23, 2020. (Subsequent to the commencement of the IOM engagement, an additional \$200,000 was added to cover the balance of Tranche 2.) Of the \$225.2 million, \$225,199,085 was expended by the IHEs, resulting in approximately \$915 that OSHE anticipates will be returned to the Treasury Department.</p> <p>K2 submitted its first quarterly report detailing testing performed on nine sampled IHEs on March 30, 2021. At the time of K2's report, IHEs had approved budgets and subgrant agreements with OSHE; while interim reports for Tranche 1 were due to OSHE by March 17, 2021, interim reports for Tranche 2 were not due until March 31, 2021 and final reports for Tranche 1 and Tranche 2 were due on April 14 and April 28, 2021, respectively. K2's testing that was reported in the first quarterly report focused on approved budgets, IHE documentation detailing the expenditures, and allowability of the expenditures included in the budget. As agreed with OSHE, K2's first quarterly report did not include any review or testing of the interim or final reports, as they were not ready for review at the time of K2's first quarterly report submission. Since K2's first quarterly report submission, OSHE received Interim Reports and Final Reports, where applicable, for Tranche 1 and Tranche 2.</p> <p>Budgets approved by OSHE at the time of the subgrant agreement included total costs by budget category, financial impact narratives, and high-level detail of the expenditures for which the IHEs anticipated using the grant money. Interim Reports bridge the gap between approved budget and expenditures by providing itemized detail of the IHE expenditures from March 2020 through December 2020; the detail required by OSHE in the Interim Reports includes invoice number, invoice date, vendor, item/service description, amount paid, and payment date. Final Reports, with the same level of detail required as the Interim Reports, detail IHE expenditures from January 2021 through March 2021. Additionally, the IHEs are required to provide to OSHE copies of all receipts. For monies spent on salaries or benefits, detail is required on employee name, title, department, time period covered by grant funds, allocation of dedicated time to COVID activities, and salary/benefit amount. Salaries paid for administrators and executive staff are required to include additional time and effort documentation. For monies spent on refunds or scholarships, detail of the student's name, student's status, semester, amount and date of refund/scholarship, type of scholarship, and narrative description are required. IHEs which spent the entirety of their funding in the time period covered by the Interim Report, March through December 2020, were not required to provide a final report.</p> <p>In its quarterly report for Q-1 2021, K2 recommended an extension of the engagement, so that the IOM could incorporate a complete review of IHE reporting into the review of OSHE's allocation of the \$225 million in CRF to the IHEs. On or about April 19, 2021, OSHE and K2 entered into an extension agreement for this purpose. Pursuant to the extension agreement, K2 was required to submit a draft Q-2 quarterly report no later than close of business May 10, 2021; OSHE was to have until May 17, to review and respond to any findings in the Q-2 draft quarterly report; and K2 was required to submit the final Q-2 quarterly report by close of business May 25, 2021. K2 actually submitted its draft Q-2 quarterly report on May 10, 2021, and is submitting this final version of the Q-2 quarterly report on May 24, 2021. This final version of the report incorporates input received from OSHE regarding the draft report.</p> <p>Status of Reports/Limitations and Conditions</p> <p>K2 performed its testing on the Interim and Final Reports between April 22 and May 21, 2021. During this time, the Interim and Final Reports had been submitted to OSHE but not all were approved as final. OSHE had received the reports and was engaged actively with the IHEs to correct administrative errors, to readjust or receive additional clarification and justification for unapproved budget modifications, and to continue to collect documentation to ensure complete productions. No Interim Report or Final Report is considered final until approved and accepted as such by OSHE. Even after the acceptance of reports, OSHE continues to engage with the IHEs to make corrections and assure a high level of accuracy; that process is continuing past the</p>	

submission of this quarterly report.

