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April 27, 2011

Texas A&M University - Commerce
2600 West Neal Street
Commerce, TX 75428-4311
ATTN: Ms. Kim Laird, Controller, Director of Accounting

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. 3682
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Ms. Laird,

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:	**TEXAS A & M UNIVERSITY - COMMERCE**
NOGA:	**3682**
Amount of Award:	**$1,000,000**
Period of Performance:	**October 01, 2009 through August 31, 2011**
EIN:	**37517517514001**
DUNS:	**73131419**

Y/N	Desk Review Item
N	1. **Does the subrecipient have an A-133 Audit on file that is free of any significant deficiencies?** 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/11-318. 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 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 free 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# **3682**

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	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 Comments and Approvals

Initial Review Date	Initial THECB Reviewer
2/3/2001	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 08/31/2010 is on file.
2	Copies of findings noted, Management Responses and Corrective Action Plans from the Federal Portion of the State wide audit for fiscal period ending 08/31/2010 are on file.
3	A sample of five year-to-date equipment reimbursement requests submitted and paid was chosen for review. A request for additional information, which included an inventory report for ARRA funded purchases, was sent to the subrecipient. Copies of detailed documentation regarding the equipment sample was submitted by the subrecipient. The documentation submitted by the subrecipient was inclusive and very well documented. The documentation presented verified proof of payment for all items in the sample. In addition, documentation submitted by the subrecipient indicated compliance with State of Texas bid requirements. Inventory documentation submitted by the subrecipient verified that ARRA funded capital equipment purchases, as reported by the subrecipient, were documented on the institution's inventory list and designated as ARRA purchases. Copies of the purchase documentation sample and the inventory report are on file.
4	In an effort to verify that hours data was correctly reported, a sample of six Progress Reports representing 50% of the year-to-date submissions was chosen. No hours were reported on the institution's August and September 2010 reports. Documentation previously submitted by the subrecipient was reviewed and to complete the testing, the subrecipient was asked to submit additional information regarding the hours reported in the months of October through December of 2010 and January 2011. A final response was received from the subrecipient on 03/25/11. The additional information and documentation submitted by the subrecipient validated the percentage of effort and the hours reported in the chosen sample. An Excel worksheet verifying actual hours reported and supporting the 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	Reviewed six Reimbursement Requests which represented 50% of the year-to-date requests submitted and paid. No significant issues were found regarding the Reimbursement Request data submitted by the subrecipient.
Date Review Completed	**THECB Reviewer Signature**
3/28/2011	
Date Closed	**THECB Approval Signature**
	APPROVED ***By Dan Griffiths at 2:25 pm, Apr 27, 2011***