From: Villarreal, Art
Sent: Wednesday, August 03, 2011 11:09 AM
To: Ruth Cude
Cc: ARRAoffice; Johnson, Johnnie
Subject: FW: THECB ARRA Grants Program :: On-site monitoring Request Coastal Bend College
Attachments: Response to monitoring visit.docx; procedures.docx; DOC.PDF; THECB CoverLetter CBC 6.03.11.pdf; Coastal Bend College - ARRA Grant Monitoring Final Report 5-26-11.pdf

Ms. Cude,

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. Johnnie will contact you if additional information is required.

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

Texas Higher Education Coordinating Board

From: Ruth Cude [mailto:rcude@coastalbend.edu]
Sent: Tuesday, August 02, 2011 5:01 PM
To: Villarreal, Art; Johnson, Johnnie
Cc: ARRAoffice
Subject: RE: THECB ARRA Grants Program :: On-site monitoring Request Coastal Bend College

Mr. Villarreal:

I am attaching a response without letterhead as my email scanner is not recognizing the address. I will continue trying to send the document with letterhead until it goes through.

Thank you.

Ruth L. Cude

TEXAS HIGHER EDUCATION
COORDINATING BOARD

P.O. Box 12788 Austin, Texas 78711

Fred W. Heldenfels IV
CHAIR

Harold W. Hahn
VICE CHAIR

Joe B. Hinton
SECRETARY OF THE BOARD

Amir H. Barzin
STUDENT REPRESENTATIVE

Durga D. Agrawal
Dennis D. Golden
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

June 03, 2011

Coastal Bend College
3800 Charco Road
Beeville, TX 78102

ATTN: Ruth Cude, Dean of Administrative Services

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. 3632
(b) USDE Prime Award No. S397A090044

Dear Ms. Cude,

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 a management response:

Step 3.a: Coastal Bend College did not have written procedures regarding cash management, and therefore did not address the requirements of the federal Cash Management Improvement Act (CMIA).

Step 3.c: Coastal Bend College's written policies and procedures did not incorporate the THECB's ARRA grant guidance regarding reimbursement of ARRA grant funds.

Step 3.e.iii: Coastal Bend College's reconciliations were not performed in a timely manner.

Step 5.a.ii: Coastal Bend College did not have written procedures to ensure that activities are allowable as per the requirements of OMB Circular A-21.

Step 5.d.i: Coastal Bend College did not have procedures regarding valuation of assets, repair, and maintenance.

Step 5.d.ii: Coastal Bend College did not have a complete inventory listing for all equipment purchased with ARRA grant funds.

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

Ruth Cude
Dean of Administrative Services

(361) 358-2838

Phone: (361) 354-2767
1-866-722-2838, Ext. 2767
FAX: (361) 354-2227
e-mail: rcude@coastalbend.edu

August 2, 2011

Texas Higher Education Coordinating Board
Art Villarreal
Manager, ARRA Grants Program
P.O. Box 12788
Austin, TX 78711

SUBJ: ON-site Monitoring Report for American Recover and Reinvestment Act (ARRA), State Fiscal Stabilization (SPSF), Government Services Fund, Sub recipient award

REF: (a) THECB ARRA Notice of Grant Award No. 3632 (NOGA 3632)
(b) USDE Prime Award No. S397A09044

Dear Mr. Villarreal:

Coastal Bend College has reviewed the final report of the on-site monitoring effort of Clifton Gunderson, LLP in reference to NOGA 3632. Below in blue/ italics are Coastal Bend College's responses to the reported test results:

Step 3.a: Coastal Bend College did not have written procedures regarding cash management, and therefore did not address the requirements of the Federal Cash Management Improvement Act (CMIA).

The requirement to comply with the Federal CMIA is included in CBC procedures for the grants in Attachment I. While not mentioned by name, the procedure requires that federal cash management processes be followed. The CMIA was established to eliminate two key issues: premature draw down of funds and late distribution of funds and is routinely adhered to by CBC. The parameters established by The Higher Education Coordinating Board (THECB) for the reporting of expenditures and the drawdown of cash ensured compliance with the CMIA.

CBC will incorporate by name will supply a copy of the CMIA and will ensure that written step by step instructions for compliance are included in all future grant procedures.