OSHE's Report Review

For the Interim and Final Reports, OSHE created a standardized report template that was sent to all IHEs. This report included directions on where and how to input the data and the required detail for each type of expense, summary tabs showing budget vs. actual by budget category, and tabs for required itemized detail for all expenses. With the Interim and Final report submissions, IHEs were required to provide copies of all applicable receipts.

OSHE provided the IHEs a centralized email inbox to communicate with OSHE and submit reports and supporting documentation during the submission process. Once the IHEs submit the reports to OSHE, OSHE performs an array of detailed tests and analyses of the reports, including but not limited to:

- Comparing reported budgets to previously approved budgets for line-item modifications greater than \$10,000 that did not receive prior approval;
- Ensuring expenses fall within the appropriate expenditure period;
- Evaluating the allowability of the expenditures against stated acceptable uses;
- Reviewing itemized expenditures against received receipts for completeness;
- Inserting all invoice detail into a centralized database to perform duplicate testing; and
- Comparing the invoices and the reports to ensure the report data points are accurate.

OSHE communicates with the IHEs frequently after a report is submitted, in order to (where appropriate) seek revisions and updates to the reports.

OSHE Identified Issues with Interim and Final Reports

During K2's review period, OSHE was collaborating with many IHEs, including those in K2's testing group, to correct ongoing issues with the Interim and Final reports. The issues, including but not limited to, are detailed below. (IHEs are not being identified below by name, but rather are being identified by anonymous designations, such as "IHE #1," in accordance with the protocol for preparation of these quarterly reports.)

•Budget Modifications

oSeveral IHEs submitted Interim Reports detailing budgets with modifications greater than \$10,000 that were not submitted for approval prior to the production of the Interim Report. IHEs that wished to modify budget categories in excess of \$10,000 were required to submit the modifications in writing to OSHE. In these instances where the IHEs submitted Interim Reports with modifications greater than \$10,000 (detailed below), OSHE directed the IHEs to provide appropriate justification or revert to the original approved budget.

□ IHE #2 submitted a CRF I Interim Report showing a \$153,404 increase in salaries that was not approved by OSHE prior to the report submission; it has since been approved, based on the IHE's further justification provided to OSHE within the modification period.

□ IHE #4 submitted a CRF I Interim Report showing a \$68,547 increase in salaries and a \$30,555 increase in benefits that was not approved by OSHE prior to the report submission; it has since been approved, based on the IHE's further justification provided to OSHE within the modification period.

□ IHE #7 submitted a modified budget for CRF II showing a \$49,660 increase in salaries and a \$65,120 increase in communications/marketing. The modifications were approved prior to IHE #7's submission of its CRF II Interim Report, which mirrored the modifications.

□ IHE #5 submitted a modified budget for CRF I showing a \$13,191 increase in hardware. The modification was approved prior to IHE #5's submission of its CRF I Interim Report, which mirrored the modifications.

□ IHE #1 submitted a modified budget for CRF I showing a \$350,983 increase in salaries, an increase of \$76,678 in shipping, and an increase in \$11,660,072 in other expenses. The modifications were approved prior to IHE #1's submission of its CRF I Interim Report.

oThus, all of the above mentioned IHEs from the selected review group that had budget modifications ultimately demonstrated justification to OSHE and received OSHE's approval.

oit should be noted that none of these budget modifications increased the total amount of expenditures by the IHEs; it resulted only in the shifting of expenses from one category to another.

•Incorrect Data Entry

oIHEs, accustomed to dealing with Treasury's reporting requirements, input round dollar values rather than the actual amounts incurred. OSHE has requested these IHEs to correct the reports to reflect the amounts expended to the penny.

oThough OSHE provided thoroughly detailed instruction, some IHEs input data incorrectly, not in accordance with the instructions.

K2 Interim and Final Report Review

In its testing of the Interim and Final Reports, K2 performed the following:

- Compared the budgets set forth in Interim and Final Reports to approved IHE budgets for modifications greater than \$10,000;
- Reviewed selected budget categories in Interim and Final Reports (based on transaction testing previously performed) for adherence to OSHE requirements for report detail and supporting documentation; and
- Compared previously selected and reviewed transactions against report detail for accuracy and consistency of reporting.

