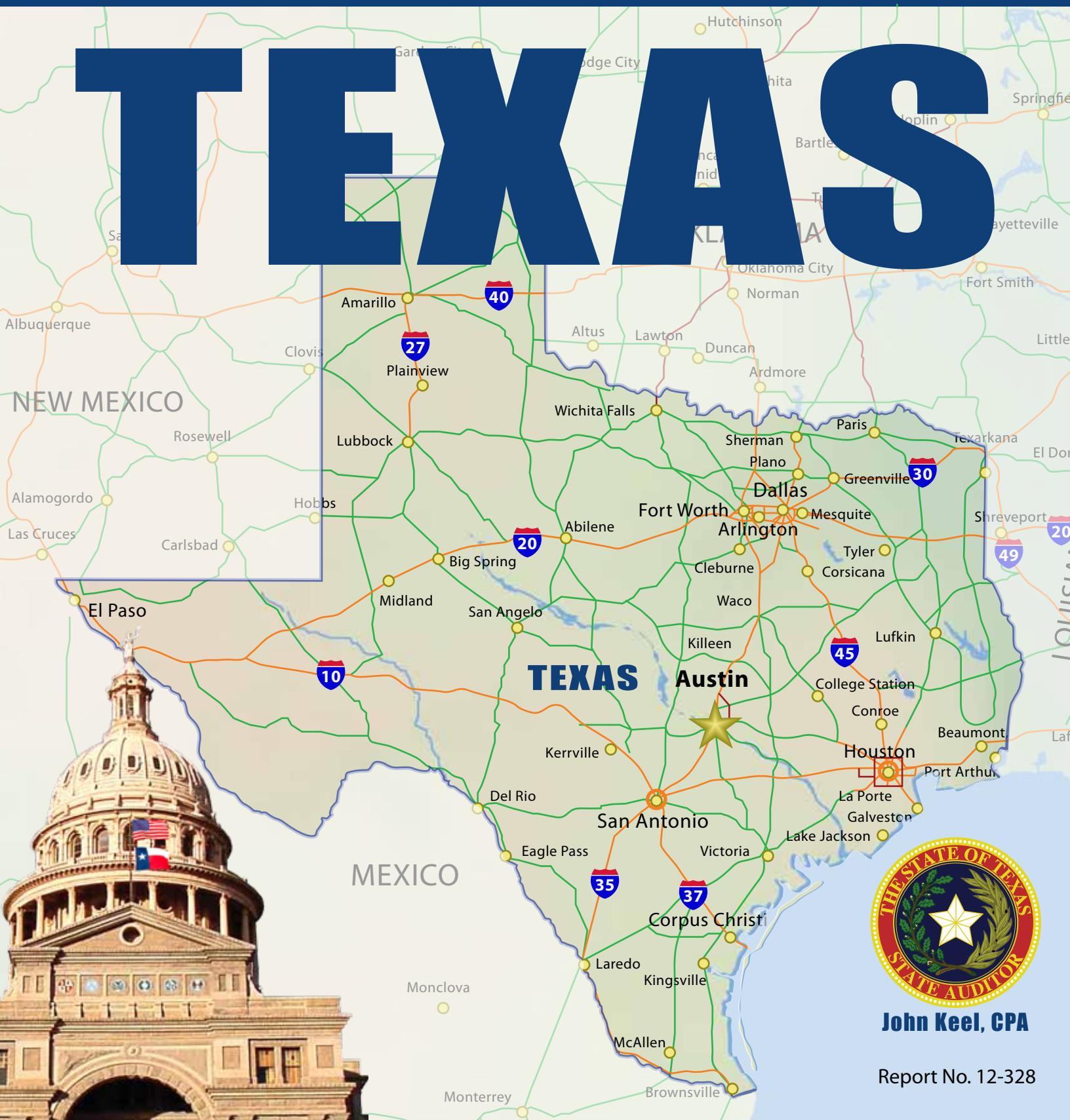


# Federal Portion of the Statewide Single Audit Report For the Fiscal Year Ended August 31, 2011

# TEXAS



John Keel, CPA

Report No. 12-328

**Independent Auditors' Reports**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2011

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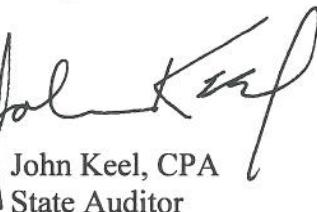
## **INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable Rick Perry, Governor  
The Honorable Susan Combs, Comptroller of Public Accounts  
The Honorable David Dewhurst, Lieutenant Governor  
The Honorable Joe Straus, Speaker of the House of Representatives  
and  
Members of the Legislature, State of Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the State of Texas as of and for the year ended August 31, 2011, and have issued our report thereon dated February 21, 2012, which contained an unqualified opinion on those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1 to the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of Federal Awards does not include expenditures of federal awards for seven component units of the State of Texas. Each of those component units has its own independent audit in compliance with OMB Circular A-133.



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February 21, 2012

SAO Report No. 12-322



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**Independent Auditors' Report on Compliance  
with Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

The Honorable Rick Perry, Governor,  
and Members of the Legislature, State of Texas  
State of Texas:

**Compliance**

We have audited the State of Texas' (the State) compliance with the types of compliance requirements described in the U.S. OMB *Circular A-133 Compliance Supplement* (Compliance Supplement) that could have a direct and material effect on each of the State's major federal programs for the year ended August 31, 2011, except those requirements discussed in the third and seventh following paragraphs. We also did not audit the State's compliance with compliance requirements applicable to the Student Financial Assistance Cluster, Research and Development Cluster, CFDA 11.555-Public Safety Interoperable Communications Grant Program, CFDA 12.401-National Guard Military Operations and Maintenance Projects, CFDA 20.106-Airport Improvement Program, CFDA 20.509-Formula Grants for Other than Urbanized Areas, CFDA 66.458-Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 97.036-Disaster Grants – Public Assistance (Presidentially Declared Disasters), CFDA 97.039-Hazard Mitigation Grant, Highway Planning and Construction Cluster, and Homeland Security Cluster, which represent approximately 16% of total federal assistance received by the State. The State's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. The Student Financial Assistance Cluster, Research and Development Cluster, CFDA 11.555-Public Safety Interoperable Communications Grant Program, CFDA 20.106-Airport Improvement Program, CFDA 20.509-Formula Grants for Other than Urbanized Areas, CFDA 66.458-Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 97.036-Disaster Grants - Public Assistance (Presidentially Declared Disasters), CFDA 97.039-Hazard Mitigation Grant, Highway Planning and Construction Cluster, and Homeland Security Cluster are identified in the accompanying schedule of findings and questioned costs as major federal programs and were audited by another auditor whose reports have been furnished to us. Our opinion, insofar as it relates to the Student Financial Assistance Cluster, Research and Development Cluster, CFDA 11.555-Public Safety Interoperable Communications Grant Program, CFDA 12.401-National Guard Military Operations and Maintenance Projects, CFDA 20.106-Airport Improvement Program, CFDA 20.509-Formula Grants for Other than Urbanized Areas, CFDA 66.458-Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 97.036-Disaster Grants - Public Assistance (Presidentially Declared Disasters), CFDA 97.039-Hazard Mitigation Grant, Highway Planning and Construction Cluster, and Homeland Security Cluster, is based on the reports of the other auditor. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The State's basic financial statements include the operations of component units of the State that received approximately \$183 million in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended August 31, 2011. Our audit, described below, did not include the operations of the component units of the State because each of those agencies has its own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The other auditors did not audit the State's compliance with requirements governing maintaining contact with borrowers and billing and collection procedures for certain portions of the State in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance



Supplement. Those requirements govern functions performed by Affiliated Computer Services, Inc. (ACS) and Educational Loan Servicing, LLC (dba Campus Partners). Since the other auditors did not apply auditing procedures to satisfy themselves as to compliance with those requirements, the scope of their work was not sufficient to enable them to express, and the other auditors do not express, an opinion on compliance with those requirements. The service organizations' compliance with the requirements governing the functions that they perform for the State for the year ended August 31, 2011 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examinations of the service organizations' compliance with such requirements.

Except as discussed below, we and the other auditors conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audits do not provide a legal determination of the State's compliance with those requirements.

In October 2011 the Travis County District Attorney's Office issued an arrest warrant for the grant administrator of the Texas State Comptroller's State Energy Conservation Office (SECO). The warrant alleges, among other things, that the grant administrator, acting together with a grant applicant, with the intent to defraud or harm the United States Department of Energy (DOE) and the Comptroller of Public Accounts of the State of Texas (CPA) did by deception cause a representative of the CPA to sign and execute a grant agreement for funds from the DOE State Energy Program CFDA 81.041. Due to this on-going criminal investigation, we are unable to express, and we do not express, an opinion on the compliance requirements for the DOE State Energy Program CFDA 81.041, that could have a direct and material effect on the major federal program for the year ended August 31, 2011.

As identified below and in the accompanying schedule of findings and questioned costs, based on our audit and the reports of other auditors, we were unable to obtain sufficient documentation supporting the compliance of the State with the program compliance requirements listed below, nor were we able to satisfy ourselves as to the State's compliance with those requirements by other auditing procedures. The results of the auditing procedures are described in the accompanying schedule of findings and questioned costs as items:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission	CFDA 93.667 – Social Services Block Grant	Eligibility	12-13
Department of Family and Protective Services			

As identified below and described in the accompanying schedule of findings and questioned costs, the State did not comply with compliance requirements that are applicable to its major federal programs. Based on our audit and the reports of other auditors, compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to the identified major federal programs. The results of the auditing procedures are described in the accompanying schedule of findings and questioned costs as items:

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission	Medicaid Cluster	Eligibility Special Tests and Provisions	12-02
	Medicaid Cluster – ARRA		
	SNAP Cluster		
	SNAP Cluster – ARRA		
	TANF Cluster		
	TANF Cluster – ARRA	Eligibility	12-03
	CFDA 93.767 – Children's Health Insurance Program		
	Medicaid Cluster	Special Tests and Provisions	12-06
	SNAP Cluster	Special Tests and Provisions	12-07
	TANF Cluster	Special Tests and Provisions	12-10
	TANF Cluster – ARRA		
Department of Family and Protective Services Texas Workforce Commission	TANF Cluster	Special Tests and Provisions	12-14
	TANF Cluster - ARRA		
Texas Department of Housing and Community Affairs	State-Administered CDBG Cluster	Reporting	12-17
Department of Public Safety	CFDA 97.039 – Hazard Mitigation Grant Program	Reporting	12-111
	CFDA 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting	12-114
Department of Transportation	Highway Planning and Construction Cluster	Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	12-144
	Highway Planning and Construction Cluster – ARRA		

In our opinion, based on our report and the reports of other auditors, because of the effects of the noncompliance described in the preceding paragraph, the State did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on:

- Medicaid Cluster (with ARRA)
- SNAP Cluster (with ARRA)

Also, in our opinion, based on our audit and the reports of other auditors, except for the noncompliance described in the previous two paragraphs and except for the affects of non-compliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State's compliance with the requirements of CFDA 93.667-Social Services Block Grant major program regarding the eligibility compliance requirement, the State



complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended August 31, 2011. However, the results of our auditing procedures and the reports of other auditors also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission	CFDA 93.667 – Social Services Block Grant	Subrecipient Monitoring	12-05
	TANF Cluster TANF Cluster – ARRA	Special Tests and Provisions	12-09
	TANF Cluster - ARRA	Special Tests and Provisions	12-11
Health and Human Services Commission Department of Aging and Disability Services	Medicaid Cluster Medicaid Cluster – ARRA	Reporting	12-12
	CFDA 14.257 Homeless Prevention and Rapid Re-Housing Program (HPRP) – ARRA CFDA 81.042 Weatherization Assistance for Low-Income Persons CFDA 81.042 Weatherization Assistance for Low-Income Persons – ARRA State-Administered CDBG Cluster	Allowable Costs/Cost Principles	12-15
Office of the Attorney General	CFDA 93.563 – Child Support Enforcement	Special Tests and Provisions	12-19
Department of State Health Services	CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children	Equipment and Real Property Management	12-21
		Subrecipient Monitoring	12-22
Texas Department of Rural Affairs Department of Agriculture	State-Administered CDBG Cluster	Cash Management	12-23
Texas Department of Rural Affairs	State-Administered CDBG Cluster	Procurement and Suspension and Debarment	12-24

