TEXAS HIGHER EDUCATION
COORDINATING BOARD

P.O. Box 12788 Austin, Texas 78711

Fred W. Heldenfels IV
CHAIR

Vacant
VICE CHAIR

Joe B. Hinton
SECRETARY OF THE BOARD

Eric Rohne
STUDENT REPRESENTATIVE

Durga D. Agrawal
Dennis D. Golden
Harold W. Hahn
Lyn Bracewell Phillips
A.W. "Whit" Riter, III

Raymund A. Paredes
COMMISSIONER
OF HIGHER EDUCATION

512/ 427-6101
Fax 512/ 427-6127

Web site:
http://www.thecb.state.tx.us

May 26, 2011

Lee College
P.O. Box 818
Baytown, TX 77522

ATTN: Mr. Keith Scheffler, Executive Director, 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. 3613
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Mr. Scheffler,

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:	**LEE COLLEGE**
NOGA:	**3613**
Amount of Award:	**$169,241**
Period of Performance:	**October 01, 2009 through August 31, 2011**
EIN:	**1746025566A1**
DUNS:	**67261180**

Y/N/NA	Desk Review Item
Y	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.
N/A	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# **3613**

Question	Subject	Answer	Weight	Data Input	Risk
1	A-133	Y	0	Y	0
		N	50		
2	CAP	Y	0	N/A	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	**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
4/20/2011	Johnnie Johnson
Item #	**Comments/Observations**
1	A review of the A-133 filing certification for period ending 08/31/2010 did not indicate any significant deficiencies, weaknesses or questioned costs. A Copy of the Lee College District March 23, 2011 filing certification is on file.
2	No findings were indicated by the reviewing auditor on Parts II and III of the A-133 certified filing form completed by the auditor. A copy of the Lee College District single audit report for fiscal period ending 08/31/2010 is 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 three Progress Reports was chosen for review. Additional supporting documentation was requested and submitted by the subrecipient. E-mail correspondence from the subrecipient provided additional details for three employees paid with ARRA funds. Based on e-mail information provided by the subrecipient on 05/16/11, a revised Excel Hours' Validation worksheet was submitted to the subrecipient for confirmation. The subrecipient confirmed the hours information on the worksheet which indicated, the hours as reported in the sample, were under reported. The hours as reported were under reported by 236 hours for each of the three months tested. The percentage difference for each month was 200%. In addition, the subrecipient verified that the other hours reported on the monthly Progress Reports, not included in the sample were also under reported by 200%. Revisions were updated in 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 three Reimbursement Requests which represented at least 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**
5/24/2011	
Date Closed	**THECB Approval Signature**
	APPROVED ***By Art Villarreal at 9:14 am, May 26, 2011***