K2 performed its Tranche I testing on Interim Reports accepted by OSHE for IHE #1, IHE #9, IHE #3, IHE #8, IHE #2, IHE #7, and IHE #4. The Interim Reports for these IHEs were accepted as Final Reports, because all of the funding was exhausted in 2020. Interim Reports submitted by IHE #5 and IHE #6 were reviewed by K2, but they have not yet been accepted by OSHE.

Additionally, IHE #5 will be required to submit a Final Report detailing 2021 Tranche I expenditures, but such was not available at the time of the Interim Report. IHE #6 will not be required to submit a Final Report for Tranche 1, as funds were exhausted in 2020.

K2 performed its Tranche II testing on Interim Reports accepted by OSHE for IHE #1, IHE #9, IHE #3, IHE #8, IHE #2, and IHE #7. The Interim Reports for these IHEs were accepted as Final Reports, because all of the funding was exhausted in 2020. Interim Reports submitted by IHE #4, IHE #5, and IHE #6 were reviewed by K2, but they have not yet been accepted by OSHE. IHE #4 and IHE #6 are required to submit Final Reports detailing Tranche II expenditures from 2021, but such were not available at the time of the Interim Report. IHE #5 is required to provide further justification for budget modifications in the Interim Report, as well as, a Final Report detailing Tranche II 2021 spending, but such was not available at the time of the Interim Report.

The Interim and Final Report testing K2 performed was done on a risk-based sample selection, based on our previous transaction testing, as described below.

•IHE #1

oK2 performed a review of the IHE #1 CRF I Interim Report budget categories salaries, benefits, hardware, and other expenses (refunds). K2 reviewed 18 transactions totaling \$4,184,307 (100% of the budget for hardware) and reviewed \$8,651,694, \$3,639,156, and \$12,424,238 in salaries, benefits, and other expenses (refunds), respectively, on a sample basis. Additionally, K2 reviewed costs associated with budget modifications; K2 selected 15 out of 29 transactions for testing of the budget modifications. In total, K2 reviewed or sampled transactions in budget categories comprising 99% of IHE #1's total CRF I budget.

oK2 performed a review of the IHE #1 CRF II Interim Report budget category refunds. K2 reviewed, on a sample basis, selected transactions from the \$11,519,555 in refunds, which encompasses 100% of IHE #1's total CRF II budget.

•IHE #9

oK2 performed a review of the IHE #9 CRF I Interim Report hardware budget category; K2 reviewed approximately 5 transactions for hardware totaling \$93,928, encompassing 100% of IHE #9's total CRF I budget.

oK2 reviewed, on a sample basis, selected transactions from the \$1,608,217 in refunds in IHE #9 CRF II Interim Report, which was the entirety of IHE #9's CRF II budget.