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Department of Rural Affairs	State-Administered CDBG Cluster	Reporting	12-25
	State-Administered CDBG Cluster – ARRA		
Texas Education Agency	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Subrecipient Monitoring Maintenance of Effort and Supplement not Supplant	12-27
	CFDA 84.287 – Twenty-First Century Community Learning Centers	Reporting – Section 1512	
	CFDA 84.365 – English Language Acquisition Grants	Special Tests and Provisions	
	CFDA 84.367 – Improving Teacher Quality State Grants		
	CFDA 84.410 – Education Jobs Fund		
	School Improvement Grants Cluster		
	School Improvement Grants Cluster – ARRA		
	Special Education Cluster (IDEA)		
	Special Education Cluster (IDEA) – ARRA		
	State Fiscal Stabilization Fund Cluster – ARRA		
	Title I – Part A Cluster		
	Title I – Part A Cluster – ARRA		
Texas Higher Education Coordinating Board	State Fiscal Stabilization Fund Cluster – ARRA	Procurement and Suspension and Debarment	12-30
Adjutant General's Department	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	12-101
	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – ARRA	Davis-Bacon Act	12-102
	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects	Reporting	12-103
Angelo State University	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – ARRA		
	Student Financial Assistance Cluster	Eligibility	12-104

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Angelo State University	Student Financial Assistance Cluster	Special Tests and Provisions	12-105
Department of Public Safety	Homeland Security Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Period of Availability of Federal Funds Reporting Special Tests and Provisions	12-106
	Cash Management		12-107
	Procurement and Suspension and Debarment		12-108
	Subrecipient Monitoring		12-109
CFDA 97.039 – Hazard Mitigation Grant Program		Procurement and Suspension and Debarment Subrecipient Monitoring	12-110
CFDA 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)		Cash Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Period of Availability of Federal Funds Special Tests and Provisions	12-112
	Procurement and Suspension and Debarment Subrecipient Monitoring		12-113
CFDA 11.555 – Public Safety Interoperable Communications Grant Program		Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Period of Availability of Federal Funds Reporting	12-115



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Public Safety	CFDA 11.555 – Public Safety Interoperable Communications Grant Program	Cash Management	12-116
		Equipment and Real Property Management	12-117
		Procurement and Suspension and Debarment	12-118
		Subrecipient Monitoring	12-119
Stephen F. Austin State University	Student Financial Assistance Cluster	Eligibility	12-120
		Special Tests and Provisions	12-121
Texas A&M University	Student Financial Assistance Cluster	Eligibility	12-122
		Reporting	12-123
		Special Tests and Provisions	12-124
			12-125
			12-126
Texas AgriLife Research	Research and Development Cluster	Allowable Costs/Cost Principles	12-127
		Special Tests and Provisions	12-130
Texas State University – San Marcos	Student Financial Assistance Cluster	Eligibility	12-131
		Special Tests and Provisions	12-132 12-133
Texas Tech University	Student Financial Assistance Cluster	Eligibility	12-134
		Reporting	12-135
		Special Tests and Provisions	12-136
			12-137
			12-138
			12-139
Texas Woman's University	Student Financial Assistance Cluster	Eligibility	12-140



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Woman's University	Student Financial Assistance Cluster	Special Tests and Provisions	12-141
Department of Transportation	Highway Planning and Construction Cluster	Davis-Bacon Act	12-142
		Reporting	12-145
		Special Tests and Provisions	12-146
	CFDA 20.106 – Airport Improvement Program	Davis-Bacon Act	12-147
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas	Reporting	12-148
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas	Subrecipient Monitoring	12-149
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas - ARRA		
University of Houston	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	12-150
		Reporting	12-151
		Special Tests and Provisions	12-152
			12-153
			12-154
University of North Texas	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	12-155
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility	12-156
		Reporting	12-157
		Special Tests and Provisions	12-158
			12-159
			12-160
			12-161



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas at Arlington	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment	12-162
	Research and Development Cluster – ARRA	Special Tests and Provisions	12-163
University of Texas at Austin	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Program Income Special Tests and Provisions	12-164
		Reporting	12-165
		Special Tests and Provisions	12-166
			12-167
			12-168
	Research and Development Cluster	Activities Allowed or Unallowed	12-169
	Research and Development Cluster – ARRA	Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment Reporting Special Tests and Provisions	
	Research and Development Cluster	Equipment and Real Property Management	12-170
University of Texas Health Science Center at San Antonio	Research and Development Cluster – ARRA	Davis-Bacon Act	12-171

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
University of Texas Health Science Center at San Antonio	Research and Development Cluster	Equipment and Real Property Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	12-172
	Research and Development Cluster – ARRA	Procurement and Suspension and Debarment	12-173
University of Texas Health Science Center at Tyler	Research and Development Cluster	Allowable Costs/Cost Principles	12-174
		Cash Management	12-175
		Period of Availability of Federal Funds	12-176
		Procurement and Suspension and Debarment	12-177
University of Texas Medical Branch at Galveston	Research and Development Cluster	Reporting	12-179
	CFDA 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles	12-180
		Equipment and Real Property Management	12-181
		Procurement and Suspension and Debarment	12-182

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	12-183
		Special Tests and Provisions	12-184
		Special Tests and Provisions	12-185
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Equipment and Real Property Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment Special Tests and Provisions	12-186
		Reporting	12-187
Water Development Board	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds	Allowable Costs/Cost Principles	12-188
	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds – ARRA		
	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds	Subrecipient Monitoring	12-189
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds	Allowable Costs/Cost Principles	12-190
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA		



Agency/University	Program	Compliance Requirement	Finding Number
Water Development Board	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds	Subrecipient Monitoring	12-191

### **Internal Control over Compliance**

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we and the other auditors considered the State's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement are performed by the service organizations noted above. Internal control over compliance related to such functions for the year ended August 31, 2011 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of the service organizations' internal control over compliance related to such functions.

Our consideration of internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and items listed below to be material weaknesses:

Agency/University	Program	Compliance Requirement	Finding Number
Health and Human Services Commission	Medicaid Cluster Medicaid Cluster – ARRA SNAP Cluster SNAP Cluster – ARRA TANF Cluster TANF Cluster – ARRA	Eligibility Special Tests and Provisions	12-02

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission Department of Family and Protective Services	CFDA 93.667 – Social Services Block Grant	Eligibility	12-13
Department of Public Safety	CFDA 97.039 – Hazard Mitigation Grant Program	Reporting	12-111
	CFDA 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Cash Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Period of Availability of Federal Funds Special Tests and Provisions	12-112
		Procurement and Suspension and Debarment Subrecipient Monitoring	12-113
		Reporting	12-114
Department of Transportation	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	12-144
University of Texas Health Science Center at Tyler	Research and Development Cluster	Procurement and Suspension and Debarment	12-177
Water Development Board	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds – ARRA	Allowable Costs/Cost Principles	12-188
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA	Allowable Costs/Cost Principles	12-190



A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and items listed below to be significant deficiencies:

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Aging and Disability Services	CFDA 93.667 – Social Services Block Grant	Allowable Costs/Cost Principles	12-01
Health and Human Services Commission	CFDA 93.767 – Children's Health Insurance Program Medicaid Cluster Medicaid Cluster – ARRA SNAP Cluster TANF Cluster		
Health and Human Services Commission	CFDA 93.767 - Children's Health Insurance Program	Eligibility	12-03
	CFDA 93.767 – Children's Health Insurance Program Medicaid Cluster Medicaid Cluster – ARRA	Allowable Costs/Cost Principles Program Income	12-04
	CFDA 93.667 – Social Services Block Grant	Subrecipient Monitoring	12-05
	Medicaid Cluster	Special Tests and Provisions	12-06
	SNAP Cluster	Special Tests and Provisions	12-07
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	TANF Cluster TANF Cluster - ARRA	Special Tests and Provisions	12-09 12-10
Health and Human Services Commission	Medicaid Cluster	Reporting	12-12
Department of Aging and Disability Services	Medicaid Cluster – ARRA		
Health and Human Services Commission	TANF Cluster	Special Tests and Provisions	12-14
Texas Workforce Commission	TANF Cluster – ARRA		

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Department of Housing and Community Affairs	State-Administered CDBG Cluster	Allowable Costs/Cost Principles Cash Management Reporting Special Tests and Provisions	12-16
	State-Administered CDBG Cluster	Reporting	12-17
Office of the Attorney General	CFDA 93.563 – Child Support Enforcement	Allowable Costs/Cost Principles Cash Management Matching Period of Availability of Federal Funds Reporting	12-18
	CFDA 93.563 – Child Support Enforcement – ARRA	Special Tests and Provisions	12-19
	CFDA 93.563 – Child Support Enforcement	Allowable Costs/Cost Principles Special Tests and Provisions	12-20
Department of State Health Services	CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children	Equipment and Real Property Management	12-21
	State-Administered CDBG Cluster	Cash Management	12-23
Texas Department of Rural Affairs Department of Agriculture	State-Administered CDBG Cluster	Procurement and Suspension and Debarment	12-24
Texas Department of Rural Affairs	CFDA 84.048 – Career and Technical Education – Basic Grants to States CFDA 84.287 – Twenty-First Century Community Learning Centers CFDA 84.365 – English Language Acquisition Grants CFDA 84.367 – Improving Teacher Quality State Grants CFDA 84.410 – Education Jobs Fund	Eligibility for Sub-recipients Matching, Level of Effort, and Earmarking Reporting Subrecipient Monitoring Special Tests and Provisions	12-26

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Education Agency	School Improvement Grants Cluster School Improvement Grants Cluster – ARRA Special Education Cluster (IDEA) Special Education Cluster (IDEA) – ARRA State Fiscal Stabilization Fund Cluster – ARRA Title I, Part A Cluster Title I, Part A Cluster – ARRA	Subrecipient Monitoring Maintenance of Effort and Supplement not Supplant Reporting – Section 1512 Special Tests and Provisions	12-27
Texas Higher Education Coordinating Board	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Allowable Costs/Cost Principles Cash Management Matching Period of Availability of Federal Funds Reporting Subrecipient Monitoring	12-28
	CFDA 84.032L – Federal Family Education Loans – Lenders	Reporting Special Tests and Provisions	12-29
	State Fiscal Stabilization Fund Cluster – ARRA	Procurement and Suspension and Debarment	12-30
Texas Workforce Commission	CCDF Cluster CCDF Cluster – ARRA TANF Cluster TANF Cluster – ARRA WIA Cluster WIA Cluster – ARRA	Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Matching, Level of Effort, and Earmarking Period of Availability of Federal Funds Reporting Subrecipient Monitoring Special Tests and Provisions	12-31
Adjutant General's Department	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	12-101
	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects - ARRA	Davis-Bacon Act	12-102

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Adjutant General's Department	CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects CFDA 12.401 – National Guard Military Operations and Maintenance (O&M) Projects - ARRA	Reporting	12-103
Angelo State University	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	12-104 12-105
Department of Public Safety	Homeland Security Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Reporting Period of Availability of Federal Funds Special Tests and Provisions	12-106
		Cash Management	12-107
		Procurement and Suspension and Debarment	12-108
		Subrecipient Monitoring	12-109
	CFDA 97.039 – Hazard Mitigation Grant Program	Procurement and Suspension and Debarment Subrecipient Monitoring	12-110
	CFDA 11.555 – Public Safety Interoperable Communications Grant Program	Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking Period of Availability of Federal Funds Reporting	12-115
		Cash Management	12-116
		Equipment and Real Property Management	12-117
		Procurement and Suspension and Debarment	12-118



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Public Safety	CFDA 11.555 – Public Safety Interoperable Communications Grant Program	Subrecipient Monitoring	12-119
Stephen F. Austin State University	Student Financial Assistance Cluster	Eligibility	12-120
		Special Tests and Provisions	12-121
Texas A&M University	Student Financial Assistance Cluster	Eligibility	12-122
		Reporting	12-123
		Special Tests and Provisions	12-124
			12-125
			12-126
Texas AgriLife Research	Research and Development Cluster	Allowable Costs/Cost Principles	12-127
		Cash Management	12-128
		Period of Availability of Federal Funds	12-129
	Research and Development Cluster - ARRA	Special Tests and Provisions	12-130
Texas State University – San Marcos	Student Financial Assistance Cluster	Eligibility	12-131
		Special Tests and Provisions	12-132
			12-133
Texas Tech University	Student Financial Assistance Cluster	Eligibility	12-134
		Reporting	12-135
		Special Tests and Provisions	12-136
			12-137
			12-138
			12-139
Texas Woman's University	Student Financial Assistance Cluster	Eligibility	12-140
		Special Tests and Provisions	12-141

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Transportation	Highway Planning and Construction Cluster	Davis-Bacon Act	12-142
		Period of Availability of Federal Funds	12-143
		Reporting	12-145
		Special Tests and Provisions	12-146
	CFDA 20.106 – Airport Improvement Program	Davis-Bacon Act	12-147
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas	Reporting	12-148
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas	Subrecipient Monitoring	12-149
	CFDA 20.509 – Formula Grants for Other Than Urbanized Areas - ARRA		
University of Houston	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	12-150
		Reporting	12-151
		Special Tests and Provisions	12-152
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			12-154
University of North Texas	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	12-155
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility	12-156
		Reporting	12-157
		Special Tests and Provisions	12-158
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			12-160
			12-161

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas at Arlington	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment	12-162
	Research and Development Cluster – ARRA	Special Tests and Provisions	12-163
University of Texas at Austin	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Program Income Special Tests and Provisions	12-164
		Reporting	12-165
		Special Tests and Provisions	12-166
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	Research and Development Cluster	Activities Allowed or Unallowed	12-169
	Research and Development Cluster – ARRA	Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment Reporting Special Tests and Provisions	
	Research and Development Cluster	Equipment and Real Property Management	12-170
University of Texas Health Science Center at San Antonio	Research and Development Cluster – ARRA	Davis-Bacon Act	12-171

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas Health Science Center at San Antonio	Research and Development Cluster	Equipment and Real Property Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	12-172
University of Texas Health Science Center at San Antonio	Research and Development Cluster – ARRA	Procurement and Suspension and Debarment	12-173
University of Texas Health Science Center at Tyler	Research and Development Cluster	Allowable Costs/Cost Principles	12-174
		Cash Management	12-175
		Period of Availability of Federal Funds	12-176
University of Texas Medical Branch at Galveston	Research and Development Cluster	Equipment and Real Property Management	12-178
		Reporting	12-179
	CFDA 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles	12-180
		Equipment and Real Property Management	12-181
		Procurement and Suspension and Debarment	12-182
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	12-183



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
University of Texas at San Antonio	Student Financial Assistance Cluster	Special Tests and Provisions	12-184 12-185
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Equipment and Real Property Management Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Period of Availability of Federal Funds Procurement and Suspension and Debarment Special Tests and Provisions	12-186
		Reporting	12-187
Water Development Board	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds	Subrecipient Monitoring	12-189
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds	Subrecipient Monitoring	12-191

The State's responses to the findings identified in our audit and the reports of other auditors are described in the accompanying schedule of findings and questioned costs. We and the other auditors did not audit the State's responses, and accordingly, we and the other auditors express no opinion on the responses.

