



**Texas Higher Education Coordinating Board  
Austin, Texas**

**Collin County Community College District**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
April 29, 2011**

## Table of Contents

INDEPENDENT ACCOUNTANT’S REPORT .....	1
Schedule A: Schedule of Agreed-Upon Procedures.....	2



**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Texas Higher Education Coordinating Board  
Austin, TX

We have performed the procedures in the attached Schedule A, which were agreed-to by the Texas Higher Education Coordinating Board (THECB), solely to assist you in evaluating Collin County Community College District's (Collin College) compliance with the American Recovery and Reinvestment Act (ARRA) grant funding policies and procedures. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of THECB. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A, either for the purpose for which this report has been requested, or for any other purpose.

The agreed-upon procedures and the results are listed in the attached Schedule A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records of Collin College. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of THECB and is not intended to be, and should not be, used by anyone other than those specified parties.

*Clifton Gunderson LLP*

Austin, Texas  
April 29, 2011

## **Schedule A: Schedule of Agreed-Upon Procedures and Results**

### Procedure Step 1:

Describe the specific projects or activities the entity supported with THECB ARRA grant funds. State the amount of funds to be spent by category and any performance measures (such as hours worked, etc.) specified in the grant agreement.

### Results of Step 1:

The original grant agreement with THECB dated October 2009, states that the grant award is worth \$523,900, and would be used for Working Capital to pay for salaries of Part-time Associate Faculty to teach instructional sections. Collin College requested a budget amendment in March 2010, which THECB approved, allowing Collin College to use the grant funds to pay for desktop computer equipment for its computer labs, classrooms, science labs, testing centers, advanced graphics design technology labs, and music/theatre areas. The College modified the award amount to equal \$523,855. There were no performance measures (such as hours worked, etc.) associated with this grant.

### Procedure Step 2:

List any sub-awards the grantee has made using THECB ARRA grant funds.

### Results of Step 2:

Collin College did not make any sub-awards. We were therefore unable to complete the procedures required in Step 2.

### Procedure Step 3:

Fiscal and Programmatic Oversight:

- a. Verify that the entity has written procedures to ensure that it complies with the requirements of the Cash Management Improvement Act (CMIA).
- b. Verify that the entity's financial recordkeeping system provides for the segregation of THECB ARRA grant funds from other sources of funding.
- c. Has THECB provided guidance to the entity regarding the reimbursement of THECB ARRA grant funds? If so, has the entity incorporated this guidance into its written policies and procedures in some fashion?
- d. Determine if the entity has written procedures to ensure compliance with the period of availability of federal funds requirements.
- e. Reconciliations:
  - i. Does the entity have written procedures to ensure that reconciliations of financial status reports to supporting documentation take place?
  - ii. Select two monthly/quarterly account reconciliations.
  - iii. Verify account reconciliations are performed in a timely manner (one week for monthly and two weeks for quarterly) and reconciliations are reviewed and approved.
  - iv. Verify reconciling items are identified, investigated and resolved in a timely manner (one week for monthly and two weeks for quarterly).
  - v. Verify that reports from the accounting system exist to support each balance for these account reconciliations.

- vi. Verify that financial status reports are supported by documentation that reconciles to the general ledger and monthly reimbursement vouchers.
- f. Comparison of Data:
  - i. Verify whether the entity produces reports, such as comparison of budget to actual, to ensure that THECB ARRA grant funds will be spent within the grant period in accordance with the approved schedule and budget, and provides them to appropriate management for review on a timely basis.
- g. Obtain a copy of the entity's most recent single audit report and:
  - i. Describe any significant or material internal control weaknesses or other findings.
  - ii. Describe what actions entity management asserts it is taking to address those findings.

Results of Step 3: Fiscal and Programmatic Oversight:

- Collin College does not have general written procedures for its financial and grant management processes, so they do not address the requirements of the CMIA.
- We verified that Collin College's financial recordkeeping system provides for the segregation of THECB ARRA grant funds from other sources of funding. Collin College has a financial system of record that requires a separate fund code for each grant fund that allows separate reporting of grant funds to ensure that the funds are expended in accordance with the time period required, and in the amount that was budgeted according to the grant award.
- THECB has provided guidance to Collin College regarding the reimbursement of THECB ARRA grant funds. This guidance can be found on its website at: [www.thecb.state.tx.us/ARRA](http://www.thecb.state.tx.us/ARRA). Collin College did have written policies and procedures regarding the reimbursement of THECB ARRA grant funds, but it did not specifically refer to or incorporate THECB's ARRA grant guidance.
- Collin College does have policies and procedures that address the period of availability requirements.
- Reconciliations
  - i. Collin College does have specific written procedures to ensure that reconciliations of financial status reports to supporting documentation take place. However, because all funds were spent and requested for reimbursement in the same reporting month, reconciliations were not completed, and thus, we were not able to perform the procedures set out in steps 3. e.ii. through e.iv.
  - v. We obtained and reviewed trial balance reports supporting the financial status reports.
  - vi. We verified that documentation to support all expenditures was available and did reconcile to the general ledger activity report, the detail inventory records, and invoices.
- As part of its overall budget monitoring procedures, Collin College prepares monthly budget to actual reports. Also Collin College's policy is that grant expenditures should be reviewed monthly and that revised spending plans should be prepared, if necessary, at the mid-point and three-quarter point of the grant period. Additionally, we verified that the accounting system provides for tracking of the grant budget against actual expenditures, and we reviewed a sample budget to actual report.