Coastal College does not discriminate on the basis of race, creed, color, national origin, gender, age, or disability.

Step 3.c: Coastal Bend College's written policies and procedures did not incorporate the THECB's ARRA Grant guidance regarding reimbursement of ARRA grant funds.

CBC does have a statement in the grant procedures documents in the State Administrative Section which requires staff to comply with all grant documents. CBC can print a copy of the ARRA Grant requirements and attach to the procedures documents.

Step 3.e.iii: Coastal Bend College's reconciliations were not performed in a timely manner.

CBC did perform reconciliation each month before reporting expenditures. This was not incorporated into a worksheet. Staff was asked to provide two monthly reports which we did. Staff then provided a formal report from the inception of the grant. The October 2010 item was an error which was the subject of many communications between State ARRA staff and CBC staff. It was believed that this had been resolved. The April 2011 issue was a carryover from the October 2010 issue.

Step 5.a.ii: Coastal Bend College did not have written procedures to ensure that activities are allowable as per the requirements of OMB Circular A-21.

CBC did have written procedures outlining the classification of items to be purchased with the ARRA funds. CBC did not reference A-21 as all purchases were specified in the grant document and classification was agreed to by the appropriate program and administrative managers. CBC has a purchasing module as part of its accounting system. Requisitions are entered against budgeted items. The entry of requisitions is only by authorized personnel with a password for requisition entry. The program manager would then approve the requisition and according to the processes out-lined on the acquisition of capital equipment, other personnel up to and including the CBC President could be required to approve the requisition before issuance of a Purchase Order (P.O.). A final review of eligible items was conducted each month before drawdown of any funds from the State ARRA office.

Step 5.d.i: Coastal Bend College did not have written procedures regarding valuation of assets, repair, and maintenance.

CBC did not provide written procedures outlining the valuation of assets. We talked with our auditors and with State ARRA staff regarding the group approach of assets purchased under this program. We expect to visit again with the auditors as to how this approach should be written into inventory and depreciation procedures. Typically we look at inventory during August and prepare the necessary schedules and entries for the Notes to the Financial Statements.

CBC was not asked for procedures specific to the valuation of assets, repair, and maintenance. The rolling stock is being maintained by CBC's Physical Plant. Rolling stock maintenance/repair issues which are out of the ordinary are discussed with CBC's Automotive Technology Instructor. Our insurance company does visit to ensure that we are maintaining our vehicles and logs regarding usage and maintenance.

The "simulated people" are maintained under the auspices of the Simulation Coordinator who maintains equipment according to the manufacturer specifications.

Step 5.d.ii: Coastal Bend College did not have a complete inventory listing of all equipment purchased with ARRA funds.

This was not brought to the attention of the Dean of Administrative Services. To the best of my knowledge, we did have a complete inventory listing at the time and maintain the listing each time CBC receives a shipment.

Coastal Bend College deeply appreciates the assistance rendered by the State ARRA staff. This equipment is handled with tender loving care by (TLC) by our nursing instructional staff. The ability to simulate various medical emergencies, childbirth, and other medical conditions greatly enhances the skills which our students will use to serve patients in the future. In addition, the fact that CBC can transport the equipment to other areas allows for an enhanced training experience for our students.

Sincerely,

Ruth L. Cude,
Dean of Administrative Services
361-354-2767 office
361-947-1949 cell
rcude@coastalbend.edu

ATTCH:

Coastal Bend College

Grant Administration and Procedures

Finance and Accounting

These procedures are subject to change as both State and Federal laws and regulations are subject to change. These procedures shall be reviewed in June of each year and updated to reflect the latest in grantor requirements. In addition each grant may have more restrictive or special requirements. It is the responsibility of both the Program Manager and the assigned Administrative Services personnel to understand the requirements of each grant. In all instances federal cash management processes will be followed.

Sources of information for the administration of a grant include, but may not be limited to the following:

Federal Administrative Requirements

- OMB Circular A-102 - Grants and Cooperative Agreements with State and Local Governments: OMB instructions to federal agencies to issue the A-102 Common Rule.
- A-102 Common Rule - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments: Also referred to as the Federal Grants Management Common Rule. These are federal administrative rules states must follow when administering most federal programs. Site has a chart referencing where to locate the A-102 Common Rule in the Code of Federal Regulations for each federal agency.
- OMB Circular A-110 - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations: Federal administrative rules universities and non-profit organizations must follow when administering federal programs. Site has a chart referencing where to locate A-110 in the Code of Federal Regulations for each federal agency.