		<p>•IHE #6  ok2 performed a review of the IHE #6 CRF I Interim Report budget categories of consulting, software, and subscriptions. K2 reviewed 3 transactions totaling \$11,340 or 90% of the budget for consulting, 9 transactions totaling \$54,318 or 92% of the budget for software, and 4 transactions totaling \$25,759 or 100% of the budget for subscriptions. In total, K2 reviewed 70% of IHE #6's total CRF I budget.</p> <p>ok2 performed a review of selected transactions within the IHE #6 CRF II Interim Report budget categories salary and benefits. Salary and benefits, with budgets of \$122,086 and \$33,330 respectively, encompassed 64% of IHE #6's total budget for CRF II.</p> <p>•IHE #5  ok2 performed a review of the IHE #5 CRF I Interim Report budget categories salaries, benefits, hardware, and other expenses. K2 reviewed 1 invoice totaling \$15,224 or 17% of the budget for hardware, 23 transactions totaling \$67,967 or 100% of the budget for other expenses, and reviewed \$604,419 and \$249,734 in salaries and benefits, respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 65% of IHE #5's total CRF I budget.</p> <p>ok2 performed a review of the IHE #5 CRF II Interim Report budget categories salaries, benefits, equipment rental/purchase, communications/marketing, software, and other expenses. K2 reviewed 6 transactions totaling \$60,077 or 89% of the budget for equipment rental/purchases, 2 transactions totaling \$25,960 or 65% of the budget for communications/marketing, 5 transactions totaling \$89,015 or 96% of the budget for software, 1 invoice totaling \$32,500 or 85% of the budget for other expenses, and reviewed \$914,392 and \$89,653 in salaries and benefits, respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 73% of IHE #5's total CRF II budget.</p> <p>•IHE #8  ok2 performed a review of the IHE #8 CRF I Interim Report budget categories materials and supplies and equipment rentals/purchases. K2 reviewed 5 transactions totaling \$81,855 or 100% of the budget for materials and supplies and 1 invoice totaling \$13,324 or 100% of the budget for equipment rental/purchases. In total, K2 reviewed 100% of IHE #8's total CRF I budget.</p> <p>ok2 performed a sample review of selected transactions within the IHE #8 CRF II Interim Report budget category refunds. K2 reviewed \$1,421,051 in refunds on a sample basis, which encompasses 100% of IHE #8's total CRF II budget.</p> <p>•IHE #3  ok2 performed a review of the IHE #3 CRF I Interim Report budget categories salaries and materials and supplies. K2 reviewed 40 transactions totaling \$63,970 or 69% of the budget for materials and supplies; K2 also reviewed \$3,509,181 in salaries on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 99% of IHE #3's total CRF I budget.</p> <p>ok2 performed a review of the IHE #3 CRF II Interim Report budget category refunds. K2 reviewed \$1,410,928 in refunds on a sample basis, which encompasses 100% of IHE #3's total CRF II budget.</p> <p>•IHE #7  ok2 performed a review of the IHE #7 CRF I Interim Report budget category materials and supplies. K2 reviewed 2 transactions totaling \$45,468 or 100% of the budget for materials and supplies, which encompasses 100% of IHE #7's total CRF I budget.</p> <p>ok2 performed a review of the IHE #7 CRF II Interim Report budget categories salaries, benefits, materials and supplies, communications/marketing, software, hardware, and other expenses. K2 reviewed 10 transactions totaling \$117,414 or 52% of the budget for materials and supplies, 3 transactions totaling \$79,650 or 100% of the budget for communications/marketing, 3 transactions totaling \$50,850 or 78% of the budget for software, 4 transactions totaling \$49,395 or 62% of the budget for hardware, 4 transactions totaling \$33,820 or 71% of the budget for other expenses, and reviewed \$146,128 and \$14,612 in salaries and budgets, respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 74% of IHE #7's total CRF II budget.