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February 28, 2011

University of Houston - Downtown
1 Main Street
Houston, TX 77002
ATTN: Ms. Jacquelina Supensky, Director Financial Reporting

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. 3691
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Ms. Supensky,

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

Texas Higher Education Coordinating Board
ARRA Grants Program
Desk Review Survey

Subrecipient:	UNIVERSITY OF HOUSTON - DOWNTOWN
NOGA:	**3691**
Amount of Award:	$1,148,296
Period of Performance:	October 01, 2009 through August 31, 2011
EIN:	37847847847000
DUNS:	39674494

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?**
N/A	3. **Are equipment purchases properly accounted for on the subrecipient's inventory listing?** Check that equipment items purchased with ARRA funds are documented in the subrecipient's inventory and designated as ARRA purchases by requesting grant inception-to-date listing. Test (a) capital and (b) controlled property [limited to laptop and desktop computers] equipment items, up to ten (10) items or ten per cent (10%) of the population, whichever is smaller.
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.

Texas Higher Education Coordinating Board
ARRA Grants Program
Desk Review Evaluation

Desk Review Evaluation

NOGA# **3691**

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	Equipment	Y	0	N/A	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 Comments and Approvals

Initial Review Date	Initial THECB Reviewer
2/1/2011	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 for fiscal period ending 08/31/2009 is on file.
2	Copies of prior audit findings noted, Management Responses and Corrective Action Plans from the Federal Portion of the State wide audit for fiscal period ending 08/31/2009, are on file.
3	The entire amount of the ARRA award was budgeted toward Personnel/Salaries. Therefore, no capital equipment Reimbursement Requests were received from the subrecipient.
4	Hours were reported on five Progress Reports which included a final July 2010 report. In an effort to verify the accuracy of the hours' data as reported by the subrecipient, reviewed supporting documentation submitted with the four year-to-date Reimbursement Requests submitted and paid. The documentation detailed hours transactions by employee and matched the hours reported on the institution's Progress Reports for the months of March, May, June and July of 2010. Submitted a request to the subrecipient for additional information to verify the hours reported for April 2010. Received relevant documentation from the subrecipient, which explained how the ARRA hours were calculated, plus a detailed hours' report for the month requested. The subrecipient also provided a copy of a THECB Report Modification Request form and indicated that the report was submitted to THECB in July 2010. This report was issued to correct the hours reported incorrectly on the April 2010 report. The hours on the modification report matched the hours on the additional ARRA hours' documentation submitted by the institution for the April 2010 reporting period. The explanation and additional documentation were accepted and no issues were noted. An Excel worksheet verifying actual hours reported and the related documentation are on file.
5	Based on the budget information in the ARRA Financial Tracker, the approved budget plan was being followed and the project expenditures were not over or under the 10% requirement. No budget modification was required.
6	No issues were found regarding quality of data submitted with Reimbursement Requests or need for additional information.
Date Review Completed	**THECB Reviewer Signature**
2/17/2011	
Date Closed	**THECB Approval Signature**
	APPROVED ***By Dan Griffiths at 3:03 pm, Feb 28, 2011***