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May 26, 2011

Texas A&M University - Texarkana
P.O. Box 5518
Texarkana, Texas 75505

ATTN: Mr. James Scogin, CPA, 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. 3685
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Mr. Scogin,

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 A & M UNIVERSITY - TEXARKANA**
NOGA:	**3685**
Amount of Award:	**$6,000,000**
Period of Performance:	**October 01, 2009 through August 31, 2011**
EIN:	**37647647642**
DUNS:	**23039993**

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?**
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# **3685**

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	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	**0**

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
3/3/2011	Johnnie Johnson
Item #	**Comments/Observations**
1	A review of the fiscal year 2010 A-133 filing certification indicated significant deficiencies which included Institutions of Higher Education. However, a search of the SAO Federal Portion of the Statewide Single Audit Report indicated the Texas A&M University -Texarkana was not listed on the Schedule of Findings and Questioned Costs. A Copy of the State of Texas filing certification for fiscal period ending 08/31/2010 is on file.
2	The subrecipient was not listed on the Schedule of Findings and Questioned Costs of the Federal Portion of the Statewide Single Audit Report for fiscal year ending August 31, 2010. A copy of this report is on file.
3	As of initial review date, 11 Reimbursement Requests, which included equipment expenditures, had been submitted and paid. Chose the five Reimbursement Requests with the largest amount of equipment expenditures for sampling. Reviewed the documentation submitted with the Reimbursement Requests for the months of, August, September, October and December of 2010 and January of 2011. A sample of ten equipment items which included computers was chosen from the documentation for further testing. A request for additional information, which included an inventory listing for ARRA funded Capital Equipment and Controlled Assets purchases, was sent to the subrecipient. The information as requested was received and examined. A review of the documentation submitted by the subrecipient indicated some items included in the Desk Review test, were not listed on the institution's capitalized inventory report. These items were reported by the institution as Non-Inventory equipment and designated as ARRA purchases. The subrecipient was questioned regarding the Non-inventory items. The subrecipient responded that the items in question were not capitalized because the equipment did not meet the capitalization threshold . This explanation and the documentation submitted by the subrecipient were accepted. Electronic copies of all Desk Review documentation submitted by subrecipient are on file. During the Desk Review Process, it was noted on the September 2010 Reimbursement Request that the period covered beginning date was outside of the award period. The dates of supporting documentation submitted with the request were within the award period. When notified, the subrecipient indicated that the dates were in error and submitted a revised September 2010 Reimbursement Request, with period covered beginning 04/01/2010 instead of 04/01/2009. An electronic copy of the revised Reimbursement Request is in the institution's NOGA SharePoint folder and also on the THECB "H" drive.

Texas Higher Education Coordinating Board
ARRA Grants Program
Desk Review Comments and Approvals

Initial Review Date	Initial THECB Reviewer
3/3/2011	Johnnie Johnson
Item #	**Comments/Observations**
4	In an effort to verify that hours' data was correctly reported, a sample consisting of six Progress Reports representing approximately 50% of the year-to-date reports was chosen for review. Supporting documentation submitted with each related monthly Reimbursement Request was reviewed. Requested and received additional's hours' documentation from the subrecipient on 03/30/11. The hours' data on the supporting documentation matched the hours reported on the institution's Progress Reports in the chosen sample. In response to an additional Desk Review inquiry, the subrecipient provided the explanations below regarding calculation of the ARRA hours reported to THECB. **Full-time employees**: Full-time employees monthly hours are calculated by dividing 2,080 hours by 12 (1733.33 per month). **Part-time employees**: Part-time employees hours are reported based on actual hours worked. **Adjunct Faculty**: Method (1) divide the gross amount paid for the month by the total contract and then applied this to the total classroom hours for the semester (example: An adjunct has a contract to teach one 3 hour class per week over a 16 week semester for a contract that is for $3,500. If their gross pay for the month was $875 the calculation would be 875/3500*16*3=12 hours). Method (2) the class load for each month (example: an adjunct that teaches a one class per week on a 16 week semester would have 12 hours reported; 4 weeks in the month multiplied by 3). The subrecipient explained further that Method 1 above for Adjunct Faculty appeared most accurate but Method 2 was implemented when the required information needed for Method 1 calculations were not obtained in time to meet THECB's monthly reporting deadlines All the explanations for calculating the hours reported to THECB were deemed acceptable. An Excel worksheet verifying actual hours reported; supporting documentation and Desk Review e-mail correspondence 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 at least 50% of the year-to-date requests submitted and paid. As noted above in section 3, the period covered was entered incorrectly and when notified, the subrecipient quickly responded and submitted a corrected Reimbursement Request. A review of the subrecipient's NOGA SharePoint folder indicated other reporting issues that were promptly handled by the subrecipient. There were no significant issues involving quality of data and repeated requests for additional data.
Date Review Completed	**THECB Reviewer Signature**
5/24/2011	
Date Closed	**THECB Approval Signature**
	APPROVED ***By Art Villarreal at 8:58 am, May 26, 2011***