



# TEXAS HIGHER EDUCATION COORDINATING BOARD

P.O. Box 12788 Austin, Texas 78711

December 1, 2010

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Blinn College  
201 Old Main Building  
902 College Avenue  
Brenham, TX 77833

ATTN: Mr. Van Miller, Vice President of Administrative 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. 3584  
(b) USDE Prime Award No. S397A090044

Dear Mr. Miller,

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 award. 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 Blinn College's management response:

- Step 3.a: Financial and grant management processes do not directly address the requirements of the federal Cash Management Improvement Act (CMIA).
- Step 3.b: While the financial system of record requires separate department numbers for grant funds that allows for separate reporting, Blinn College did not actually segregate the ARRA grant funds from other sources of funding for the project, which had multiple sources. This is a significant observation and may require corresponding adjustments to ensure ARRA federal funds are properly segregated as required.
- Step 3.e: Blinn College has written procedures for reconciling grant financial information to the general ledger, but not to supporting documentation.

Step 5.a: Administrative procedures to ensure compliance with federal and state procurement and contracting laws do not directly address suspension and debarment.

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@theccb.state.tx.us](mailto:dan.griffiths@theccb.state.tx.us)

ATTCH



December 6, 2010

Mr. Dan Griffiths  
Director, ARRA Grants Program  
Texas Higher Education Coordinating Board  
P.O. Box 12788  
Austin, Texas 78711

RE: THECB ARRA Grant Award Number 3584

Dear Mr. Griffiths;

This letter is in response to the on-site monitoring visit report concerning Blinn College's ARRA Grant Award dated December 1, 2010.

**Management's Response**

**Step 3.a: Cash Management Improvement Act (CMIA)**

Blinn College states in its Grants and Contracts Policy (Revised 04/2009) under 14.1 Intent that:

*"The College District shall maintain its financial records and submit reports in accordance with the regulations as set forth from the various agencies from which grants have been awarded."*

All local, state, and federal grant awards that Blinn College receives are governed by the laws and regulations pertaining to each local, state, and federal funding source. The state and federal awards received are governed by the cost principles set forth in the Office of Management and Budget (OMB) Circulars which includes OMB A-133 (including the requirements of CMIA). Contracts and NOAs are standard documentation that details out the funding agency's rules and regulations which Blinn College adheres to. As a result, management believes that the College's Grants and Contracts Policy is adequate.

**Step 3.b: Segregation of ARRA Grant Funds:**

The revenue portion of the ARRA grant funds were recorded in a separate accounting budget code. The funds were separated out from other revenue funds the college received. The expenditure side of the grant funds were not segregated in the traditional sense due to the enormity of the project the ARRA funds were designated to support. The funds supported the college's Student Information System Migration project. The budget for the migration project was notated in the ARRA application as four million dollars. The \$384,254 was a supplemental revenue source for this project. The ARRA expenditures were recorded in the same budget code as the migration project to allow Blinn College to recognize the total expenditures of the project for the fiscal year. Segregating the funds out would have carried a burden of realizing the true cost of the project for the year. By recording the ARRA receipts in a separate accounting budget code, management believes that the funds were properly segregated.

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**Step 3.e: Supporting Documentation**

Our grant accounting practice is to reconcile all of the accounts to the general ledger and to the supporting documentation. Blinn College will amend its language in the Grants and Contracts Policy Manual to include the wording "*and supporting documentation*".

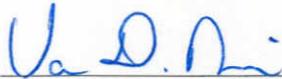
**Step 5.a: Suspension and Debarment**

Management is in agreement that the written procedures do not include the compliance issue of suspension and debarment. Management will incorporate this procurement standard into its written procedures.

Thank you. If you have any questions or need additional information please contact Lynn Childs at 979-830-4124.



Lynn Childs  
Accounting Manager



Van D. Miller, Ed.D.  
Vice President Administrative Services

CC: Thomas Brazzel, Director of Accounting Blinn College