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July 07, 2011

Texas Comptroller of Public Accounts
111 E. 17Th Street
Austin, TX 78774

ATTN: Vicki Newlin, Budget and Internal 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. 3760
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Ms. Newlin,

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 COMPTROLLER OF PUBLIC ACCOUNTS**
NOGA:	**3760**
Amount of Award:	**$4,432,619**
Period of Performance:	**February 17, 2009 through August 31, 2011**
EIN:	**330430043042**
DUNS:	**808302327**

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# **3760**

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
6/3/2011	Johnnie Johnson
Item #	**Comments/Observations**
1	A review of the fiscal year 2010 A-133 filing certification indicated significant deficiencies which included state agencies. However, a search of the SAO Federal Portion of the Statewide Single Audit Report indicated the Office of the Texas Comptroller of Public Accounts was not listed on the Schedule of Findings and Questioned Costs. A Copy of the State of Texas filing certification for fiscal period ending August 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	Six of the year to date Reimbursement Requests submitted by the subrecipient were chosen for review. Documentation submitted with the each Reimbursement Request was examined. A request for additional information which included an inventory listing for ARRA funded capital equipment and controlled assets was sent to the subrecipient. The information as requested was received and examined. The documentation verified inventory designation of the ARRA funded purchases included in the Desk Review sample. Additional equipment documentation submitted by the subrecipient was deemed acceptable. Copies of all desk review documentation submitted by subrecipient are on file.
4	In an effort to verify that hours data was correctly reported, a sample of six Progress Reports was chosen for review. Supporting documentation submitted with each related Reimbursement Request was reviewed. During the course of the Desk Review, the subrecipient submitted corrected supporting documentation to replace data previously submitted in November 2010. This documentation indicated that the hours reported on the November 2010 Progress Report were over reported by 32 hours. Corrections to the hours had already been reported to THECB ARRA grant staff and updated in the THECB system before the institution's desk review began. The hours reported on the other monthly Progress Reports of the chosen sample validated time and effort and no issues were noted. 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 six 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**
7/1/2011	
Date Closed	**THECB Approval Signature**

APPROVED
By Art Villarreal at 1:24 pm, Jul 07, 2011