
From: Villarreal, Art
Sent: Thursday, July 21, 2011 9:51 AM
To: Liberty, Bob
Cc: ARRAoffice; Johnson, Johnnie; Justus, Jennifer
Subject: RE: THECB ARRA Grants Program :: On-site monitoring report Central Texas College

Mr. Liberty,

We have reviewed the response to our on-site monitoring report, found your response to be acceptable and complete. The THECB ARRA Grants Program appreciates the efforts of your staff to work with the monitoring team in accomplishing this important task.

Thank you.

Art

Arturo Villarreal, Jr.
Manager, ARRA Grants Program
Texas Higher Education Coordinating Board
1200 E. Anderson Lane, Austin, TX 78752
TEL: 512.427.6144
FAX: 512.427.6127
EML: art.villarreal@thecb.state.tx.us
URL: <http://www.thecb.state.tx.us/ARRA>





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July 15, 2011

Central Texas College
P.O. Box 1800
Killeen, TX 76540-1800

ATTN: Bob Liberty, Comptroller

SUBJ: On-site Monitoring 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. 3585
(b) USDE Prime Award No. S397A090044

Dear Mr. Liberty,

The Texas Higher Education Coordinating Board (THECB) has engaged the firm of Clifton Gunderson LLP to conduct on-site monitoring of the above referenced (a) grant subaward. Clifton Gunderson has completed the site visit and reported to the THECB all observations based on an agreed-upon set of procedures, both of which have been incorporated into the monitoring report.

You will find attached for your review the final report of that monitoring effort, with the following test results requiring Central Texas College management response:

- Step 3.a: CTC did not have written procedures for its financial and grant management processes, so they did not address the requirements of the federal Cash Management Improvement Act (CMIA).
- Step 3.c: CTC's written policies and procedures did not specifically refer to or incorporate the THECB's ARRA grant guidance.
- Step 3.d: CTC did not have written policies to ensure funds were not spent prior to the start of the grant period.
- Step 5.a.iv: CTC did not have a policy for verifying vendor status for suspension and disbarment per the requirements of the ARRA contract.

Your written response is requested within fifteen (15) business days of receipt of this letter to (a) confirm receipt of the THECB's monitoring report, and (b) provide management's response relevant to the above on-site monitoring observations.

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 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

CENTRAL TEXAS COLLEGE

Changing lives one degree at a time

July 19, 2011

Texas Higher Education Coordinating Board
1200 E. Anderson Lane
Austin, TX 78752

Attn: Arturo Villarreal, Jr
SUBJ: On-site Monitoring Report for American Recovery and Reinvestment Act (ARRA), State Fiscal Stabilization (SFSF), Government Services Fund, Subrecipient award

Mr. Villarreal,

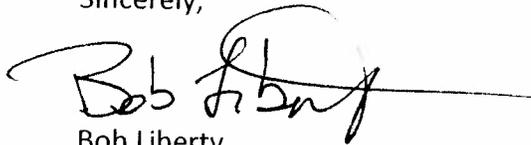
In response to your letter of July 15, 2011, I offer the following comments.

Central Texas College does have written procedures for its financial and grant management process, which were provided to the on-site monitor. During his review he alerted me to the fact that our procedures did not include the four items mentioned in your letter. Revisions were drafted to our procedures to include all of the items mentioned.

I have included copies of those revised procedures, and highlighted the added sections in yellow.

If you have any additional questions or need further clarification please do not hesitate to contact me at your convenience.

Sincerely,



Bob Liberty
Comptroller
Central Texas College

9. Grants and Contracts

9.1 Intent

To provide procedures that will insure conformity in the gathering of information and the eventual disbursement of that information on a district-wide basis while efficiently employing the resources and time of the District's employees.

9.2 Scope

The scope of this section is to outline specific procedures necessary to seek, receive and monitor funds granted from external sources. These procedures will identify and outline the specific functions to be performed, the regularity that those functions must be performed and the designated responsible individuals involved from the College.

9.3 General Guidelines

9.3.1 Designation of Responsibilities

The Contract/Accounting Analyst is the designated accounting representative for this area.

The College's designated representative for grants is the individual who originally proposed the grant application. The standard grants are represented below:

- Perkins: Dean, Instructional and Accreditation Support Services
- KNCT (receives PBS and CPB grants): General Manager
- Adult Education: Coordinator Contracts/Grants

9.3.2 Grant Funding Sources

Grant funding is provided for by federal, state and non-governmental sources.

9.3.3 Grant Specific Requirements

The college's designated representative for each grant as well as the Contract/Accounting Analyst will review all grant requirements and any guidance provided from the grant issuer to ensure full compliance.

9.4 Specific Guidelines

9.4.1 Procedures to Implement Grants

Grant proposals may be initiated by any department or college employee who has the support of the administration.

The Contract/Accounting Analyst should be provided grant documentation by the grant manager. Analyst's responsibility is to be familiar with the grant reporting procedures and any restrictions.

When allowable by the grantor, an amount should be added for indirect costs (costs of administering the grant not included elsewhere).

After notification of the award of a grant, the responsible grants manager must initiate a budget. The budget will contain those items the grant authorizes as expendable categories. Once all necessary signatures have been obtained budget will create a budget for the grant within the College's accounting system.

Once the budget process is complete the Contract/Accounting Analyst will verify that the grant proposal amounts match the created budget. This step is only necessary for those grants that have grant dollars associated with specific spending areas.

Once the budget process is complete the grant recipients may begin using the grant funds.

If personnel positions are associated with the grant a Personal Status Form (PSF) must be completed for all individuals being paid with grant funds.