</p> <p>•IHE #4  ok2 performed a review of the IHE #4 CRF I Interim Report budget categories salaries, benefits, consultant services, equipment rental/purchase, and other expenses (refunds). K2 reviewed 7 transactions totaling \$113,109 or 64% of the budget for consultant services, 3 transactions totaling \$741,118 or 100% of the budget for equipment rental/purchases, and reviewed \$522,098, \$176,171, and \$189,322 in salaries, benefits, and refunds, respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 90% of IHE #4's total CRF I budget.</p> <p>ok2 performed a review of the IHE #4 CRF II Interim Report budget category other expenses. K2 reviewed \$2,599,000 in other expenses (scholarships) on a sample basis. In total, K2 reviewed or sampled transactions in a budget category comprising 100% of IHE #4's total CRF II budget.</p> <p>•IHE #2  ok2 performed a review of the IHE #2 CRF I Interim Report budget categories salaries, materials and supplies, equipment rental/purchase, and other expenses. K2 reviewed 14 transactions totaling \$153,828 or 55% of the budget for materials and supplies, 3 transactions totaling \$180,857 or 98% of the budget for equipment rental/purchases, and reviewed \$5,764,678 and \$1,473,004 in salaries and other expenses (refunds), respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 94% of IHE #2's total CRF I budget.</p> <p>ok2 performed a review of the IHE #2 CRF II Interim Report budget categories salaries and benefits. K2 reviewed \$2,177,991 and \$179,804 in salaries and benefits, respectively, on a sample basis. In total, K2 reviewed or sampled transactions in budget categories comprising 100% of IHE #2's total CRF II budget.</p>	
15.	Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.	As part of the transaction testing and monitoring activities, K2 Integrity reviewed information and documents provided by OSHE regarding its allocation of the CRF, the application for those funds by IHEs, the actual use of the funds by IHEs, the monitoring of the IHEs by OSHE, the maintenance of appropriate record keeping by OSHE and the IHEs, and the other functions referenced above in Section 14. Please see Section 14 above to review the project description and specific activities completed in conjunction with these activities. Please see Section 19 for a detailed description of transaction testing and findings.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	The programs reviewed are grant disbursement programs, whereby CRF were allocated to IHEs by OSHE, and did not involve any procurement activities by OSHE. Please see Section 14 above to review the project description and specific activities completed in conjunction with K2 Integrity's monitoring activities. Please see Section 19 for a detailed description of transaction testing and findings.	
17.	Has payment documentation in connection with the contract/program been reviewed? Please describe	K2 Integrity reviewed substantial documentation regarding OSHE's CRF grant program and regarding how selected IHEs used the funds. Please see Section 14 above to review the project description and specific activities completed in conjunction with K2 Integrity's monitoring activities, and Section 19 below for a detailed description of findings.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Please see Section 14 above to review the project description and specific activities completed in conjunction with the completion of a risk assessment for and monitoring of OSHE's CRF program. Please also see Section 19 for a description of findings.	

