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December 20, 2010

Temple College
2600 South First Street
Temple, TX 76504

ATTN: Mr. Wayne Criswell, V.P. 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. 3633
(b) USDE Prime Award No. S397A090044

Dear Mr. Criswell,

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 Temple 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.

Step 3.e.i: Temple College did not have specific written procedures to ensure that reconciliations of financial status reports to supporting documentation take place.

Step 5.a: Administrative procedures and policy manual does not directly address the allowability of activities and costs, or suspension and debarment.

Step 5.c.ix: Three (3) tested expenditures were inaccurately recorded; adjustments/corrections are recommended in order to reconcile these expenses.

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

TEMPLE COLLEGE

2600 SOUTH FIRST STREET • TEMPLE, TEXAS 76504-7499
(254) 298-8282 • www.templejc.edu

February 28, 2011

Texas Higher Education Coordinating Board
P.O. Box 12788
Austin, Texas 78711

ATTN: Dan Griffiths, Director, ARRA Grants Program

SUBJ: Written Management Response to the 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. 3633
(b) USDE Prime Award No. S397A090044

Dear Mr. Griffiths,

We have received the final report for the Texas Higher Education Coordinating Board (THECB) monitoring effort completed by Clifton Gunderson after their site visit concerning the above referenced (a) grant subaward. As requested we are including our written management response to the on-site monitoring observations.

You will find below and attached for your review the narratives and supporting documentation for Temple 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).

Temple College follows the requirements of the Federal Cash Management Improvement Act (CMIA) when applicable.

In the case of ordering Federal Funds through the G5 System, funds are ordered either after disbursement or within the three day window.

In most other cases, TC must spend funds and then request reimbursement either monthly or quarterly.

In rare cases, TC receives advancements of funds. These funds are tracked individually and any unused funds are returned to the granting agency according to their requirements.

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

Expenditures by Grant Supervisors must comply with the beginning and ending dates of each grant. The Grant Supervisor, the Divisional Supervisor, Purchasing, Human Resources and the GL Accounting Office are watchful of these dates. The GL Accounting Office creates separate account numbers for each grant. The numbers are activated and available for use as of the beginning date of each grant. These account numbers are coded inactivate at the end of the grant thus preventing any further expenditures.

Step 3.e.i: Temple College did not have specific written procedures to ensure that reconciliations of financial status reports to supporting documentation take place.

Temple College uses purchase orders or check requests when making purchases. The amounts and details of each invoice are compared to the amounts and details listed on each purchase order before making payment. The backup documentation of the check request must equal the amount requested for reimbursement.

If there are differences the Purchasing/Accounts Payable Office contacts the Grant Supervisor to solve the issue.

When submitting financial reports, the financial report is based on the expenditures per the General Ledger System.

Step 5.a: Administrative procedures and policy manual does not directly address the allowability of activities and costs, or suspension and debarment.

Temple College follows the rules and regulations as required by U.S. Office of Management and Budget Circular A-133 and Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular.

Step 5.c.ix: Three (3) tested expenditure were inaccurately recorded; adjustment/corrections are recommended in order to reconcile these expenses.

In each of the above cases, there is a difference between the amounts listed on the purchase orders and the actual amounts listed on the invoices received from the vendors. In each case Temple College paid the correct amount (the amount listed on the invoice). Once all merchandise has been received, any remaining balance on a purchase order is unencumbered.

The Purchasing/Accounts Payable Office has provided copies of these purchase orders and invoices. (See below).

Temple College is in the process of updating policies and procedures on a campus wide basis. Updated Grant and Contract procedures are available if needed.

Temple College would like to commend the site visitors and the THECB on their hard work and thoroughness of this site visit process. We would also like to thank you personally for your assistance in helping Temple College comply with the ARRA requirements and in making suggestions which will be helpful in the case of additional state or federal audits.

Gary Jackson
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