This report is intended solely for the information and use of the Governor, the Members of the Texas State Legislature, Legislative Audit Committee, management of State agencies and universities, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

February 21, 2012

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>Institute of Museum and Library Services</b>					
Institute of Museum and Library Services	03.XXX	MA-04-10-0101-10	\$ _____	\$ 675	\$ 675
Total - CFDA 03.XXX			0	675	675
Total - Institute of Museum and Library Services			0	675	675
<b>Office of National Drug Control Policy</b>					
Office of National Drug Control Policy	07.XXX	PSWP562	_____	219,299	219,299
Total - CFDA 07.XXX			0	219,299	219,299
Total - Office of National Drug Control Policy			0	219,299	219,299
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	12-25-A-4666 U4129	_____	62,844 130,067	62,844 130,067
Total - CFDA 10.XXX			0	192,911	192,911
Agricultural Research_Basic and Applied Research <i>Pass-Through from University of Florida</i>	10.001	435490	_____	50,461 10,419	50,461 10,419
Total - CFDA 10.001			0	60,880	60,880
Plant and Animal Disease, Pest Control, and Animal Care <i>Pass-Through from New Mexico State University</i>	10.025	429350	9,846	5,927,636 9,455	5,937,482 9,455
Total - CFDA 10.025			9,846	5,937,091	5,946,937
Wildlife Services	10.028			17,019	17,019
ARRA - Aquaculture Grants Program (AGP)	10.086		39,300	(4,200)	35,100
2009 Aquaculture Grant Program	10.103		1,472,706	20,087	1,492,793
Poultry Loss Contract Grant Assistance Program	10.104		1,425,537		1,425,537
Market News	10.153			24,178	24,178
Market Protection and Promotion	10.163		66,123	1,342,793	1,408,916
Specialty Crop Block Grant Program	10.169			17,468	17,468
Specialty Crop Block Grant Program - Farm Bill	10.170		869,785	546,435	1,416,220
Grants for Agricultural Research, Special Research Grants <i>Pass-Through from Colorado State University</i>	10.200	440150	1,958	1,014,979 10,686	1,016,937 10,686
<i>Pass-Through from Kansas State University</i>		451570		14,098	14,098
<i>Pass-Through from Kansas State University</i>		451850		37,238	37,238
<i>Pass-Through from Louisiana State University</i>		434950		(1,070)	(1,070)
<i>Pass-Through from University of California - Davis</i>		440830		1,419	1,419
<i>Pass-Through from University of Florida</i>		420440		1,505	1,505
<i>Pass-Through from University of Florida</i>		435310		12,921	12,921
<i>Pass-Through from University of Florida</i>		437640		42	42
<i>Pass-Through from University of Florida</i>		440180		7,788	7,788
<i>Pass-Through from University of Florida</i>		440860		113	113
<i>Pass-Through from University of Florida</i>		440920		6,788	6,788
<i>Pass-Through from University of Florida</i>		440950		4,671	4,671
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		440940		4,923	4,923
Total - CFDA 10.200			1,958	1,116,101	1,118,059

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Agriculture (continued)</b>					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			(77,279)	(77,279)
Grants for Agricultural Research_Compétitive Research Grants	10.206			(118)	(118)
Sustainable Agriculture Research and Education	10.215				
<i>Pass-Through from University of Georgia</i>		423330	(12,893)	36,155	23,262
<i>Pass-Through from University of Georgia</i>		435280		1,744	1,744
<i>Pass-Through from University of Georgia</i>		450520		11,860	11,860
<i>Pass-Through from University of Georgia</i>		451240		5,487	5,487
<i>Pass-Through from University of Georgia</i>		451710		18,322	18,322
<i>Pass-Through from University of Georgia</i>		451720		10,057	10,057
Total - CFDA 10.215			(12,893)	83,625	70,732
1890 Institution Capacity Building Grants	10.216			68,982	68,982
Hispanic Serving Institutions Education Grants	10.223			48,316	673,192
<i>Pass-Through from Alamo Community College District</i>		8000001193		624,876	23,391
<i>Pass-Through from Houston Community College</i>		2009-01184		35,587	35,587
<i>Pass-Through from Houston Community College</i>		201002097		5,513	5,513
Total - CFDA 10.223			48,316	689,367	737,683
Integrated Programs	10.303			617,574	1,038,132
<i>Pass-Through from North Carolina State University</i>		420005	5,500	1,375	6,875
<i>Pass-Through from North Carolina State University</i>		420390		28,774	28,774
<i>Pass-Through from North Carolina State University</i>		433460		(1)	(1)
<i>Pass-Through from North Carolina State University</i>		435560		10	10
<i>Pass-Through from North Carolina State University</i>		437430		(767)	(767)
Total - CFDA 10.303			623,074	449,949	1,073,023
Homeland Security_Agricultural	10.304			353,471	353,471
<i>Pass-Through from Kansas State University</i>		440990		30,046	30,046
<i>Pass-Through from Purdue University</i>		425210		11,007	11,007
<i>Pass-Through from University of Florida</i>		440490		39,236	39,236
Total - CFDA 10.304			0	433,760	433,760
Specialty Crop Research Initiative	10.309				
<i>Pass-Through from Oklahoma State University</i>		437670		1,721	1,721
<i>Pass-Through from Washington State University</i>		437660		42,774	42,774
Total - CFDA 10.309			0	44,495	44,495
Agriculture and Food Research Initiative	10.310			385,100	385,100
<i>Pass-Through from University of Florida</i>		429290		65,785	65,785
<i>Pass-Through from University of Florida</i>		432240		14,176	14,176
<i>Pass-Through from University of Georgia</i>		435290		8,048	8,048
Total - CFDA 10.310			0	473,109	473,109
Beginning Farmer and Rancher Development Program	10.311			163,482	163,482
ARRA - Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315				
<i>Pass-Through from University of Minnesota</i>		454140		5,640	5,640
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443			578,518	578,518

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Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Agriculture (continued)</b>					
Rural Community Development Initiative	10.446			119	119
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459			9,078	9,078
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,900,680	4,900,680
Cooperative Extension Service	10.500			1,963,291	27,786,652
<i>Pass-Through from Auburn University</i>		434910		7,899	7,899
<i>Pass-Through from Auburn University</i>		458140		8,001	8,001
<i>Pass-Through from Kansas State University</i>		455570		215,003	215,003
<i>Pass-Through from Kansas State University</i>		S11089		13,922	13,922
<i>Pass-Through from National 4-H Council</i>		200-45201-03332, 1		(216)	(216)
<i>Pass-Through from National 4-H Council</i>		200-45201-03332, 2		(234)	(234)
<i>Pass-Through from National 4-H Council</i>		2008-45201-04715		(10)	(10)
<i>Pass-Through from National 4-H Council</i>		2008-45201-04715 1		23,209	23,209
<i>Pass-Through from National 4-H Council</i>		455590		16,800	16,800
<i>Pass-Through from Oklahoma State University</i>		434560		(204)	(204)
<i>Pass-Through from University of Arizona</i>		446610		10,721	10,721
<i>Pass-Through from University of Arkansas</i>		423001	1,851	481	2,332
<i>Pass-Through from University of Arkansas</i>		423590	3,830	9,164	12,994
<i>Pass-Through from University of Arkansas</i>		437710		42,896	42,896
<i>Pass-Through from University of Florida</i>		434150		(20)	(20)
<i>Pass-Through from University of Georgia</i>		432140		721	721
<i>Pass-Through from University of Georgia</i>		437250		(1,948)	(1,948)
<i>Pass-Through from University of Georgia</i>		451230		433	433
<i>Pass-Through from University of Kentucky</i>		449430		67,123	67,123
<i>Pass-Through from University of Minnesota</i>		422490		(49)	(49)
<i>Pass-Through from University of Nebraska - Lincoln</i>		454160		10,526	10,526
<i>Pass-Through from University of Nebraska - Lincoln</i>		457180		22,662	22,662
<i>Pass-Through from University of Nebraska - Lincoln</i>		458012	1,500		1,500
<i>Pass-Through from University of Nebraska - Lincoln</i>		458280		3,557	3,557
<i>Pass-Through from University of Nebraska - Lincoln</i>		458550		12,467	12,467
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		437390		(204)	(204)
Total - CFDA 10.500				1,970,472	28,249,352
					30,219,824
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			152,842,979	577,799,452
Child and Adult Care Food Program	10.558			288,799,869	1,747,153
State Administrative Expenses for Child Nutrition	10.560			5,797,066	17,508,300
Commodity Supplemental Food Program	10.565			10,723,489	5,869
WIC Farmers' Market Nutrition Program (FMNP)	10.572			32,562	665,663
Senior Farmers Market Nutrition Program	10.576			104,363	1,202
ARRA - WIC Grants To States (WGS)	10.578				105,565
Child Nutrition Discretionary Grants Limited Availability	10.579			2,389,177	5,730,439
ARRA - Child Nutrition Discretionary Grants Limited Availability				724,544	5,730,439
Total - CFDA 10.579				3,133,350	3,857,894
Supplemental Nutrition Assistance Program, Outreach/Participation Program	10.580			39,761	39,761
Fresh Fruit and Vegetable Program	10.582			4,845,625	4,845,625

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Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Agriculture (continued)</b>					
Foreign Market Development Cooperator Program	10.600			1,996	1,996
Market Access Program	10.601			22,926	22,926
Emerging Markets Program	10.603			26,378	26,378
<i>Pass-Through from Southern United States Trade Association</i>		E06MXERT03UTSA			
Forestry Research	10.652			147,398	147,398
Cooperative Forestry Assistance	10.664			7,169,892	7,169,892
<i>Pass-Through from Society of Municipal Arboriculture</i>	432220			7,000	7,000
<i>Pass-Through from University of Georgia</i>	432210			1,544	1,544
Total - CFDA 10.664			0	7,178,436	7,178,436
Urban and Community Forestry Program	10.675			2,632	2,632
Forest Legacy Program	10.676			40,179	40,179
Forest Stewardship Program	10.678			24,102	24,102
Forest Health Protection	10.680			395,440	395,440
Rural Cooperative Development Grants	10.771			404,568	404,568
Distance Learning and Telemedicine Loans and Grants	10.855			2,591	2,591
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856			51,193	51,193
Soil and Water Conservation	10.902			60,967	60,967
Watershed Protection and Flood Prevention	10.904			21,212	21,212
Environmental Quality Incentives Program	10.912		938,815	209,965	1,148,780
<i>Pass-Through from National Fish and Wildlife Foundation</i>	454970			54,337	54,337
Total - CFDA 10.912			938,815	264,302	1,203,117
Wildlife Habitat Incentive Program	10.914			1,809	1,809
Technical Agricultural Assistance	10.960		32,177	36,525	68,702
Scientific Cooperation and Research	10.961			3,168	3,168
Total - U.S. Department of Agriculture			473,764,519	658,251,727	1,132,016,246
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	BCYA 1323-9-02161 MB11DAL8050004		709 93,618	709 93,618
Total - CFDA 11.XXX			0	94,327	94,327
Economic Development_Technical Assistance	11.303			88,516	88,516
Trade Adjustment Assistance for Firms	11.313			1,549,678	1,549,678
Interjurisdictional Fisheries Act of 1986	11.407			147,955	147,955
Coastal Zone Management Administration Awards	11.419			1,733,726	1,733,726
Coastal Zone Management Estuarine Research Reserves	11.420			1,812,811	1,812,811
Financial Assistance for National Centers for Coastal Ocean Science	11.426			264,931	264,931