Purchase requisitions need to be completed for those items of equipment and supplies, according to the Purchasing procedures. Every effort should be made to requisition items allowing for ample time for receipt and payment of the invoice before the close of the Grant.

Central Texas College will follow CMIA (Cash Management Improvement Act) rules with regard to grants. Grant funds are not spent prior to or after a grant period. All funds are spent within the time frames of the grant.

9.4.2 Normal Monthly Processing

The Grant Manager will initiate purchase requisitions for items purchased. The requisition process will follow prescribed college guidelines.

The Contract/Accounting Analyst will track revenue/expenditures for each grant. Some grants have detailed spreadsheets that are used for tracking expenditures while others will use the general ledger budget summary. The Contract/Accounting Analyst reconciles expenditures to the general ledger monthly. Generally expenditure reports will be provided to individuals involved with the grant for their review and comments. Expenditure reports show the Grant Manager the grant fund amounts compared to current expenditures with detail on available balances remaining. This will enable the Grant Manager to adequately monitor spending and make any necessary changes.

Each grant has a specified reporting time frame. When reporting is required the Contract/Accounting Analyst completes the expenditure report, obtains necessary signatures and will then submit the report (either electronically or by mail). Once received and reviewed by the granting agency the agency will then remitted funds to the college's bank account.

All expenditure reporting and associated funds received are filed in each grant folder.

9.4.3 Budget Revisions and Changes

Grant budgets are created based on the grant allowed expenditures. In monthly review of expenditures the Grant Manger may need to move funds from various cost categories. How this

is done is dependent on the grant restrictions. A grant may require that any adjustment or a certain percentage adjustment to the original award must be presented to the approving agency, while others may allow money movement within related cost categories.

When an adjustment to the original award amount is required and approved by the issuing agency the Grant Manager will then be required to complete the budget transfer with necessary signatures and submit to Budget.

9.4.4 Grant Closure

Ending time frames for grants vary. Some grants close at the end of each fiscal year, others close at different times during the year and some extend beyond a fiscal year. Final reporting dates are determine by each grant.

Grant Manager is responsible for follow-up on outstanding purchase orders/open encumbrances to insure receipt of goods prior to close.

The Contract/Accounting Analyst will review all grant expenditures and verify that all expenses that are part of the grant are reported. In particular verify that any payroll associated with the grant time frame be reported.

9.4.5 Year End Close

In general, a receivable for grant funds owned but not received is recorded at the end of the fiscal year. This will ensure that grant funds expended are completely offset by grant income.

9.4.6 Grant Audits

Grants are subject to audit by internal or external auditors or from the funding agency.

Central Texas College Materials Management Policy and Procedures Manual	Policy No. 105 July 2011
Procurement Procedures	

I. INTRODUCTION

The procurement cycle begins when an element of the District determines a need for supplies, equipment, or services and ends when that need is satisfied and the vendor is paid. The number of persons or departments involved in the cycle is determined by the Category (level) of Procurement (Section V, Policy No. 100) and the Approving Authority (Section VI, Policy No. 100). As a minimum, this will include the requesting department, the appropriate Dean/Director, the Budget Office, the Purchasing Department, the Receiving Department, and the Accounts Payable Department.

II. REQUESTING GOODS AND SERVICES

The procurement cycle is initiated by the requesting department entering the requisition into the Datatel Colleague purchasing system, hereafter referred to as the system. Instructions for entering requisitions and request for travel authorizations are located at Appendix A of this manual.

III. PURCHASE ORDERS

After all levels of the procurement cycle have been approved, the purchase order (PO) is printed in two parts by the Purchasing Department. The original is sent to the vendor, except for those requesting a check for prepayment and blanket purchase orders. These are sent to Accounts Payable.

The copy of the PO is given to Central Receiving, except for those purchase orders generated by the Printing Department, which tracks orders independently and notifies Central Receiving when the order has been received. For those copies given to Central Receiving, the purchase order numbers are logged and the copy retained in anticipation of receiving the order. The Printing Department will return the dated copy to Central Receiving for filing and completion of the actions required by section IV.

IV. RECEIVING GOODS AND SERVICES

The Central Campus Receiving and Shipping Department is responsible for entering accepted data into the system for all material or services received by the Texas Campuses, (excluding those exceptions noted above), and for that received for transshipment to the Europe, Pacific Far East, and Continental Campuses. However, if a problem arises

whereby a campus or site cannot enter this data, notify Central Receiving, and they will enter it.

V. REQUESTING CHECKS FOR PAYMENT OR REIMBURSEMENT

When a department receives an invoice from vendors for renewal of subscriptions and memberships, requires a check for payment of a fee to attend a conference, or requires a check for reimbursement of petty cash, the initiating department shall - (1) enter a requisition into the system in accordance with Section II above, and (2) send the voucher, receipts, etc. to the Accounts Payable Department, noting the requisition number assigned by the system. The Purchasing Department will process the requisition and issue a PO. Accounts Payable will then issue a check.

Subscriptions and memberships require written approval by the department's cognizant executive officer. This documentation must be forwarded to the Budget Office prior to its approval of the requisition.

VI. VENDOR REQUIREMENT

Prior to doing business with Central Texas College, vendors must complete and return to the Purchasing Department an IRS Form W-9 and Central Texas College District's Suspension or Debarment Certificate in accordance with Executive Order 12549. Verification of a vendor's eligibility will be confirmed through state and federal debarred vendor lists. When a new Datatel vendor record is required, the requesting department is responsible for providing the Purchasing Department with the company name and contact information (individual name, address, fax number and e-mail) to facilitate processing of the W-9. Failure to complete and return the form will result in the vendor not being allowed to do business with the College.