19.	Provide details of any integrity issues/findings	<p>In performing the monitoring activities described above, K2 Integrity continued to observe, as we did in Q-1, OSHE's strong commitment of OSHE to the important mission of providing higher education in New Jersey to a diverse array of both full-time and part-time students in full-time public and private IHEs and community IHEs, and also a strong commitment to the appropriate use of the CRF allocations to mitigate the financial hardships to the IHEs and their students caused by the pandemic.</p> <p>Summary of Findings</p> <p>From our review of the reporting of the sampled transactions, we found the following instances of non-compliance with the line-item reporting requirements.</p> <p>IHE #1 - K2 determined that IHE #1 did not comply with the following instructions:</p> <p>1.CRF I - Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems</p> <p>2.CRF II - The total spent for refunds exceeds the total budgeted amount by approximately \$1,921. IHE #1 submitted a revised report fixing this issue.</p> <p>IHE #2 - K2 determined that IHE #2 did not comply with the following instructions:</p> <p>1.CRF I - Annual salary was not present for two individuals; "part-time" was included in the Annual Salary column; Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems; "P-card" was input rather than the invoice number for certain transactions. (IHE #2 submitted a revised report fixing this issue.); Invoice dates were not correctly input; a broken formula in the Invoice Date column resulted in "REF" appearing in the data cell; Support for a charge from Aramark was not provided.</p> <p>2.CRF II - Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems; the type of benefit was not identified in the Benefit Detail tab but was entered as "General Fringe Benefits".</p> <p>IHE #3 - K2 determined that IHE #3 did not comply with the following instruction:</p> <p>1. CRF I - Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems.</p> <p>2. CRF II - No narrative description is present in Column H of the Refund Detail tab.</p> <p>IHE #4 - K2 determined that IHE #4 did not comply with the following instructions:</p> <p>1.CRF I - Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems; Refund itemized detail was input on the Itemized Expenses tab rather than the Other Expenses tab; Refund itemized detail was not provided as instructed but was produced in a separate file that did not contain all of the required detail.</p> <p>2.CRF II - Scholarship detail was input on the Itemized Expenses tab rather than the Other Expenses tab as per the instructions.</p> <p>IHE #5 - K2 determined that IHE #5 did not comply with the following instructions:</p> <p>1.CRF I - No annual salary provided for employees in the Benefits Detail tab; Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems.</p> <p>2.CRF II - No annual salary provided for employees in the Benefits Detail tab; No justification provided for how the employees' work was tied to Covid in column I of the Benefits Detail tab; Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems.</p> <p>IHE #6 - K2 determined that IHE #6 did not comply with the following instructions:</p> <p>1.CRF I - A consultant service invoice was seemingly included twice, once in the itemized expense tab and a second time in the other expenses tab; On the Itemized Expenses tab, invoices for 2021 are not rolling into the sum total of actual costs in the Budget Summary tab. However, this may be due to the fact that the expenses were incurred in 2021, rather than 2020 (the interim report expenditure period); The invoice numbers noted in the itemized expenses are the purchase order number.</p> <p>2. CRF II - Time and Effort documentation was not provided for positions that seemingly would have required it based on guidance from the 2018 Standard Occupational Classification Systems</p> <p>IHE #7 - K2 determined that IHE #7 did not comply with the following instructions:</p> <p>1.CRF II - Two expenditures from outside of the expenditure period were included on the report. However, this appears to have been corrected in the final version of the report; On the Itemized Expenses tab, invoices for 2021 are not rolling into the sum total of actual costs in the Budget Summary tab. However, this may be due to the fact that the expenses were incurred in 2021, rather than 2020 (the interim report expenditure period); Various PPE charges do not include the Invoice Number; One charge is missing the payment date.</p> <p>The other two IHEs included in our sampling, IHE #8 and IHE #9, complied with line-item reporting requirements for the sampled transactions.</p> <p>These findings have been shared with OSHE. Some had already been detected by OSHE in its ongoing review of IHE reporting, which remains in progress as of the time of this interim report.</p> <p>OSHE has informed us that they will incorporate all findings into its review of the IHE reports.</p> <p>Recommendation</p> <p>OSHE has robust requirements in place to require that the IHEs demonstrate in Interim Reports and Final Reports that they have made appropriate use of CARES Act funds, and robust processes in place to review the IHE Interim Reports and Final Reports. The processes are well-designed to identify and address the kinds of findings that are referenced above, in connection with the sample of transactions selected by K2 for testing. OSHE will not accept as final an IHE report that is not fully compliant with the reporting requirements and has informed the IHEs that non-compliance can lead to a need to repay CARES Act funds.</p> <p>We did observe a number of unilateral budget modifications by IHEs for which they should have but did not seek timely approval by OSHE. As we did in the first quarterly report, K2 recommends that OSHE consider the implementation of ongoing monitoring of IHE spending, including interim reporting by the IHEs early in and throughout the spending period in order to ensure ongoing compliance and detect budget modifications where OSHE approval should be sought. In the first quarterly report, K2 observed that the lack of such ongoing monitoring and interim reporting may arise from the lack of staffing to manage the ongoing monitoring function. Therefore, consideration should be given to augmenting OSHE's staff with personnel who could perform this function.