In addition, Collin College prepared monthly financial reimbursement requests for THECB. These requests included the grant budget, amounts spent in prior requests, amount requested for the current report, and amount of the grant remaining. The monthly financial

reimbursement request was signed by the Vice President – Administration and Chief Financial Officer.

- i. We obtained a copy of Collin College’s most recent single audit report. Collin College received an unqualified opinion. No material internal control weaknesses were reported. One significant deficiency in internal controls (Finding 2010-3) and two other control deficiency and noncompliance findings were found during the single audit:

Finding 2010-1 – Two students out of 25 were found to have Pell awards inaccurately determined. They were eligible for Pell, but the amount was not accurately determined. We determined that this finding does not appear to be applicable to the THECB ARRA grants process.

Finding 2010-2 – for one student out of 25, the College failed to update the Extended Family Contributions information used in calculating Pell grants with the Department of Education timely, resulting in an under award of the Pell grant. We determined that this finding does not appear to be applicable to the THECB ARRA grants process.

Finding 2010-3 - One of one vendor file selected for State Fiscal Stabilization Fund - Government Services, Recovery Act and 2 out of 2 vendor files selected for Career and Technical Education – Basic Grants to States did not contain either debarment certification from the vendor or evidence the District performed a full search of the Excluded Parties List System (EPLS).

- ii. Finding 2010-1 – Financial Aid staff making awards will attend additional training to obtain a thorough understanding of the guidelines, paying particular attention to the regulations for awarding Summer Pell. In addition, the Financial Aid Director will implement a review process for all manual awards made during summer, whereby someone other than the person processing the manual award will review the award. We determined that this finding does not appear to be applicable to the THECB ARRA grants process.

Finding 2010-2 - Procedures will be established requiring that Institutional Student Information Record Correction/Request (REACORR), a temporary table where corrections are held until batched and sent to the U.S. Department of Education (ED), will be checked weekly by the Technical Staff and Advisors to alert them when corrections are not properly sent to the ED. This will allow corrective action to be taken immediately, thus sending corrections to the ED in a timely manner. We determined that this finding does not appear to be applicable to the THECB ARRA grants process.

Finding 2010-3 - The Purchasing Department will incorporate purchasing procedures to search the Excluded Parties List System (EPLS), maintained by the U.S. General Services Administration (GSA), to verify that the vendor(s) being contracted with, when using Grant and Contract Funds, as designated by the organization #700000, has not been suspended or debarred from receiving federal contracts. In addition, purchasing staff will receive training within the current fiscal year by attending a

class entitled “Procurement Under Federal Programs and Grants”, offered by the National Institute of Governmental Purchasing. We determined the vendors noted in the finding do not appear to be applicable to the THECB ARRA grant.

Procedure Step 4:

Sub-awards: If the organization has provided sub-awards to other entities in support of the THECB ARRA grant award:

- a. Determine whether the entity has written procedures to verify the eligibility of sub-recipients.
- b. Determine whether all applicable federal laws and grant terms were included in the sub-award grant contract.
- c. Determine if the entity established written monitoring procedures to cover this tier of responsibilities and compliance.
- d. Test to determine if sub-award monitoring has taken place in accordance with those procedures.

Results of Procedure Step 4:

We were unable to perform the procedures described in Step 4 because Collin College did not make sub-awards.

Procedure Step 5: Testing of purchases of goods or services:

If the entity has made purchases (of goods or services):

- a. Verify whether the entity has written procedures to:
  - i. Ensure compliance with relevant federal and state procurement and contracting laws and regulations.
  - ii. Ensure that activities are allowable.
  - iii. Ensure that costs are allowable.
  - iv. Ensure that the purchases comply with procurement standards for suspension and debarment.
  - v. (If applicable) Ensure that the purchases comply with real property acquisition and relocation assistance requirements.
  - vi. (If applicable) Ensure that the purchases comply with Buy American provisions of the ARRA law.
  - vii. (If applicable) Ensure that vendors are compliant with the provisions of the Davis-Bacon Act.
- b. Select a sample of five expenditure transactions for each category of purchases (by budget line item).
- c. For each budget line item sample, test the following:
  - i. Is the expenditure allowable (as an activity and/or cost) under federal guidelines?
  - ii. Is the expenditure in accordance with grant provisions?
  - iii. Is it recorded in the proper accounting period (the period in which the transaction occurred)?
  - iv. Is it recorded to the correct account and program?
  - v. Is the transaction described in sufficient detail to permit the proper classification?
  - vi. Is documentation maintained to permit the tracing of funds to a level of detail that establishes that the funds have been used in compliance with grant requirements?

