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January 21, 2011

Texas A&M University – Health Sciences Center
301 Tarrow Street, John B. Connally Bldg.
College Station, TX 77840-7896
ATTN: Mr. Jeffery Burton, Associate V.P. and Controller

SUBJ: Desk Review 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. 3739
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Mr. Burton,

The Texas Higher Education Coordinating Board (THECB) has conducted a desk review of the referenced (a) subaward, and you will find attached for your review and comment the final report of that monitoring effort, with no areas of testing requiring follow-up from your institution:

Your response via email is requested within fifteen (15) business days of receipt of this letter to: (a) confirm receipt of the THECB's desk review monitoring report; and, (b) provide a follow-up response and any additional comments relevant to the monitoring activities.

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 has 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

Subrecipient:	Texas A&M University System Health Science Center
NOGA:	**3739**
Amount of Award:	$1,000,000
Period of Performance:	October 01, 2009 to August 31, 2011
EIN:	37097097093
DUNS:	835607441

Y/N	Desk Review Item
N	1. **Does the subrecipient have an A-133 Audit on file that is <u>free</u> of any <u>significant deficiencies</u>?** Search the Federal Audit Clearinghouse to determine availability of latest information for community colleges at http://harvester.census.gov/sac/, or the SAO Federal Portion of the Statewide Single Audit Report for universities and state agencies at http://www.sao.state.tx.us/Reports/report.cfm/report/10-339. Review Data Collection Form (OMB No. 0348-0057) Parts II (Financial) and III (Federal Programs) for risk assessment, deficiencies, or material weaknesses.
Y	2. **If "No" to #1, is there a Management Response and/or a Corrective Action Plan on file?**
Y	3. **Are all equipment purchases over $5,000 accounted for on subrecipient's inventory list?** Check that equipment items purchased with ARRA funds are documented on the institution's inventory list and designated as ARRA purchases. Test all equipment items, up to ten items. If more than ten items have been purchased, test the ten most expensive.
Y	4. **Is the subrecipient's reported jobs data <u>free</u> of errors?** Reconcile jobs data (retained and/or created as required) submitted to date with subrecipient time sheets or effort reports that verify accuracy of "actual hours worked" information. Test 50% of all subrecipient reports, up to five reports. If more than five reports have been submitted, sample the most recent five reports.
Y	5. **Is the subrecipient following their approved budget plan?** Compare actual expenditures to the approved budget; determine if 10% of the total project expenditures are over/under budget and if a budget modification is required.
Y	6. **Has the subrecipient been consistent with submitting quality supporting data with their reimbursement requests?** This refers to quality of data, need for repeated requests for clarification, and time needed for subrecipient to respond to requests for additional data.

Desk Review Evaluation

NOGA# **3739**

Question	Subject	Answer	Weight	Data Input	Risk
1	A-133	Y	0	N	50
		N	50		
2	CAP	Y	0	Y	0
		N	50		
3	Reporting	Y	0	Y	0
		N	50		
4	Jobs	Y	0	Y	0
		N	50		
5	Budget	Y	0	Y	0
		N	50		
6	Source	Y	0	Y	0
		N	50		
				TOTAL	**50**

Higher points = greater risk
Maximum points = 300
Requires further monitoring (high risk @ 60%) = 200-300 range

Texas Higher Education Coordinating Board
ARRA Grants Program
Desk Review Details and Approvals

Date of Review	Initial THECB Reviewer
9/22/2010	Johnnie Johnson
Item #	**Comments/Observations**
1	A review of the A-133 filing certification indicated significant deficiencies. A Copy of The State of Texas filing certification is on file.
2	Copies of findings noted from the Federal Portion of the State wide audit and Management Responses and Corrective Action Plans are on file.
3	Reviewed the reimbursement documentation submitted with the one Reimbursement Request which included a request for equipment reimbursement. The documentation verified purchases and payments and the amounts reconciled to the equipment amount requested. A request for additional information which included an inventory listing for ARRA funded purchases was received and examined. The documentation submitted by the subrecipient verified that capital equipment purchases with ARRA funds, as reported by the subrecipient, were documented on the institution's inventory list and designated as ARRA purchases.
4	In an effort to verify that hours data was correctly reported, a sample of four Reimbursement Requests representing 50% of the year-to-date requests submitted was chosen. Supporting documentation submitted with each monthly request was reviewed. The documentation reviewed validated time and effort and matched the hours reported in the chosen sample. An Excel worksheet verifying actual hours reported and the supporting documentation are on file. Requested information to clarify a minor inconsistency on the cover sheets for the months of July and August 2010. An explanation and a corrected August 2010 cover page was submitted and accepted. Copies of additional documentation submitted by the subrecipient are on file.
5	Based on the budget information in the ARRA Financial Tracker, the approved budget plan was followed and the project expenditures were not over or under the 10% requirement. There was no indication of a budget modification required.
6	Reviewed four Reimbursement Requests representing approximately 50% of the year-to-date Reimbursement Requests submitted. No significant issues were found regarding quality of data and necessity for additional information.
Date Review Completed	**THECB Reviewer Signature**
12/28/2010	
Date Closed	**THECB Approval Signature**

APPROVED
By Dan Griffiths at 3:04 pm, Jan 21, 2011