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total	
<b>U.S. Department of Commerce (continued)</b>						
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			576,145	576,145	
Cooperative Fishery Statistics	11.434			75,440	75,440	
Southeast Area Monitoring and Assessment Program	11.435			371,624	371,624	
Regional Fishery Management Councils	11.441			29,196	29,196	
Unallied Management Projects	11.454		27,000	(229,789)	(202,789)	
Habitat Conservation	11.463			702,327	702,327	
ARRA - Habitat Conservation				1,635,334	1,635,334	
Total - CFDA 11.463			0	2,337,661	2,337,661	
Congressionally Identified Awards and Projects <i>Pass-Through from Consortium for Ocean Leadership</i>	11.469	NA07SEC4690001		83,000	83,000	
Coastal Services Center <i>Pass-Through from Dauphin Island Sea Lab</i>	11.473	454130		954	954	
		454290		3,920	3,920	
Total - CFDA 11.473			0	4,874	4,874	
Fisheries Disaster Relief <i>Pass-Through from Gulf States Marine Fisheries Commission</i>	11.477	522110		77,633	77,633	
Public Telecommunications Facilities Planning and Construction	11.550			50,113	50,113	
Public Safety Interoperable Communications Grant Program	11.555		20,818,024	4,172,950	24,990,974	
Broadband Technology Opportunities Program (BTOP) <i>Pass-Through from City of Brownsville Public Library</i>	11.557	22-3-1-422710		27,954	27,954	
ARRA - Broadband Technology Opportunities Program (BTOP)			1,409,347	210,807	1,620,154	
Total - CFDA 11.557			1,409,347	238,761	1,648,108	
Manufacturing Extension Partnership	11.611			548,167	548,167	
Advanced Technology Program <i>Pass-Through from University of Nebraska - Lincoln</i>	11.612	25 63310134		(1,846)	(1,846)	
Minority Business Enterprise Centers	11.800			151,740	151,740	
Total - U.S. Department of Commerce			22,254,371	14,177,613	36,431,984	
<b>U.S. Department of Defense</b>						
U.S. Department of Defense	12.XXX	1102 12713 560011 6596 CLIFTON IPA FA3047-09-P-0552 FA7014-09-C-0026 IAC 1647 N00189-09-P-Z808 NAVY IPA/QIANG SSCFP 2009-2010 UTA10-000807 W81K00-06-P-0525 W81XWH-11-P-0131	246,155		28,858 2,434,192 246,155 114,121 149,674 19,525 62,750 681 50,000 6,035 24,485 141,253 10,502 10,850	28,858 2,434,192 246,155 114,121 149,674 19,525 62,750 681 50,000 6,035 24,485 141,253 10,502 10,850

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Altarum Institute</i>		W91WAW-10-C-0009		248,302	248,302
<i>Pass-Through from American Association of Suicidology</i>		WM9113M-05-C-1087	331,148	999,032	1,330,180
		WM9113M-10-C-1007		834,553	834,553
		WOLF-BAMC IPAA		167,852	167,852
		YOUNG-MCCAUGHAN/IPAA		23,376	23,376
<i>Pass-Through from Eagle Applied Sciences</i>		SC-10-019		97,500	97,500
<i>Pass-Through from Institute of International Education</i>		H0110-R-0004/H0110-D		18,759	18,759
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		FA7014-08-C-0047		150,469	150,469
<i>Pass-Through from Sikorsky Aircraft Corporation</i>		NSEP-U631033-UT-ARA		798,560	798,560
		UTA10-000628		38,856	38,856
		35-DJ64-00P09-0002		18,206	18,206
		4500112701		7,727	7,727
Total - CFDA 12.XXX			577,303	6,456,118	7,033,421
Procurement Technical Assistance For Business Firms	12.002		15,000	802,098	817,098
Flood Control Projects	12.106			443,985	443,985
Payments to States in Lieu of Real Estate Taxes	12.112			13,895,158	13,895,158
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			743,397	743,397
Collaborative Research and Development	12.114			(182,248)	(182,248)
Basic and Applied Scientific Research	12.300		1,099,423	1,973,285	3,072,708
Military Construction, National Guard	12.400			30,266,244	30,266,244
National Guard Military Operations and Maintenance (O&M) Projects	12.401			59,234,953	59,234,953
ARRA - National Guard Military Operations and Maintenance (O&M) Projects				2,794,912	2,794,912
Total - CFDA 12.401			0	62,029,865	62,029,865
National Guard ChalleNGe Program	12.404			1,935,406	1,935,406
Military Medical Research and Development	12.420		414,845	479,134	893,979
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-09-1-0234		2,712	2,712
		Shopping Cart 101310795			
Total - CFDA 12.420			414,845	481,846	896,691
Basic Scientific Research	12.431			11,746	11,746
Community Economic Adjustment Planning Assistance for Joint Land Use Studies	12.610			36,425	36,425
Basic, Applied, and Advanced Research in Science and Engineering	12.630			290,094	290,094
<i>Pass-Through from Academy of Applied Science</i>		W911NF-10-2-0076		20,000	20,000
Total - CFDA 12.630			0	310,094	310,094
Air Force Defense Research Sciences Program	12.800			340,124	340,124
<i>Pass-Through from SpecPro, Inc.</i>		PO-00000619		14,048	14,048
Total - CFDA 12.800			0	354,172	354,172

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For the Year Ended August 31, 2011

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Defense (continued)</b>					
Information Security Grant Program	12.902			43,745	43,745
Research and Technology Development	12.910			4,610	4,610
Total - U.S. Department of Defense			2,106,571	119,605,946	121,712,517
<b>U.S. Department of Housing and Urban Development</b>					
U.S. Department of Housing and Urban Development	14.XXX	CHTEX 249 (D) SA-265-1000 TXLOR0035-08		29 8,524 112,310	29 8,524 112,310
Total - CFDA 14.XXX			0	120,863	120,863
Emergency Shelter Grants Program	14.231		5,092,739	213,936	5,306,675
Home Investment Partnerships Program	14.239		41,074,819	3,134,896	44,209,715
Housing Opportunities for Persons with AIDS	14.241		2,727,312	276,477	3,003,789
Community Development Block Grants/Brownfields Economic Development Initiative	14.246			2,568	2,568
Rural Housing and Economic Development <i>Pass-Through from Neighborhood Housing Services of Dimmit County, Inc.</i>	14.250	Capacity Building		(965)	(965)
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251			259,603	259,603
Homelessness Prevention and Rapid Re-Housing Program ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		19,255,182	51,420 490,629	51,420 19,745,811
Total - CFDA 14.257			19,255,182	542,049	19,797,231
ARRA - Tax Credit Assistance Program	14.258		104,349,032		104,349,032
Hispanic-Serving Institutions Assisting Communities	14.514		229,115	515,351	744,466
Historically Black Colleges and Universities Program	14.520			173,346	173,346
Public and Indian Housing <i>Pass-Through from Lubbock Housing Authority</i>	14.850	211150;211354		50,256	50,256
Lead Technical Studies Grants	14.902			155,620	155,620
Total - U.S. Department of Housing and Urban Development			172,728,199	5,444,000	178,172,199
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	05-FG-40-2424 J2122080017/H5000070 520/R2122080017 J5210080026/H5000070 520/R5210080026 M10PX0026 M11PX00056		11,531 666 7,719 37,214 49,999	11,531 666 7,719 37,214 49,999
Total - CFDA 15.XXX			0	107,129	107,129

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of the Interior (continued)</b>					
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			6,304	6,304
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,830,903	1,830,903
Abandoned Mine Land Reclamation (AMLR) Program	15.252			3,881,397	3,881,397
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		103,023	56,658	159,681
Marine Minerals Activities	15.424			18,000	18,000
Coastal Impact Assistance Program (CIAP) <i>Pass-Through from Matagorda County</i>	15.426	454170		8,113,444	8,113,444
				10,450	10,450
Total - CFDA 15.426			0	8,123,894	8,123,894
Federal Oil and Gas Royalty Management	15.427			187,568	187,568
Water Reclamation and Reuse Program	15.504			288	288
Recreation Resources Management	15.524			139,296	139,296
Fish and Wildlife Management Assistance	15.608			26,334	26,334
Coastal Wetlands Planning, Protection and Restoration Act	15.614			14,377	14,377
Cooperative Endangered Species Conservation Fund	15.615		7,838,400	729,653	8,568,053
Clean Vessel Act	15.616			25,547	25,547
North American Wetlands Conservation Fund	15.623			88,912	88,912
Coastal Program	15.630			29,030	29,030
Partners for Fish and Wildlife	15.631		51,732	105,674	157,406
Landowner Incentive Program	15.633		209,499	154,720	364,219
State Wildlife Grants	15.634		26,278	1,294,859	1,321,137
Challenge Cost Share	15.642			2,149	2,149
Service Training and Technical Assistance (Generic Training)	15.649			101,013	101,013
Research Grants (Generic)	15.650			13,916	13,916
U.S. Geological Survey_ Research and Data Collection	15.808			41,498	41,498
National Cooperative Geologic Mapping Program	15.810			28,313	28,313
National Land Remote Sensing_Education Outreach and Research	15.815			5,042	5,042
Historic Preservation Fund Grants-In-Aid	15.904		131,345	1,064,655	1,196,000
National Historic Landmark <i>Pass-Through from City of Nacogdoches</i>	15.912	202151		12,621	12,621
				29,694	29,694
Total - CFDA 15.912			0	42,315	42,315
Outdoor Recreation_Acquisition, Development and Planning	15.916		2,879,820	995,963	3,875,783
Rivers, Trails and Conservation Assistance	15.921			95,146	95,146
American Battlefield Protection	15.926			13,239	13,239
Save America's Treasures	15.929			169,491	169,491

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of the Interior (continued)</b>					
ARRA - Abandoned Mine Hazard Mitigation	15.934			9,570	9,570
National Trails System Projects	15.935			17,600	17,600
Total - U.S. Department of the Interior			11,240,097	19,420,453	30,660,550
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	2007-IJ-CX-K234 TXDQNGCD13	60,000	79,810 444,472	139,810 444,472
Total - CFDA 16.XXX			60,000	524,282	584,282
Sexual Assault Services Formula Program	16.017		474,704		474,704
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202			(20)	(20)
Services for Trafficking Victims <i>Pass-Through from Catholic Charities USA</i>	16.320			17,224	17,224
Juvenile Accountability Block Grants	16.523		3,514,249	96,614	3,610,863
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		50,400	96,818	147,218
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540		4,780,745	438,355	5,219,100
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541			249,807	249,807
Missing Children's Assistance	16.543		88,610	321,682	410,292
Crime Victim Assistance	16.575		27,348,366	1,803,949	29,152,315
Crime Victim Compensation	16.576			25,000,000	25,000,000
Edward Byrne Memorial Formula Grant Program	16.579			402,623	402,623
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program <i>Pass-Through from Center for Innovative Public Policies, Inc.</i>	16.580		61,500	406,052	467,552
Total - CFDA 16.580		AGMT CIPP/BJA/SHSU 1		15,154	15,154
			61,500	421,206	482,706
Violence Against Women Formula Grants <i>Pass-Through from Tarrant County</i>	16.588	107041 WF-06-V30- 15136-11	7,047,197	902,208 (29)	7,949,405 (29)
ARRA - Violence Against Women Formula Grants <i>Pass-Through from Texas Association Against Sexual Assault</i>		90210 1	6,743,929	121,464 43,414	6,865,393 43,414
Total - CFDA 16.588			13,791,126	1,067,057	14,858,183
Residential Substance Abuse Treatment for State Prisoners	16.593		1,898,888	69	1,898,957
State Criminal Alien Assistance Program	16.606			16,049,239	16,049,239
Bulletproof Vest Partnership Program	16.607			269,450	269,450
Project Safe Neighborhoods	16.609		226,895	625,288	852,183
Juvenile Mentoring Program <i>Pass-Through from National 4-H Council</i>	16.726	455620		81,750 21,000	81,750 21,000
Total - CFDA 16.726				0	102,750
					102,750

