



# TEXAS HIGHER EDUCATION COORDINATING BOARD

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November 5, 2010

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Angelina College  
3500 S. First Street  
Lufkin, TX 75904

ATTN: Mr. Steven Watters, Vice President Business Services

SUBJ: On-site Monitoring Report for American Recovery and Reinvestment Act (ARRA), State Fiscal Stabilization (SFSF), Government Services Fund, Subrecipient award

REF: (a) THECB ARRA Notice of Grant Award No. 3744  
(b) USDE Prime Award No. S397A090044

Dear Mr. Watters,

The Texas Higher Education Coordinating Board (THECB) has engaged the firm of Clifton Gunderson LLP to conduct on-site monitoring on the above referenced grant subaward. Clifton Gunderson has completed the site visit and reported to the THECB all observations based on an agreed-upon set of procedures, both of which have been incorporated into the monitoring report.

You will find attached for your review the final report of that monitoring effort, with the following test results requiring Angelina College's management response:

- Step 3.a: Angelina College does not have written procedures to ensure it complies with the requirements of the federal Cash Management Improvement Act (CMIA).
- Step 3.a: Angelina College does not have written procedures covering general accounting, or grant activities.
- Step 3.d: Angelina College does not have written procedures to ensure compliance with the period of availability of federal funds.
- Step 5.d: Angelina College did not have written inventory procedures.

Your written response is requested within ten (10) business days of receipt of this letter to (a) confirm receipt of the THECB's monitoring report, and (b) provide management's response relevant to the above on-site monitoring observations.

The THECB greatly appreciates the opportunity to work with your staff in this endeavor and the commitment your institution has made to ensure this ARRA project met its requirements of accountability and transparency. If you have any questions or need additional information, please do not hesitate to contact me directly at the numbers listed below.

Sincerely,

Dan Griffiths  
Director, ARRA Grants Program  
(TEL) 512.427.6118  
(EML) [dan.griffiths@thecb.state.tx.us](mailto:dan.griffiths@thecb.state.tx.us)

ATTCH

## Griffiths, Dan

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**From:** Rebecca Allen [rallen@angelina.edu]  
**Sent:** Thursday, December 02, 2010 4:02 PM  
**To:** Griffiths, Dan  
**Subject:** THECB ARRA Grants Program: On-Site Monitoring Report for Angelina College  
**Attachments:** Attachment A.pdf; Attachment B.pdf; Attachment C.pdf

**THIS EMAIL IS SENT ON BEHALF OF LARRY PHILLIPS, PRESIDENT OF ANGELINA COLLEGE:**

Mr. Griffiths—We offer the following management response to the final ARRA Monitoring Report. We hope that these responses reflect our sincere desire to meet all requirements of this unsolicited ARRA subaward from the State insofar as we understand the documents and procedures being requested by the auditor. Please call me at 936.633.5201 if you need additional information or responses.

**Step 3.a: Angelina College does not have written procedures to ensure it complies with the requirements of the federal Cash Management Improvement Act (CMIA).**

When we received the initial document request list for the site monitoring visit, we consulted with our external auditors regarding the need for procedures covering the Cash Management Improvement Act. They advised us that the CMIA did not apply to Angelina College as a community college.

**Step 3.a: Angelina College does not have written procedures covering general accounting, or grant activities.**

The initial document request list specified written procedures related to grant management (“if you have them”). It was our understanding that the auditor from Clifton Gunderson LLP was only requesting written grant related procedures as opposed to procedures for general accounting activities. Based on his emails, we did not think it was going to be a problem. **See Attachment A.** We do have written general accounting procedures. Some are included in our Policies and Procedures Manual which is available online. The notes to our audited financial statements include a summary of accounting policies including the valuation of assets/equipment as well as a statement that separate accounts are maintained for different grant awards for proper segregation of grant funds. The auditor was provided with a copy of these financial statements. Other procedures are maintained by business office employees as they relate to their various job duties. We are currently in the process of updating the Business Office Procedures Manual to reflect all current procedures and to include grant related procedures.

**Step 3.d: Angelina College does not have written procedures to ensure compliance with the period of availability of federal funds.**

Although we maintain a schedule which is reviewed regularly by management to ensure that grant funds will be spent within the grant period, we were not aware that written procedures were required. Such procedures will be included in the grant related procedures that are currently being developed. **See Attachment B.**

**Step 5.d: Angelina College did not have written inventory procedures.**

We do not recall the auditor asking us for written inventory procedures. He did ask for the inventory listing which we provided. Angelina College does have written inventory procedures. **See Attachment C.**

Dr. Larry Phillips

ANGELINA COLLEGE  
INVENTORY VERIFICATION PROCEDURES

1. The inventory sheets are sorted by custodian (Budget Manager):
2. Begin by comparing the inventory sheet to furniture and equipment items located within the appropriate building.
3. The decal # on the inventory sheet should correspond to the decal # physically affixed to the asset. If it does and the description and room # are accurate, place a red check to the left of the item.
4. Exceptions:
  - A. Lost/stolen items – if you know by the description that the asset has been lost or stolen, please indicate “Lost/Stolen” in RED on the right side of the line item.
  - B. Auction – if item was removed to be sold at auction indicate “Auction” in RED.
  - C. Cannibalized – If the asset has been disassembled for parts used to repair other assets, indicate “Cannib.” in RED.
  - D. Asset Moved - Please make every attempt to locate the correct building and room # and change building # and room # in RED.
  - E. Description incorrect – You may change the description of an item if grossly incorrect. However, do not change the decal #.
  - F. Capital item not decaled – Please add to the bottom of list with appropriate room # in RED, and include date purchased, vendor, P.O. #, and as much other information as you have. **REMEMBER, the cost of decaled items should be \$1000 or more.**
  - G. One decal/more than one asset – If one decal # has been assigned numerous identical assets, simply note the total # of assets in the description area.
  - H. “T” Decal numbers – These items have a T number instead of a decal #. Please replace the T number with the decal number which is affixed to the item. If no decal # is affixed, please call Elbert Poulan at x5313 to get a decal number assigned to the asset.
5. In order for the Business office to make necessary corrections, return all sheets by **July 1, 2010**. we have a copy of what was distributed, so all lists must be returned even if no corrections are required.

Please sign all lists. Your signature is verification to auditors that a physical inspection has been made of the assets listed.

Any questions should be referred to Cristy Brecheen or me.