</p>	<p>Please note our office is currently reviewing all interim and final report submissions for both CRF I and II. As we complete this work we are continuing to follow up with institutions to ensure all expenditures are accurately documented and all requested detail is provided. There is ongoing communications with institutions to continue to collaborate on finalizing all reports and approving the final submissions.</p> <p>IHE #1</p> <p>1. CRF I - Numerous errors were made throughout the reports, including duplicated invoices and salary/benefits listings. An email was sent to the institution outlining next steps to correct the issues by 7/30/21. Once the correct interim report is received, the institution will receive further instruction to revise and resubmit their final report.</p> <p>2. CRF II - A budget modification was requested and the change is reflected in the updated report. However, further review of the report is necessary to ensure that the same mistakes made on the CRF I report are not repeated on the CRF II reports.</p> <p>IHE #2</p> <p>1. CRF I - The institution has submitted a corrected file with the salary for the two individuals previously missing this information; further correction has been requested for the employees listed as "part-time". Per OSHE's discretion, time and effort was not required for the titles listed. Institutions are required to maintain time and effort for all employees and have it available by request from OSHE within 5 business days. Corrections were requested and received providing the invoice number for all transactions previously listed as "P-card". Corrections were requested and received providing the invoice date for all transactions previously listed as "REF". OSHE is currently in the process of reviewing receipts and requesting any outstanding documentation including that for Aramark.</p> <p>2.CRF II - OSHE will be requesting time and effort for the employee listed as an Associate Dean; per OSHE's discretion, time and effort was not required for the other titles listed. Institutions are required to maintain time and effort for all employees and have it available by request from OSHE within 5 business days. OSHE has requested the institution provided specific details per employee as to the type of benefit being covered.</p> <p>IHE #3</p> <p>1. CRF I - Time and effort documentation has been provided and is being reviewed for completeness.</p> <p>2. CRF II - There is no requirement to provide a narrative description for the Refund Detail tab.</p> <p>IHE #4</p> <p>1. CRF I - Time and effort has been requested from the institution for all qualifying positions. The institution has been notified and an updated report has been requested reflecting the refund charges listed in the correct place (Other Expenses) and provided a full detailed list of refunds provided by student as originally requested.</p> <p>2. CRF II - The institution has been notified and an updated report has been requested reflecting the scholarship charges listed in the correct place (Other Expenses) and provided a full detailed list of scholarships provided by student as originally requested.</p> <p>IHE #5</p> <p>1. CRF I - There was no requirement to provide annual salary on the "Benefit Detail" tab. Per OSHE's discretion, time and effort was not required for the titles listed. Institutions are required to maintain time and effort for all employees and have it available by request from OSHE within 5 business days.</p> <p>2. CRF II - There was no requirement to provide annual salary on the "Benefit Detail" tab. The institution has been notified and a corrected report has been requested listing the requested justification per employee for the "Benefit Detail" tab. OSHE will be requesting time and effort for all applicable positions not currently provided.</p> <p>IHE #6</p> <p>1. CRF I - Institution has been notified that a correction is needed and that invoices should not be duplicated. Institution has been notified that they included expenses outside of the expenditure reporting period and an updated report has been requested to resolve the issue where expenditures not appearing in the summary. Institution has been notified that they must provide the invoice number for the transaction and not the PO number has currently</p>
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			<p>listed</p> <p>2. CRF II - Per OSHE's discretion, time and effort was not required for the titles listed. Institutions are required to maintain time and effort for all employees and have it available by request from OSHE within 5 business days.</p> <p>IHE #7</p> <p>1. CRF I - The institution has been notified that they included expenditures outside of the reporting period and an updated report has been submitted reflecting the correct dates. This corrects the issues with expenditures not being included in the summary. The institution has been notified and an updated report has been requested listing the missing.</p>
20.	Provide details on any other items of note that have occurred in the past	All items of note occurring in Q-2 2021 are reported above. For items of note occurring in the past, please see our report for Q-1 2021.	
21.	Provide details of any actions taken to remediate waste, fraud and abuse	All such activities performed in Q-2 2021 are reported above.	
No.	Recipient Data Elements	Response	Comments
<b>C. Miscellaneous</b>			
22.	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review	Martin Aronchick - 4.25 hours; Dana Ball - 29.25 hours; Naomi Gonzalez - 14.75 hours; Kyle Paul - 16 hours. Total: - 64.25 hours.	
23.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	Nothing to add here.	

Name of Integrity Monitor: K2 Integrity      Name of Report Preparer: Martin C. Aronchick

Signature: \_\_\_\_\_

Date: May 24, 2021

*Martin C. Aronchick*