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August 2, 2011

Texas Higher Education Coordinating Board
P.O. Box 12788
Austin, TX 78711

ATTN: Mr. Arturo Alonzo, Jr., Deputy Commissioner for Business and Finance/Chief Operating Officer

SUBJ: Desk Review Report for American Recovery and Reinvestment Act (A

REF: (a) THECB ARRA Notice of Grant Award No. 3761
(b) U.S. Department of Education (USDE) Award No.S397A090044

Dear Mr. Alonzo,

The ARRA Grants Program office of the Texas Higher Education Coordinating Board (THECB) has conducted a desk review of the referenced 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 the agency.

Your response via email is requested within five (5) 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.

If you have any questions or need additional information, please do not hesitate to contact me.

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 HIGHER EDUCATION COORDINATING BOARD**
NOGA:	**3761**
Amount of Award:	**$1,730,000**
Period of Performance:	**February 17, 2009 through September 31, 2011**
EIN:	**37817817812**
DUNS:	**93566235**

Y/N/NA	Desk Review Item
N	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.
Y	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.
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# **3761**

Question	Subject	Answer	Weight	Data Input	Risk
1	A-133	Y	0	N	50
		N	50		
2	CAP	Y	0	Y	0
		N	50		
3	Equipment	Y	0	N/A	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	**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
7/18/2011	Johnnie Johnson
Item #	**Comments/Observations**
1	The 2011 State of Texas A-133 filing certification, which included THECB, indicated findings in Parts II and III, as determined by the independent auditors. A review of the SAO Federal Portion of the Statewide Single Audit Report for universities and state agencies provided a detailed listing of findings by institution. This report indicated findings classified as significant deficiencies were applied to THECB. However, no questioned costs were reported. Copies of the 2011 State of Texas filing certification and the SAO Federal Portion of the Statewide Single Audit Report for fiscal period ending 08/31/2010 are on file.
2	Copies of findings noted, Management Responses and Corrective Action Plans from the Federal Portion of the State wide audit for fiscal period ending 08/31/2010, are on file. All issues were resolved.
3	There were no ARRA funds budgeted toward equipment. Therefore, no equipment reimbursement requests were received or paid.
4	In an effort to verify that hours' data was correctly reported, seven monthly Progress Reports were chosen for review. Additional information was requested and received from the THECB ARRA Grant Desk Review contact. The additional documentation reviewed validated the hours reported. The THECB had discovered and corrected discrepancies between the hours reported and actual hours worked for the months of January and June of 2011. This Desk Review did not discover any inconsistencies or errors. Therefore, 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 50% of the year-to-date Reimbursement Requests submitted and paid. No significant issues were found regarding the reimbursement data.
Date Review Completed	**THECB Reviewer Signature**
7/26/2011	
Date Closed	**THECB Approval Signature**

APPROVED
By Art Villarreal at 1:09 pm, Aug 02, 2011