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December 20, 2010

Paris Junior College
2400 Clarksville Street
Paris, TX 75460

ATTN: Ms. Keitha Carlton, Controller

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. 3620
(b) USDE Prime Award No. S397A090044

Dear Ms. Carlton,

The Texas Higher Education Coordinating Board (THECB) has engaged the firm of Clifton Gunderson LLP to conduct on-site monitoring of the above referenced (a) 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 Paris Junior College's management response:

Step 3.a: Fiscal policies and procedures do not directly address the requirements of the federal Cash Management Improvement Act (CMIA).

Step 3.d: Financial and grant management processes do not directly address period of availability requirements for federal funds.

Step 3.e.i: Paris College did not have specific written procedures to ensure that reconciliations of financial status reports to supporting documentation take place, however, reconciliations are performed. Recommend adding reconciliation process to written procedures.

Your written response is requested within fifteen (15) 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.

In addition, please be advised that in the interest of increased transparency under ARRA, the U.S. Department of Education has requested that the THECB post all monitoring reports and management responses to its ARRA grants program website.

The THECB sincerely 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

ATTCH

Paris Junior College

SINCE 1924

January 6, 2011

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

Mr. Griffiths:

Paris Junior College has received THECB's monitoring report and provides the following response from management regarding the observations made in the report.

Step 3.a: Fiscal policies and procedures do not directly address the requirements of the federal Cash Management Improvement Act (CMIA).

Response: Paris Junior College will update policies and procedures with the following language to directly address the requirements of the federal Cash Management Improvement Act (CMIA).

Refer to 31 CFR Part 205 of the Federal Register, "Rules and Procedures for Efficient Federal-State Funds Transfers; Final Rule", for requirements of the federal Cash Management Improvement Act (CMIA).

Step 3.d: Financial and grant management processes do not directly address period of availability requirements for federal funds.

Response: Paris Junior College will add the following language to procedures to directly address the period of availability requirements for federal funds.

As per 2 CFR 215.28 and 34 CFR 80.23: Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

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Step 3.e.i: Paris Junior College did not have specific written procedures to ensure that reconciliations of financial status reports to supporting documentation take place, however, reconciliations are performed. Recommend adding reconciliation process to written procedures.

Response: Paris Junior College will update written procedures to include documentation stating that reconciliations of financial status reports to supporting documentation are performed.

Reconciliations of the financial status reports to supporting documents should be prepared on a timely basis, generally on a monthly basis.

Thank you,

Keitha Carlton

Keitha Carlton
Controller
2400 Clarksville Street
Paris, TX 75460
903.782.0289