State Administrative Requirements

See Grant Documents

Coastal Bend College Policies

Located on the Board of Trustees Website and subject to change.

These should be reviewed at the inception of the grant. Items are only updated by the Coastal Bend College Trustees at board meetings. All deans regularly attend board meetings and the agenda for board meetings is posted at least 72 hours before board meetings, so there are several ways to determine if a policy or policies have changed.

Coastal Bend College PROCESSES

Grant Document—NOGA/SOGA/NOA, or other will be received.

Administrative Services staff will assign the appropriate account numbers and work with the program manager will establish budget line items in accordance with the grant document. Program and financial reporting dates and responsibilities will be noted. Special attention will be paid to the ending date of the grant. Administrative Services Personnel will review procurement processes with program personnel. Included in discussion will be lead time necessary in order to receive all merchandise/services before the end date of the grant. If wages are paid under the grant, then all related benefits must be paid by the grant. The grant document will be reviewed to determine whether or not any contemplated purchases meet the inventoriable, but not capitilzable or capitilaization threshold.

Any changes to budget items in the grant document will be emailed to the Dean of Administrative Services and the Controller. Budget changes can be made through the POISE system for items other than salaries and benefits. Administrative Services staff will make all budget transfers involving salaries or benefits.

Program personnel will request appropriate access to the POISE Fiscal module for processing of transactions through the Distributive Purchasing System (DPS). Access is established via memo to the POISE programmer with a copy to the Dean of Administrative Services. DPS will automatically send all capital purchases to the Dean of Administrative Services for review.

Both Administrative Services and Program personnel will request appropriate passwords for reporting to the relevant grant agency.

A worksheet will be established which lists CBC account numbers and amounts on the left side with grant accounting codes across the top. This is intended to facilitate reporting to the various agencies. Worksheet will be updated and maintained on a monthly basis. It may be necessary to maintain a monthly worksheet.

Budget Reports and detailed activity reports will be furnished to program personnel upon at least a monthly basis. Reports will include the following: Dr. Baynum Budget Summary, Actual $ charged to the grant(if there are personnel payments included in the grant), Grant Activity Report.

Program Personnel will review monthly reports by the 10th of the month and send an email to the Controller with a copy of the Dean of Administrative Services stating that they have reviewed the reports and detailing any questions or stating that the reports have been reviewed and there are no questions or comments.

Administrative Service personnel will respond promptly to any questions or comments. items will be addressed within one business week.

Acquisition of Capital Equipment

Coastal Bend College (CBC) defines a capital purchase as an item purchased with an initial cost greater than $5,000 with a useful life of at least one year. Items of $500 or more are deemed inventoriable, but capitilizable and shall be tagged and a record kept of these items. Each capital item MUST reference the PO and line item number(s) by which the item was procured. All items requiring tagging will be tagged by Administrative Service and Program personnel. A worksheet of the tagged items will be kept by both Administrative Service personnel as well as program personnel. Change in location of assets must be documented and reported via email to the Controller with a copy to the Dean of Administrative Services.

Items deemed capital items will be added to the schedule of the college's fixed assets. The Controller in consultation with the Dean of Administrative Services and CBC auditors, if necessary, to determine useful life of the asset.

Anticipated receipt of any items which will need to be added to the college's insurance policy must be reported to the Dean of Administrative Services with a copy to the Controller. Specific examples of items are cars/trucks/trailers, etc. No vehicle will be driven by anyone not authorized through our insurance carrier to drive a college vehicle. Contact the Budget Supervisor at 2215 for requirements. Allow at least 3 business days for approval.

Maintenance on rolling stock will be done in conjunction with the Director of Physical Facilities. Maintenance logs will be kept in accordance with insurance requirements. Mileage logs will be kept with each trip showing driver's name, purpose of trip, and beginning and ending odometer readings. Each location visited should be shown. Date and time of trip start and trip end and intermediate stops will be shown.