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May 9, 2011

Texas Tech University Health Sciences Center
3601 4th Street MS6274
Lubbock, TX 79430-6274

ATTN: Ms. Rebecca Aguilar, Associate Director for Accounting Services

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. 3741
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Ms. Aguilar,

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,
Art Villarreal, Manager, ARRA Grants Program
(TEL) 512.427.6144
(EML) Art.Villarreal@thecb.state.tx.us

ATTCH

Texas Higher Education Coordinating Board
ARRA Grants Program
Desk Review Survey

Subrecipient:	**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**
NOGA:	**3741**
Amount of Award:	**$7,075,479**
Period of Performance:	**October 01, 2009 through August 31, 2011**
EIN:	**37397397391**
DUNS:	**609980727**

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?**
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.
N	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# **3741**

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	N	50
		N	50		
5	Budget	Y	0	Y	0
		N	50		
6	Source	Y	0	Y	0
		N	50		
				TOTAL	**100**

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
5/2/2011	Johnnie Johnson
Item #	**Comments/Observations**
1	A review of the A-133 filing certification indicated significant deficiencies. A Copy of the subrecipient's filing certification for period ending 08/31/2010 is on file.
2	Copies of findings noted, Management Responses and Corrective Action Plans from the subrecipient's independent auditor's report for period ending 08/31/2010, 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	In an effort to verify that hours' data was correctly reported, a sample consisting of four of the eight year-to-date Progress Reports was chosen for review. Supporting documentation, previously submitted by the subrecipient, with Reimbursement Requests was also reviewed. All hours reported on the monthly reports were validated except the hours reported in the month of August 2010. A copy of the Desk Review hours' calculation worksheet was sent to the subrecipient. The subrecipient was asked to review the documentation and submit any additional information that would validate the hours reported for the month in question. The subrecipient submitted additional documentation revealing that the actual hours reported for August 2010 should have been 17,283.33 instead of the reported amount of 19,536.51. Correspondence received from the subrecipient on 05/04/2011, confirmed that the hours reported on the subrecipient's Progress Report were incorrectly reported to THECB for the month of August 2010. The hours reported for August 2010 were overstated by 2,253.18 hours and the percentage difference was 11.53%. Information regarding the revised August 2010 data was forwarded to THECB ARRA reporting section for updates to the THECB system. An Excel worksheet verifying actual hours reported and the supporting 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 four of the year to date requests submitted and paid. All supporting data submitted by the subrecipient was examined and no significant issues were found regarding the Reimbursement Request documentation.
Date Review Completed	**THECB Reviewer Signature**
5/5/2011	
Date Closed	**THECB Approval Signature**
	APPROVED ***By Art Villarreal at 1:24 pm, May 09, 2011***