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Justice (continued)</b>					
Enforcing Underage Drinking Laws Program	16.727		214,667	247,971	462,638
Forensic DNA Backlog Reduction Program	16.741		85,074	2,104,625	2,189,699
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		1,366,459	533,909	1,900,368
Anti-Gang Initiative	16.744		1,796	13,816	15,612
Capital Case Litigation	16.746			31,164	31,164
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748			454,856	454,856
Congressionally Recommended Awards	16.753		300,968	1,616,477	1,917,445
ARRA - Recovery Act - Internet Crimes against Children Task Force Program (ICAC)	16.800		185,056	239,729	424,785
ARRA - Recovery Act - State Victim Assistance Formula Grant Program	16.801		224,839		224,839
ARRA - Recovery Act - VOCA Crime Victim Assistance Discretionary Grant Program	16.807			282,702	282,702
ARRA - Recovery Act - State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Competitive Grant Program	16.809		1,468,989	360,083	1,829,072
Second Chance Act Prisoner Reentry Initiative	16.812			185,652	185,652
John R. Justice Prosecutors and Defenders Incentive Act	16.816		685,703	15,529	701,232
Total - U.S. Department of Justice			<u>56,829,034</u>	<u>53,572,906</u>	<u>110,401,940</u>
<b>U.S. Department of Labor</b>					
U.S. Department of Labor <i>Pass-Through from South Texas College</i>	17.XXX	2308SDF000		4,906	4,906
Labor Force Statistics	17.002			3,669,760	3,669,760
Compensation and Working Conditions	17.005			266,433	266,433
Unemployment Insurance ARRA - Unemployment Insurance	17.225		1,150,798 98,277	5,827,280,119 354,590,636	5,828,430,917 354,688,913
Total - CFDA 17.225			<u>1,249,075</u>	<u>6,181,870,755</u>	<u>6,183,119,830</u>
Senior Community Service Employment Program	17.235		7,298,337	102,280	7,400,617
Trade Adjustment Assistance	17.245		18,418,651	1,701,539	20,120,190
WIA Pilots, Demonstrations, and Research Projects <i>Pass-Through from Texas Workforce Solutions</i>	17.261	EA198521060A48		2,142,363 192,664	2,142,363 192,664
Total - CFDA 17.261			<u>0</u>	<u>2,335,027</u>	<u>2,335,027</u>
Work Incentive Grants	17.266		115,832		115,832
Incentive Grants - WIA Section 503 <i>Pass-Through from Workforce Solutions Middle Rio Grande</i>	17.267	04-001-10		6,158	6,158
Community Based Job Training Grants	17.269			148,869	148,869

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For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Labor (continued)</b>					
Work Opportunity Tax Credit Program (WOTC)	17.271			1,419,110	1,419,110
Temporary Labor Certification for Foreign Workers	17.273		3,398	548,029	551,427
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275			1,418,674	1,418,674
Occupational Safety and Health_Susan Harwood Training Grants	17.502			488,718	488,718
Consultation Agreements	17.504			2,702,333	2,702,333
OSHA Data Initiative	17.505			103,816	103,816
Mine Health and Safety Grants	17.600			529,736	529,736
Transition Assistance Program	17.807			220,591	220,591
Total - U.S. Department of Labor			<u>27,085,293</u>	<u>6,197,536,734</u>	<u>6,224,622,027</u>
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX				
<i>Pass-Through from American Association for the Advancement of Science</i>		111901		10,678	10,678
<i>Pass-Through from Institute of International Education</i>		UTA10-000628		14,079	14,079
Total - CFDA 19.XXX			<u>0</u>	<u>24,757</u>	<u>24,757</u>
Academic Exchange Programs - Undergraduate Programs	19.009			305,418	305,418
Educational and Cultural Exchange Programs Appropriation Overseas Grants	19.022			4,010	4,010
Academic Exchange Programs - Scholars	19.401			2,999	2,999
<i>Pass-Through from Institute of International Education</i>		UTA11-000090			
Academic Exchange Programs - English Language Programs	19.421			28,532	28,532
<i>Pass-Through from International Research Exchanges</i>		S-ECAAE-07-CA-023 OR06-629			
Total - U.S. Department of State			<u>0</u>	<u>365,716</u>	<u>365,716</u>
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX				
		DDEGRD-09-X-00409		29,386	29,386
		DDEGRD-09-X-00410		30,936	30,936
		DTFH64-10-G-00035		5,000	5,000
		DTFH64-10-G-00065		4,999	4,999
		HSTS0208HSLR057		24,600	24,600
		IBC-05X-		16,956	16,956
		00103,154,155,159			
Total - CFDA 20.XXX			<u>0</u>	<u>111,877</u>	<u>111,877</u>
Airport Improvement Program	20.106			1,007,036	39,763,311
ARRA - Airport Improvement Program				<u>7,291,909</u>	<u>7,291,909</u>
Total - CFDA 20.106			<u>1,007,036</u>	<u>47,055,220</u>	<u>48,062,256</u>

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Transportation (continued)</b>					
Highway Research and Development Program <i>Pass-Through from Hempstead Independent School District</i>	20.200	G-00028-10		52,212	52,212
Highway Training and Education	20.215			42,353	42,353
National Motor Carrier Safety	20.218			11,494,295	11,494,295
Performance and Registration Information Systems Management	20.231			47,837	47,837
Commercial Driver's License Program Improvement Grant	20.232			883,513	883,513
Border Enforcement Grants	20.233			15,370,279	15,370,279
Commercial Vehicle Information Systems and Networks	20.237			47,255	47,255
Commercial Drivers License Information System (CDLIS) Modernization Grant	20.238			610,719	610,719
Rail Line Relocation and Improvement	20.320			1,000,000	1,000,000
Metropolitan Transportation Planning	20.505		6,925,857		6,925,857
Formula Grants for Other Than Urbanized Areas	20.509		36,774,769	1,532,282	38,307,051
ARRA - Formula Grants for Other Than Urbanized Areas			11,744,721		11,744,721
Total - CFDA 20.509			48,519,490	1,532,282	50,051,772
Public Transportation Research	20.514		37,810	46,212	84,022
State Planning and Research	20.515		161,072	1,449,649	1,610,721
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants	20.614		226,179		226,179
E-911 Grant Program	20.615			85,000	85,000
Pipeline Safety Program Base Grants	20.700			2,573,816	2,573,816
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			890,040	890,040
State Damage Prevention Program Grants	20.720			59,441	59,441
U.S. Merchant Marine Academy	20.807			508,906	508,906
Total - U.S. Department of Transportation			56,877,444	83,860,906	140,738,350
<b>U.S. Department of the Treasury</b>					
U.S. Department of the Treasury	21.XXX	2007 2424 00000201 PL110-289:95X1350 PL111-117:95X1350 PL111-8:95X1350	9,675 55,115 154,289	22,260 1,950 10,511	22,260 9,675 57,065 164,800
Total - CFDA 21.XXX			219,079	34,721	253,800
Taxpayer Service	21.003			10,460	10,460
Low Income Taxpayer Clinics	21.008			62,506	62,506
Total - U.S. Department of the Treasury			219,079	107,687	326,766

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>Office of Personnel Management</b>					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			(281)	(281)
Total - CFDA 27.011			0	(281)	(281)
Total - Office of Personnel Management			0	(281)	(281)
<b>General Services Administration</b>					
General Services Administration	39.XXX	AOCI0C0009		60,450	60,450
Donation of Federal Surplus Personal Property	39.003		11,918,579	174,375	12,092,954
Election Reform Payments	39.011		56,250	340,292	396,542
Total - General Services Administration			11,974,829	575,117	12,549,946
<b>Library of Congress</b>					
Books for the Blind and Physically Handicapped <i>Pass-Through from Academy for Educational Development</i>	42.001	OWLC-1019 (4268.01.21)		3,426	3,426
Total - Library of Congress			0	3,426	3,426
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	NNX 10A031A NNX07AV15H NNX08AE99G NNX09A063H NNX09AJ33G ESCG-SOW-PRS10-1444		50,862 1,371 63,731 3,086 102,808 85,652	50,862 1,371 63,731 3,086 102,808 85,652
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>					
<i>Pass-Through from L3 Services, Inc.</i>		2008 SC-4-0136		103,445	103,445
<i>Pass-Through from Rio Grande Valley Science Association</i>		RGVSA-TX-20100002 UTA10-000253		87,398	87,398
<i>Pass-Through from Search for Extraterrestrial Intelligence Institute</i>		08-SC-1022		14,974	14,974
<i>Pass-Through from United Negro College Fund Special Programs</i>		426055-08212009TAMU		10,235	10,235
Total - CFDA 43.XXX			0	523,562	523,562
Science	43.001		15,000	925,022	940,022
Aeronautics	43.002			88,919	88,919
Education	43.008			26,097	26,097
Total - National Aeronautics and Space Administration			15,000	1,563,600	1,578,600
<b>National Endowment For The Humanities</b>					
Promotion of the Arts_Grants to Organizations and Individuals <i>ARRA - Promotion of the Arts_Grants to Organizations and Individuals</i>	45.024			135,311 (230)	135,311 (230)
Total - CFDA 45.024			0	135,081	135,081

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<b>National Endowment For The Humanities (continued)</b>					
Promotion of the Arts_Partnership Agreements <i>Pass-Through from Mid American Arts Alliance</i>	45.025	FY11-0078		1,075,500 4,000	1,075,500 4,000
Total - CFDA 45.025			0	1,079,500	1,079,500
Promotion of the Humanities_Federal/State Partnership <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i>	45.129	2010 4080; 2011 4094 2010-3984 2010-4026		2,903 1,400 1,987 750	2,903 1,400 1,987 750
Total - CFDA 45.129			0	7,040	7,040
Promotion of the Humanities_Division of Preservation and Access <i>Pass-Through from Oklahoma Historical Society</i>	45.149	11-101		345,393 107,683	345,393 107,683
Total - CFDA 45.149			0	453,076	453,076
Promotion of the Humanities_Fellowships and Stipends	45.160			49,834	49,834
Promotion of the Humanities_Professional Development	45.163			898	898
Promotion of the Humanities_Public Programs <i>Pass-Through from Humanities Texas</i>	45.164	2010-3885		10,910 5,907	10,910 5,907
Total - CFDA 45.164			0	16,817	16,817
Promotion of the Humanities_We the People <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i>	45.168	2011-4109 2010-4006 2011-4120 8000001504		10,800 800 3,000 1,000 200	10,800 800 3,000 1,000 200
Total - CFDA 45.168			0	15,800	15,800
Promotion of the Humanities_Office of Digital Humanities <i>Pass-Through from University of New Mexico</i>	45.169	107016-87NO		70,477	70,477
Museums for America	45.301			101,920	101,920
Conservation Project Support	45.303			2,976	2,976
Museum Grants for African American History and Culture	45.309			2,894	2,894
Grants to States	45.310			11,223,542	11,223,542
National Leadership Grants <i>Pass-Through from The Children's Museum of Houston</i>	45.312	LG-30-07-0179-07		372,424 40,171	372,424 40,171
Total - CFDA 45.312			0	412,595	412,595
Laura Bush 21st Century Librarian Program <i>Pass-Through from Montana State Library</i>	45.313	GN3983		61,090 226,363	1,402,355 226,363
Total - CFDA 45.313			61,090	1,628,718	1,689,808
Total - National Endowment For The Humanities			61,090	15,201,168	15,262,258
<b>National Science Foundation</b>					
National Science Foundation <i>Pass-Through from Tennessee Technological University</i>	47.XXX	717654		2,500	2,500

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>National Science Foundation (continued)</b>					
Engineering Grants	47.041			667,138	667,138
Mathematical and Physical Sciences	47.049			1,153,869	1,153,869
Geosciences	47.050			420,153	420,153
<i>Pass-Through from San Francisco State University</i>		S9-94557		55,524	55,524
Total - CFDA 47.050			0	475,677	475,677
Computer and Information Science and Engineering	47.070			448,856	448,856
<i>Pass-Through from Computing Research Association</i>		CIF-B-I08		131,372	131,372
Total - CFDA 47.070			0	580,228	580,228
Biological Sciences	47.074			38,960	38,960
Social, Behavioral, and Economic Sciences	47.075			187,831	187,831
Education and Human Resources	47.076			130,578	8,935,837
<i>Pass-Through from Cleveland State University</i>		232022		10,006	9,066,415
<i>Pass-Through from Collin County Community College</i>		DUE-0402356		(7)	10,006
<i>Pass-Through from Collin County Community College</i>		DUE-0903239		27,819	(7)
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		mou8-31-07		703	27,819
<i>Pass-Through from Harrisburg University of Science and Technology</i>		DUE 0717407		10,849	703
<i>Pass-Through from Mathematical Association of America, Inc.</i>	0817071			(478)	10,849
<i>Pass-Through from New Mexico State University</i>	Q01143			24,840	(478)
Total - CFDA 47.076			130,578	9,009,569	24,840
International Science and Engineering (OISE)	47.079			35,455	9,140,147
Office of Cyberinfrastructure	47.080			88,144	35,455
ARRA - Trans-NSF Recovery Act Research Support	47.082			399,786	88,144
Total - National Science Foundation			130,578	12,639,157	399,786
<b>Securities and Exchange Commission</b>				<b>12,769,735</b>	
Securities_Investigation of Complaints and SEC Information	58.001			87,293	87,293
Total - CFDA 58.001			0	87,293	87,293
Total - Securities and Exchange Commission			0	87,293	87,293
<b>Small Business Administration</b>					
Small Business Administration	59.XXX	SBAHQ-08-I-0054 SBAHQ-09-I-0203 SBAHQ-10-I-0004 SBAHQ-10-I-0186		20,054 20,866 6,976 9,372	20,054 20,866 6,976 9,372
Total - CFDA 59.XXX			0	57,268	20,054
Small Business Development Centers	59.037			1,202,303	57,268
<i>Pass-Through from Dallas County Community College District</i>		425345		5,600,641 2,194	6,802,944 2,194
Total - CFDA 59.037			1,202,303	5,602,835	6,805,138
Veterans Business Development	59.044			197,533	197,533
Total - Small Business Administration			1,202,303	5,857,636	197,533
					<b>7,059,939</b>