- vii. If the expenditure was paid for out of multiple sources of funds, are the sources adequately identified for each fund application?
- viii. If Buy American provisions apply, was the expenditure made in accordance with these provisions?
- ix. Note any exceptions identified during testing.
- d. If the entity has purchased inventory or equipment:
  - i. Verify that the entity has written procedures to ensure that it:
    - 1. Maintains adequate property records (description, acquisition information, cost, estimated useful life, depreciation, location, disposition - condition, sale records, etc.),
    - 2. Safeguards against loss, theft, or damage,
    - 3. Values the items properly, and
    - 4. Keeps items in good working condition through repair and maintenance.
  - ii. Obtain an inventory report for all inventory or equipment purchased with THECB ARRA grant funds.
  - iii. Select ten items (or the population if less than ten) and verify that the items are located where the inventory report indicates.

Results of Procedure Step 5:

- a. For Collin College:
  - i. We verified Collin College has a written procurement manual to ensure compliance with federal and state procurement and contracting laws and regulations.
  - ii. We determined Collin College requires that grant managers review agreements to ensure that activities are allowable as per the requirements of OMB Circular A-21 – Cost Principles for Educational Institutions as referenced in the ARRA contract with the THECB.
  - iii. We determined Collin College requires that grant managers review agreements to ensure that costs are allowable as per the requirements of OMB Circular A-21 – Cost Principles for Educational Institutions as referenced in the ARRA contract with the THECB.
  - iv. We determined Collin College has a policy for verifying any vendor’s status for suspension and disbarment as per the requirements of the ARRA contract with the THECB.
  - v. Steps v through vii: Requirements for real property acquisition and relocation assistance, Buy American provisions, and the Davis-Bacon Act were not applicable to this grant.
- b. Collin College made all purchases in a single budget category, and only computer equipment was purchased. We selected a sample of five expenditures to test within this budget category.
- c. For each of the five expenditure items that we selected for testing, we found that:
  - i. The expenditures were allowable under federal guidelines.
  - ii. The expenditures were in accordance with grant provisions.
  - iii. The expenditures were recorded in the proper accounting period.
  - iv. The expenditures were recorded to the correct account and program.
  - v. The expenditures were described in sufficient detail to permit proper classification.
  - vi. We determined documentation was maintained to permit the tracing of funds to a level of detail that establishes that the funds have been used in compliance with grant requirements.

- vii. The single source of funds was adequately identified for the fund application.
- viii. Buy American provisions were not applicable to the expenditures of this grant.
- ix. We did not identify any exceptions in our testing.
- d. Collin College purchased only equipment with the grant funds.
  - i. Collin College does maintain written procedures for the maintenance of property; safeguarding against loss, theft, or damage; the valuation of property; and procedures to keep items in good working condition through repair and maintenance.
  - ii. We obtained an inventory listing of computers purchased with the ARRA grant funds.
  - iii. We selected ten items for testing. We toured the Collin College Campus and noted all ten items selected for testing were in the locations described. All assets were visually identified and their asset tags, descriptions, and serial numbers agreed to the inventory report.

#### Procedure Step 6: Testing of salaries

If the entity has used THECB ARRA grant funds to pay salaries, select a sample of ten personnel (or the population if less than ten) for two pay periods and verify that these personnel worked sufficient hours to earn the salaries paid for with THECB ARRA grant funds.

#### Results of Procedure Step 6:

Collin College did not expend any grant funds for salaries. Therefore, we were unable to perform the procedures described in Step 6.

#### Procedure Step 7: Verify monthly performance reports

Test of Monthly Performance Reports:

- a. Select the two most recent monthly performance reports for testing.
- b. Verify that sufficient documentation exists to support the actual hours worked as reported in those performance reports.

#### Results of Procedure Step 7:

Collin College did not report any performance measures, as there were no performance measures associated with this grant. Because no hours worked were intended to be reported for this grant, we were unable to perform the procedures described in Step 7.

#### Procedure Step 8: Verify financial reports:

Verify financial reports:

- a. Select the two most recent financial reports to THECB for testing.
- b. Verify that sufficient documentation exists to support the financial results reported and that any discrepancies were identified and corrected appropriately (i.e., verify that the reconciliations described in procedures above occurred as described and were conducted properly).

Results of Procedure Step 8:

- a. Only one financial monthly report with activity was submitted to THECB. The report was for September 2010. The amount claimed in September was \$523,855.
- b. We were able to verify that sufficient documentation exists to support the financial results reported for this month. In addition, we were able to verify that sufficient documentation existed to support that Collin College spent \$523,855 for computer equipment as part of our testing in procedures for Step 5 above.