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Veterans Affairs</b>					
U.S. Department of Veterans Affairs	64.XXX	V257P0111/WIATRO WSKI VA257-P-0373 VA257-P-0604 VA671D15230 WAGNER/IPAA/TAN		57,476 (37,558) 50,819 6,394 14,092	57,476 (37,558) 50,819 6,394 14,092
Total - CFDA 64.XXX			0	91,223	91,223
Grants to States for Construction of State Home Facilities	64.005			5,031	5,031
ARRA - Grants to States for Construction of State Home Facilities				7,893,832	7,893,832
Total - CFDA 64.005			0	7,898,863	7,898,863
Veterans State Nursing Home Care	64.015			28,847,898	28,847,898
Veterans State Hospital Care	64.016			67,660	67,660
Burial Expenses Allowance for Veterans	64.101			242,867	242,867
All-Volunteer Force Educational Assistance	64.124			1,093,580	1,093,580
Vocational and Educational Counseling for Servicemembers and Veterans	64.125			5,141	5,141
State Cemetery Grants	64.203			5,738,764	5,738,764
Total - U.S. Department of Veterans Affairs			0	43,985,996	43,985,996
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	C-48000107 FP-91711401-0		4,896,608 24,439	5,343,284 24,439
Total - CFDA 66.XXX			4,896,608	471,115	5,367,723
Air Pollution Control Program Support	66.001			337,485	337,485
State Indoor Radon Grants	66.032			39,611	39,611
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			1,813,646	1,813,646
<i>Pass-Through from Northeast States for Coordinated Air Use Management</i>		SR09-009		25,699	25,699
<i>Pass-Through from RTI International</i>		405337		(12,654)	(12,654)
Total - CFDA 66.034			0	1,826,691	1,826,691
Internships, Training and Workshops for the Office of Air and Radiation	66.037			133,862	133,862
State Clean Diesel Grant Program	66.040			351,314	351,314
ARRA - State Clean Diesel Grant Program				1,662,961	1,662,961
Total - CFDA 66.040			2,014,275	0	2,014,275
Congressionally Mandated Projects	66.202			80,866	80,866
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			348,450	2,092,683
State Underground Water Source Protection	66.433			754,672	754,672

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>Environmental Protection Agency (continued)</b>					
Water Quality Management Planning	66.454		237,611	666,173	903,784
ARRA - Water Quality Management Planning			367,399	425,707	793,106
Total - CFDA 66.454			605,010	1,091,880	1,696,890
National Estuary Program	66.456		266,584	91,754	358,338
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		454120		389	389
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		454260		2,750	2,750
Total - CFDA 66.456			266,584	94,893	361,477
Capitalization Grants for Clean Water State Revolving Funds	66.458		1,645,453	20,427,371	22,072,824
ARRA - Capitalization Grants for Clean Water State Revolving Funds			95,280,361	1,140,283	96,420,644
Total - CFDA 66.458			96,925,814	21,567,654	118,493,468
Nonpoint Source Implementation Grants	66.460		3,532,434	1,636,532	5,168,966
Capitalization Grants for Drinking Water State Revolving Funds	66.468		48,347,663	13,180,902	61,528,565
ARRA - Capitalization Grants for Drinking Water State Revolving Funds			76,650,485	1,184,526	77,835,011
Total - CFDA 66.468			124,998,148	14,365,428	139,363,576
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471			454,278	454,278
Beach Monitoring and Notification Program Implementation Grants	66.472			186,160	186,160
Water Protection Grants to the States	66.474			(94,280)	(94,280)
Gulf of Mexico Program	66.475			22,939	22,939
Science To Achieve Results (STAR) Research Program	66.509			(2)	(2)
<i>Pass-Through from Industrial Economics, Inc.</i>		446150			
Science To Achieve Results (STAR) Fellowship Program	66.514			41,058	41,058
Performance Partnership Grants	66.605		793,949	31,105,040	31,898,989
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			229,765	229,765
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			1,211,053	1,211,053
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			101,491	101,491
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			294,689	294,689
Pollution Prevention Grants Program	66.708			187,832	187,832
Multi-Media Capacity Building Grants for States and Tribes	66.709			15,305	15,305
Regional Agricultural IPM Grants	66.714		11,293	28,281	39,574
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716			6,828	27,151
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			775,206	775,206

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>Environmental Protection Agency (continued)</b>					
Underground Storage Tank Prevention, Detection and Compliance Program	66.804			2,748,015	2,748,015
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			2,677,138	2,677,138
ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program				6,914,876	6,914,876
Total - CFDA 66.805			0	9,592,014	9,592,014
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			216,475	216,475
State and Tribal Response Program Grants	66.817			623,494	623,494
International Financial Assistance Projects Sponsored by the Office of International Affairs	66.931			27,709	27,709
Total - Environmental Protection Agency			234,399,393	92,287,045	326,686,438
<b>Nuclear Regulatory Commission</b>					
Nuclear Regulatory Commission	77.XXX	NRC-03-10-073		29,182	29,182
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			262,315	262,315
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			66,487	66,487
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008			256,765	256,765
Total - Nuclear Regulatory Commission			0	614,749	614,749
<b>U.S. Department of Energy</b>					
U.S. Department of Energy <i>Pass-Through from Sandia National Laboratories</i>	81.XXX	DE-ED0000100 PO# 864049		9,501 17,832	9,501 17,832
Total - CFDA 81.XXX			0	27,333	27,333
Inventions and Innovations <i>Pass-Through from Thurgood Marshall Scholarship Fund</i>	81.036	41-1750692		12,308	12,308
State Energy Program ARRA - State Energy Program	81.041		701,848 23,744,363	2,064,872 50,478,401	2,766,720 74,222,764
Total - CFDA 81.041			24,446,211	52,543,273	76,989,484
Weatherization Assistance for Low-Income Persons ARRA - Weatherization Assistance for Low-Income Persons	81.042		2,808,950 162,181,564	171,141 6,695,872	2,980,091 168,877,436
Total - CFDA 81.042			164,990,514	6,867,013	171,857,527
Office of Science Financial Assistance Program	81.049			155,403	162,579
ARRA - Conservation Research and Development	81.086			2,341,478	10,799,431
Renewable Energy Research and Development	81.087				268,312
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106				394,850

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<b>U.S. Department of Energy (continued)</b>					
ARRA - Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			1,328	1,328
Nuclear Energy Research, Development and Demonstration	81.121			85,387	85,387
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122			1,073,469	1,073,469
ARRA - Energy Efficient Appliance Rebate Program (EEARP)	81.127			10,355,521	10,355,521
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		12,299,899	1,680,534	13,980,433
<i>Pass-Through from City of San Antonio</i>		#4500278077		37,412	37,412
Total - CFDA 81.128			12,299,899	1,717,946	14,017,845
Miscellaneous	81.502		363,046	718,477	1,081,523
Total - U.S. Department of Energy			204,596,551	85,027,227	289,623,778
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	3930-05		12,075	12,075
		3930-06		18,638	18,638
		ACG 2010-2011		13,000	13,000
		T195N070068-10		239,343	239,343
		T195N070272		328,492	328,492
<i>Pass-Through from National Writing Project</i>		02-TX11		138,507	138,507
<i>Pass-Through from Northern Rhode Island Collaborative</i>		UTA10-000914		292,116	292,116
<i>Pass-Through from Portsmouth School District</i>		201101111		271,458	271,458
<i>Pass-Through from Texas Southmost College</i>		22-8-1604180		23,908	23,908
<i>Pass-Through from Texas Southmost College</i>		22-8-2-604100		17,530	17,530
Total - CFDA 84.XXX			0	1,355,067	1,355,067
Adult Education - Basic Grants to States	84.002		48,135,064	4,020,379	52,155,443
Migrant Education_State Grant Program	84.011		58,739,166	2,400,963	61,140,129
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		2,959	3,383,196	3,386,155
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015		14,554	1,616,694	1,631,248
Undergraduate International Studies and Foreign Language Programs	84.016		3,000	79,814	82,814
<i>Pass-Through from Center For Cultural And Technical Interchange</i>		HC12742		2,400	2,400
Total - CFDA 84.016			3,000	82,214	85,214
Overseas Programs - Group Projects Abroad	84.021		346,002	178,580	524,582
Overseas Programs - Doctoral Dissertation Research Abroad	84.022			105,424	105,424
Higher Education_Institutional Aid	84.031		2,916	25,101,756	25,104,672
<i>Pass-Through from Dallas County Community College District</i>		P031S100113		27,223	27,223

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<b>U.S. Department of Education (continued)</b>					
Pass-Through from Laredo Community College		P031S070064		310,383	310,383
Pass-Through from Midland College		P031C080077-SRSU		2,921	2,921
Pass-Through from San Antonio College		8000001345		2,521	2,521
Pass-Through from Southwest Texas Junior College		UTA09-000166		74,099	74,099
Total - CFDA 84.031			2,916	25,518,903	25,521,819
Federal Family Education Loans – Interest Subsidy	84.032L			203,201	203,201
Career and Technical Education -- Basic Grants to States	84.048		90,930,951	10,629,400	101,560,351
Pass-Through from Austin Community College		741742036		37,270	37,270
Pass-Through from Del Mar College		TSSB		18,142	18,142
Total - CFDA 84.048			90,930,951	10,684,812	101,615,763
Leveraging Educational Assistance Partnership	84.069			4,304,382	4,304,382
Women's Educational Equity Act Program	84.083			13,481	13,481
Fund for the Improvement of Postsecondary Education	84.116		45,311	1,513,853	1,559,164
Pass-Through from California State University		ELXCOGZZ_80549		260	260
Pass-Through from Intercultural Developmental Research Association		430910		5,896	5,896
Pass-Through from Intercultural Developmental Research Association		431660		1,559	1,559
Pass-Through from National Commission on Teaching and America's Future		TLINC-SHAL		17,113	17,113
Pass-Through from University of Central Arkansas	210509			2,574	2,574
Pass-Through from University of Louisiana - Lafayette	231080			577	577
Total - CFDA 84.116			45,311	1,541,832	1,587,143
Minority Science and Engineering Improvement	84.120			631,247	631,247
Pass-Through from El Paso Community College		CA004926		277,473	277,473
Total - CFDA 84.120			0	908,720	908,720
Rehabilitation Long-Term Training	84.129			1,806,824	1,806,824
Migrant Education_High School Equivalency Program	84.141			2,065,300	2,065,300
Migrant Education_Coordination Program	84.144		56,198	81,929	138,127
Migrant Education_College Assistance Migrant Program	84.149			2,448,269	2,448,269
Business and International Education Projects	84.153			108,795	108,795
Javits Fellowships	84.170			223,479	223,479
Safe and Drug-Free Schools and Communities_National Programs	84.184			447,461	447,461
Byrd Honors Scholarships	84.185			3,865,463	3,865,463
Safe and Drug-Free Schools and Communities_State Grants	84.186		2,582,584	44,874	2,627,458
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			1,925,835	1,925,835
Bilingual Education_Professional Development	84.195			1,679,119	1,679,119
Graduate Assistance in Areas of National Need	84.200	GCS#05-269		825,940	825,940
Pass-Through from Dallas County Community College District				10,715	10,715
Total - CFDA 84.200			0	836,655	836,655

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<b>U.S. Department of Education (continued)</b>					
Even Start_State Educational Agencies	84.213		4,244,486	303,990	4,548,476
Fund for the Improvement of Education	84.215		808,644	808,644	
<i>Pass-Through from Corpus Christi Independent School District</i>		SERVICES Contract	20,563	20,563	
<i>Pass-Through from Dallas Independent School District</i>		PO 379270 and 390478	18,299	18,299	
<i>Pass-Through from Education Service Center - Region II</i>		Teaching American History	(544)	(544)	
<i>Pass-Through from Houston Independent School District</i>		SR1-13-6219-67899UN2	52,814	52,814	
<i>Pass-Through from Lyndon Baines Johnson Foundation</i>		UTA08-818	149,211	149,211	
Total - CFDA 84.215			0	1,048,987	1,048,987
Centers for International Business Education	84.220		675,830	675,830	
Language Resource Centers	84.229		276,923	276,923	
Tech-Prep Education	84.243		8,890,810	1,264,137	10,154,947
<i>Pass-Through from Texas Southmost College</i>		91720-35	21,000	21,000	
<i>Pass-Through from Upper Rio Grande College Tech Prep Youth Consortium</i>		10.12.09.353.8303.7169	4,323	4,323	
<i>Pass-Through from Workforce Solutions Deep East Texas</i>		6	203301	3,844	3,844
Total - CFDA 84.243			8,890,810	1,293,304	10,184,114
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	84.265		192,923	192,923	
Eisenhower Professional Development State Grants	84.281		(295)		(295)
Charter Schools	84.282		8,061,217	573,096	8,634,313
Twenty-First Century Community Learning Centers	84.287		82,444,575	5,358,530	87,803,105
Foreign Language Assistance	84.293				
<i>Pass-Through from Clear Creek Independent School District</i>		WEAVER CCISD	12,000	12,000	
State Grants for Innovative Programs	84.298		(687)	(9)	(696)
Education Research, Development and Dissemination	84.305				
<i>Pass-Through from Columbia Teachers College</i>		511128	4,000	4,000	
Capacity Building for Traditionally Underserved Populations	84.315		301,942	301,942	
Research in Special Education	84.324		3,893	3,893	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		2,244,882	2,244,882	
<i>Pass-Through from Salus University</i>		83401	2,294	2,294	
Total - CFDA 84.325			0	2,247,176	2,247,176
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		498,218	498,218	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330		2,148,833	2,148,833	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331		2,276,973	2,276,973	
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333		327,480	327,480	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		1,280,778	13,117,333	14,398,111
<i>Pass-Through from Baylor University</i>		P334A0601Baylor		212,141	212,141

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<b>U.S. Department of Education (continued)</b>					
<i>Pass-Through from Houston Independent School District</i>		5-55112		612	612
<i>Pass-Through from RTI International</i>		0209234.002.016-40		2,487	2,487
<i>Pass-Through from San Antonio Independent School District</i>		SAISD Gear-Up		67,013	67,013
<i>Pass-Through from Texas Southmost College</i>		11-0214-IA		24,125	24,125
Total - CFDA 84.334			1,280,778	13,423,711	14,704,489
Child Care Access Means Parents in School	84.335			869,639	869,639
Class Size Reduction	84.340		(1,801)		(1,801)
Transition to Teaching	84.350			1,813,415	1,813,415
<i>Pass-Through from Fort Worth Independent School District</i>		U350A060006		57,886	57,886
Total - CFDA 84.350			0	1,871,301	1,871,301
Arts in Education	84.351			25,000	25,000
<i>Pass-Through from McAllen Independent School District</i>		UTA10-000593		41,004	41,004
Total - CFDA 84.351			0	66,004	66,004
Credit Enhancement for Charter School Facilities	84.354			11,434,398	11,434,398
Reading First State Grants	84.357		4,864,081	(83,744)	4,780,337
Rural Education	84.358		5,748,455	270,768	6,019,223
Early Reading First	84.359			4,365	4,365
<i>Pass-Through from Community Action, Inc. of Hays, Caldwell and Blanco Counties</i>		811079-CIRCLE			
<i>Pass-Through from Tehama Independent School District</i>		S359B030606		121	121
<i>Pass-Through from Utah Navajo Development Council</i>		S359B030972		2,620	2,620
Total - CFDA 84.359			0	7,106	7,106
School Leadership	84.363		4,000	659,153	663,153
English Language Acquisition Grants	84.365		100,549,694	2,520,696	103,070,390
Mathematics and Science Partnerships	84.366		9,881,180	6,065,330	15,946,510
<i>Pass-Through from Alice Independent School District</i>		MOU 6-1-11		12,192	12,192
<i>Pass-Through from Cranston Public Schools</i>		DC-RIDE01 UTA10-000049		268,590	268,590
<i>Pass-Through from Education Service Center - Region XIII</i>		501365		18,830	18,830
<i>Pass-Through from Mathis Independent School District</i>		MOU 701-11-103		26,839	26,839
<i>Pass-Through from O'Donnell Independent School District</i>		116944057110007		25,162	25,162
<i>Pass-Through from Warwick Public Schools</i>		DC-RIDE04 UTA10-000994		272,112	272,112
Total - CFDA 84.366			9,881,180	6,689,055	16,570,235
Improving Teacher Quality State Grants	84.367		212,626,027	11,424,591	224,050,618
<i>Pass-Through from Brownsville Independent School District</i>		27233		21,457	21,457
<i>Pass-Through from Rice University</i>		R7D182		13,616	13,616
Total - CFDA 84.367			212,626,027	11,459,664	224,085,691
Grants for State Assessments and Related Activities	84.369		3,797,871	15,640,872	19,438,743
Striving Readers	84.371			271,449	271,449
College Access Challenge Grant Program	84.378		1,434,985	10,432,297	11,867,282

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Education (continued)</b>					
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395				
<i>Pass-Through from Rhode Island Department of Education</i>		3243764		28,369	28,369
Education Jobs Fund	84.410		436,886,302	107,531	436,993,833
National Writing Project	84.928			44,789	44,789
<i>Pass-Through from National Writing Corporation</i>		00-TX09		49,363	49,363
<i>Pass-Through from National Writing Project</i>		03-TX12		61,753	61,753
<i>Pass-Through from National Writing Project</i>		06-TX15		35,000	35,000
<i>Pass-Through from National Writing Project</i>		06-TX16		46,038	46,038
<i>Pass-Through from National Writing Project</i>		06-TX17		43,826	43,826
<i>Pass-Through from National Writing Project</i>		09-TX19		39,333	39,333
<i>Pass-Through from National Writing Project</i>		8000000517	350	2,159	2,509
<i>Pass-Through from National Writing Project</i>		8000001303	19,085	49,583	68,668
<i>Pass-Through from University of California - Berkeley</i>		425335		35,000	35,000
<i>Pass-Through from University of California - Berkeley</i>		92-TX06		30,153	30,153
Total - CFDA 84.928			19,435	436,997	456,432
Hurricane Education Recovery	84.938		293,677	793,215	1,086,892
Total - U.S. Department of Education			<u>1,081,883,495</u>	<u>166,294,421</u>	<u>1,248,177,916</u>
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003		17,816	2,323,492	2,341,308
Total - CFDA 89.003			17,816	2,323,492	2,341,308
Total - National Archives and Records Administration			<u>17,816</u>	<u>2,323,492</u>	<u>2,341,308</u>
<b>Denali Commission</b>					
Help America Vote College Program	90.400			25,100	25,100
Help America Vote Act Requirements Payments	90.401		<u>6,621,113</u>	<u>2,933,588</u>	<u>9,554,701</u>
Total - Denali Commission			<u>6,621,113</u>	<u>2,958,688</u>	<u>9,579,801</u>
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	08ET040065F3 1311-AW-1 200-2006-M-18469 200-2007-M-20636 200-2009-M-28487 200-2009-M-29288 223-05Q-SIT HAM-TMCL/HHSN- 276-20 HHSH230200532046C HHSN276200900544P HHSP23320080067P HHSP233201000427P 01 N01-LM-6-3505 SC:N013263505 N01LM63505	152,932	8,960 252,216 22,619 279,048 26,508 10,860 65,605 123 22,513 2,265 3,763 25,000 6,195 9,002 49,695	8,960 405,148 22,619 279,048 26,508 10,860 65,605 123 44,418 2,265 3,763 25,000 6,195 9,002 49,695
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>					

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<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Houston Academy of Medicine - Texas Medical Center Library		N01-LM-6-3505		(62)	(62)
Pass-Through from Houston Academy of Medicine - Texas Medical Center Library		N01-LM-6-3505/HHSN27		11,008	11,008
Pass-Through from Houston Academy of Medicine - Texas Medical Center Library		N01-LM-6-3505; HHSN2		1,135	1,135
Pass-Through from Houston Academy of Medicine - Texas Medical Center Library		N01LM63525		271	271
Pass-Through from McFarland & Associates, Inc.	280-02-0505			38,046	38,046
Pass-Through from University of Oklahoma Health Sciences Center	RS20092382-02			6,300	6,300
Pass-Through from Workforce Solutions Cameron	11300C04			46,340	46,340
ARRA - U.S. Department of Health and Human Services	635243-105-1570			15,950	15,950
	HHS250200900045C			240,339	240,339
Total - CFDA 93.XXX			174,837	1,143,699	1,318,536
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004				
Pass-Through from CHT Resource Group		HHPMP101013-02-00		41,712	41,712
Pass-Through from Hispanic Serving Health Professions Schools		OMH-1-MPCMP101038-UT		2,913	2,913
Total - CFDA 93.004			0	44,625	44,625
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006			190,959	190,959
Pass-Through from University Health System	2057403-LS			19,774	19,774
Total - CFDA 93.006			0	210,733	210,733
HIV Prevention Programs for Women	93.015		7,000	69,797	76,797
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018		311,781	610,121	921,902
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		307,141		307,141
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		1,032,797		1,032,797
Pass-Through from City of Houston Health and Human Services	FC55472-10			27,669	27,669
Pass-Through from City of Houston Health and Human Services	FC55472-11			226,776	226,776
Total - CFDA 93.042			1,032,797	254,445	1,287,242
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043		1,194,205		1,194,205
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048			441,880	441,880
Alzheimer's Disease Demonstration Grants to States	93.051		41,362	84,887	126,249
National Family Caregiver Support, Title III, Part E	93.052		7,838,270	190,310	8,028,580
Laboratory Training, Evaluation, and Quality Assurance Programs	93.064			140,891	140,891
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065			50,283	50,283

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<b>U.S. Department of Health and Human Services (continued)</b>					
Public Health Emergency Preparedness	93.069		42,446,857	25,176,588	67,623,445
Medicare Enrollment Assistance Program	93.071		118,969		118,969
Lifespan Respite Care Program	93.072			75,918	75,918
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		638,287	32,946	671,233
Emergency System for Advance Registration of Volunteer Health Professionals	93.089			46,938	46,938
Guardianship Assistance	93.090			175,516	175,516
ARRA - Guardianship Assistance				2,149	2,149
Total - CFDA 93.090			0	177,665	177,665
Food and Drug Administration_Research	93.103			1,260,971	1,260,971
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		1,101,832	941,780	2,043,612
<i>Pass-Through from Mid - Rio Grande Border Area Health Center</i>	420055			14,905	14,905
Total - CFDA 93.107			1,101,832	956,685	2,058,517
Maternal and Child Health Federal Consolidated Programs	93.110		155,005	3,081,703	3,236,708
Environmental Health	93.113			382,025	382,025
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		2,181,592	4,267,553	6,449,145
Oral Diseases and Disorders Research	93.121			1,073,261	1,073,261
Nurse Anesthetist Traineeships	93.124			4,456	4,456
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			298,794	298,794
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,507,655	35,778	2,543,433
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Howard University</i>		DORAN: HA00066/HRSA		2,698	2,698
Projects for Assistance in Transition from Homelessness (PATH)	93.150		4,128,237	101,047	4,229,284
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		969,146	2,521,575	3,490,721
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			571,171	571,171
Centers of Excellence	93.157			2,175,562	2,175,562
Research Related to Deafness and Communication Disorders	93.173			44,842	44,842
Nursing Workforce Diversity	93.178			488,333	488,333
<i>Pass-Through from Austin Community College</i>		8000001338	700	61,210	61,910
<i>Pass-Through from Austin Community College</i>		8000001611		8,286	8,286
Total - CFDA 93.178			700	557,829	558,529

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Disabilities Prevention	93.184			43,395	43,395
Patient Navigator and Chronic Disease Prevention Program <i>Pass-Through from New Mexico State University</i>	93.191	EQ01485		77,853 10,000	77,853 10,000
Total - CFDA 93.191			0	87,853	87,853
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		153,225	558,280	711,505
Family Planning_Services	93.217		10,574,472	6,645,981	17,220,453
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers) <i>Pass-Through from Centro San Vicente Clinic</i>	93.224	H80CS00637		332,612	332,612
Total - CFDA 93.224			0	59,530	59,530
Research on Healthcare Costs, Quality and Outcomes	93.226		1,387	62,785	64,172
Consolidated Knowledge Development and Application Program <i>Pass-Through from McFarland &amp; Associates, Inc.</i> <i>Pass-Through from McFarland &amp; Associates, Inc.</i> <i>Pass-Through from McFarland &amp; Associates, Inc.</i>	93.230	3800-PrairieFY08 3800-PrairieFY09 3800-PrairieFY10		6,950 19,850 36,675	6,950 19,850 36,675
Total - CFDA 93.230			0	63,475	63,475
Traumatic Brain Injury State Demonstration Grant Program	93.234			175,402	175,402
Abstinence Education Program	93.235		164,373	274,194	438,567
Grants for Dental Public Health Residency Training	93.236		37,221	77,949	115,170
State Capacity Building	93.240			447,908	447,908
State Rural Hospital Flexibility Program	93.241		432,583	250,556	683,139
Mental Health Research Grants <i>Pass-Through from Rutgers University</i>	93.242	PO S1398615		33,311 23,589	33,311 23,589
Total - CFDA 93.242			0	56,900	56,900
Substance Abuse and Mental Health Services_Projects of Regional and National Significance <i>Pass-Through from Bexar County Juvenile Probation Department</i> <i>Pass-Through from Family Service Association</i> <i>Pass-Through from Hope Action Care</i> <i>Pass-Through from Lubbock Regional Mental Health Mental Retardation</i> <i>Pass-Through from Morehouse School of Medicine</i> <i>Pass-Through from San Antonio Fighting Back, Inc.</i> <i>Pass-Through from The Medical Center of Central Georgia</i>	93.243		2,442,313	2,231,052	4,673,365
Total - CFDA 93.243			49,049	49,049	49,049
Advanced Nursing Education Grant Program	93.247			24,296	24,296
Public Health Training Centers Grant Program	93.249	TI18286-01		87,588	87,588
Geriatric Academic Career Awards	93.250	1H79SM059678 TI-020447 1 / 1U79SP017315-01 UTA10-001010		92,854 460 19,417 (1)	92,854 460 19,417 (1)
			2,442,313	2,504,715	4,947,028
Advanced Nursing Education Grant Program	93.247		9,953	1,221,450	1,231,403
Public Health Training Centers Grant Program	93.249			42,797	42,797
Geriatric Academic Career Awards	93.250			71,388	71,388

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<b>U.S. Department of Health and Human Services (continued)</b>					
Universal Newborn Hearing Screening	93.251		6,000	345,866	351,866
Poison Center Support and Enhancement Grant Program	93.253			954,260	954,260
Infant Adoption Awareness Training <i>Pass-Through from National Council for Adoption</i>	93.254	90CG2662		58,692	58,692
State Health Access Program	93.256		3,104,789	1,283,710	4,388,499
Occupational Safety and Health Program	93.262		56,088	1,616,975	1,673,063
Adult Viral Hepatitis Prevention and Control	93.270			76,827	76,827
Alcohol National Research Service Awards for Research Training	93.272			528,290	528,290
Alcohol Research Programs <i>Pass-Through from Baylor College of Medicine</i>	93.273	101123868	45,200	193,094	238,294
				17,787	17,787
Total - CFDA 93.273			45,200	210,881	256,081
Substance Abuse and Mental Health Services-Access to Recovery	93.275		16,286	586,094	602,380
Drug Abuse National Research Service Awards For Research Training	93.278			27,181	27,181
Drug Abuse and Addiction Research Programs <i>Pass-Through from Baylor College of Medicine</i>	93.279	5R90DA023418-04		840,253	840,253
				38,704	38,704
Total - CFDA 93.279			0	878,957	878,957
Mental Health National Research Service Awards for Research Training	93.282			143,995	143,995
Centers for Disease Control and Prevention_Investigations and Technical Assistance <i>Pass-Through from American Academy of Pediatrics</i> <i>Pass-Through from Hispanic Serving Health Professions Schools</i> <i>Pass-Through from Hispanic Serving Health Professions Schools</i> <i>Pass-Through from Southwest Center for Pediatric Environmental Health</i>	93.283		5,736,007	9,181,653	14,917,660
				6,869	6,869
				3,024	3,024
				25,849	25,849
				16,915	135,124
Total - CFDA 93.283			5,752,922	9,352,519	15,105,441
Discovery and Applied Research for Technological Innovations to Improve Human Health <i>Pass-Through from Baylor College of Medicine</i>	93.286	5T32EB006350-04/101462992		1,029	1,029
				9,541	9,541
Total - CFDA 93.286			0	10,570	10,570
State Partnership Grant Program to Improve Minority Health	93.296			119,854	119,854
Teenage Pregnancy Prevention Program	93.297		187,115	1,071,611	1,258,726
Small Rural Hospital Improvement Grant Program	93.301		894,245	38,356	932,601
Minority Health and Health Disparities Research	93.307			366,898	366,898
General Clinical Research Centers	93.333			32	32
Advanced Nursing Education Traineeships	93.358			737,585	737,585

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Nurse Education, Practice and Retention Grants	93.359			1,525,035	1,525,035
<i>Pass-Through from Duke University</i>		D080HP11272		802	802
<i>Pass-Through from Sears Methodist Retirement System, Inc.</i>		1T51HP20702		27,790	27,790
Total - CFDA 93.359			0	1,553,627	1,553,627
Nursing Research	93.361			111	111
<i>Pass-Through from University of Missouri - Kansas City</i>		11387/00009376			
National Center for Research Resources	93.389			1,167,019	1,167,019
Cancer Cause and Prevention Research	93.393			14,318	595,719
Cancer Detection and Diagnosis Research	93.394				1,346
Cancer Treatment Research	93.395			38,523	39,678
<i>Pass-Through from Gynecologic Oncology Group</i>		5 RC4 CA027469 31		1,155	6,331
Total - CFDA 93.395			38,523	7,486	46,009
Cancer Biology Research	93.396			9,019	9,019
Cancer Centers Support Grants	93.397			216,510	216,510
Cancer Research Manpower	93.398			101,790	3,824,109
<i>Pass-Through from University of Washington</i>		5 R25 CA119012 05		42,284	42,284
Total - CFDA 93.398			101,790	3,866,393	3,968,183
Cancer Control	93.399			5,545	5,545
<i>Pass-Through from Mayo Clinic</i>		5 U01 CA114609 05		(136)	(136)
Total - CFDA 93.399			0	5,409	5,409
Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403			104,711	104,711
ARRA - Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement				1,266,202	1,266,202
Total - CFDA 93.403			0	1,370,913	1,370,913
ARRA - Dental Public Health Residency Training Grants	93.404			96,281	96,281
ARRA - Public Health Traineeship Program	93.405			159,594	159,594
ARRA - Equipment to Enhance Training for Health Professionals	93.411			1,460,535	1,460,535
ARRA - State Primary Care Offices	93.414			52,493	52,493
Food Safety and Security Monitoring Project	93.448			300,044	300,044
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505			753,952	753,952
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507			61,127	61,127
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510			12,661	12,661
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511			570,961	570,961
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513			79,135	79,135

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Affordable Care Act (ACA) Expansion of Physician Assistant Training Program	93.514			220,000	220,000
Affordable Care Act (ACA) Nurse-Managed Health Clinics	93.515			241,748	241,748
Affordable Care Act (ACA) Public Health Training Centers Program	93.516			362,839	362,839
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518		766,881		766,881
Affordable Care Act (ACA) - Consumer Assistance Program Grants	93.519			1,717,648	1,717,648
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521			87,330	87,330
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523		214,941	213,555	428,496
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525			16,089	16,089
Promoting Safe and Stable Families	93.556		18,087,585	19,472,264	37,559,849
Child Support Enforcement	93.563		3,958,536	170,192,160	174,150,696
ARRA - Child Support Enforcement				31,353,874	31,353,874
Total - CFDA 93.563			3,958,536	201,546,034	205,504,570
Child Support Enforcement Research	93.564			68,925	68,925
Refugee and Entrant Assistance_State Administered Programs	93.566		14,542,180	23,256,178	37,798,358
Low-Income Home Energy Assistance	93.568		190,450,033	623,428	191,073,461
Refugee and Entrant Assistance_Discretionary Grants	93.576		2,285,016	31,500	2,316,516
Refugee and Entrant Assistance_Targeted Assistance Grants	93.584		2,915,875		2,915,875
State Court Improvement Program	93.586			2,604,974	2,604,974
Community-Based Child Abuse Prevention Grants	93.590		723,336	479,131	1,202,467
Grants to States for Access and Visitation Programs	93.597		554,922	103,434	658,356
Chafee Education and Training Vouchers Program (ETV)	93.599			3,182,075	3,182,075
Child Support Enforcement Demonstrations and Special Projects	93.601			50,004	50,004
<i>Pass-Through from Family Service Association</i>		SG/2006ACFOCSEFI005		(407)	(407)
Total - CFDA 93.601				0	49,597
Adoption Incentive Payments	93.603			8,432,000	8,432,000
Mentoring Children of Prisoners	93.616			53,319	53,319
Voting Access for Individuals with Disabilities_Grants to States	93.617			340,130	340,130
Developmental Disabilities Basic Support and Advocacy Grants	93.630		1,154,116	1,704,092	2,858,208
Developmental Disabilities Projects of National Significance	93.631				
<i>Pass-Through from Respite Care of San Antonio</i>		1 / 90DN0276		20,007	20,007

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			20,625	20,625
Children's Justice Grants to States	93.643			(5,988)	(5,988)
<i>Pass-Through from Texas Center for the Judiciary</i>		CJA-09-19	2,890	43,391	46,281
<i>Pass-Through from Texas Center for the Judiciary</i>		G-0801TXCJA1		29,715	29,715
<i>Pass-Through from Texas Center for the Judiciary</i>		G-1001TXCJA1		86,987	86,987
Total - CFDA 93.643			2,890	154,105	156,995
Stephanie Tubbs Jones Child Welfare Services Program	93.645			25,905,200	25,905,200
Adoption Opportunities	93.652		35,096	2,721	37,817
Foster Care_Title IV-E	93.658		14,624,435	231,074,754	245,699,189
ARRA - Foster Care_Title IV-E			472,182	6,685,204	7,157,386
Total - CFDA 93.658			15,096,617	237,759,958	252,856,575
Adoption Assistance	93.659			89,928,430	89,928,430
ARRA - Adoption Assistance				4,465,027	4,465,027
Total - CFDA 93.659			0	94,393,457	94,393,457
Social Services Block Grant	93.667		64,137,262	165,636,916	229,774,178
<i>Pass-Through from Houston - Galveston Area Council</i>		CON19913	1,812,601	1,201,999	3,014,600
<i>Pass-Through from Houston - Galveston Area Council</i>		CON19967		439,969	439,969
<i>Pass-Through from Lower Rio Grande Valley Development Council</i>		426079-100109		3,147	3,147
<i>Pass-Through from Memorial Hermann TIRR</i>	757-10			13,524	13,524
Total - CFDA 93.667			65,949,863	167,295,555	233,245,418
Child Abuse and Neglect State Grants	93.669			2,323,855	2,323,855
Child Abuse and Neglect Discretionary Activities	93.670		(93,790)		(93,790)
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671		5,437,261		5,437,261
Chafee Foster Care Independence Program	93.674			8,909,940	8,909,940
ARRA - Trans-NIH Recovery Act Research Support	93.701		798,846	3,077,101	3,875,947
<i>Pass-Through from Iowa State University</i>		455610		35,813	35,813
<i>Pass-Through from Rice University</i>		3T15LM007093-18S1		4,290	4,290
Total - CFDA 93.701			798,846	3,117,204	3,916,050
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			324,755	324,755
ARRA - Grants to Health Center Programs	93.703			518,338	518,338
ARRA - Strengthening Communities Fund	93.711			787,825	787,825
ARRA - Preventing Healthcare - Associated Infections	93.717		163,612	591,226	754,838
ARRA - Health Information Technology Regional Extension Centers Program	93.718			382,886	2,786,871
ARRA - State Grants to Promote Health Information Technology	93.719			3,523,149	5,497,319
ARRA - Health Information Technology Professionals in Health Care	93.721			197,571	197,571

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723		392,763	2,908,636	3,301,399
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724			248,122	248,122
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725		844,225	(9,995)	834,230
ARRA - Health Information Technology and Public Health	93.729			222,000	222,000
Children's Health Insurance Program	93.767			842,844,313	842,844,313
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768			750,816	750,816
Demonstration to Maintain Independence and Employment	93.769		(142,282)	1,071,330	929,048
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		4,320	3,802,548	3,806,868
Money Follows the Person Rebalancing Demonstration <i>Pass-Through from Center for Health Care Services</i>	93.791	2011-037533	166,102	45,859,051 31,390	46,025,153 31,390
Total - CFDA 93.791			166,102	45,890,441	46,056,543
Medicaid Transformation Grants	93.793			1,680,523	1,680,523
Health Careers Opportunity Program	93.822			53	53
Cardiovascular Diseases Research	93.837			327,419	327,419
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			190,307	190,307
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			229,944	229,944
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			293,692	293,692
Allergy, Immunology and Transplantation Research <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Baylor College of Medicine</i>	93.855	2T32AI007456-18 5 T32 AI053831 08		113,678 103,731 40,005	113,678 103,731 40,005
Total - CFDA 93.855			0	257,414	257,414
Microbiology and Infectious Diseases Research	93.856			117,247	117,247
Biomedical Research and Research Training <i>Pass-Through from American Society for Cell Biology</i> <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Baylor College of Medicine</i>	93.859	CHK32778 2T32GM008280-22 5600593984 Awd 5K12GM 084897-03	5,795	993,653 9,764 30,917 18,265	999,448 9,764 30,917 18,265
ARRA - Biomedical Research and Research Training <i>Pass-Through from Rice University</i>		3T15LM007093-18S1		8,415	8,415
Total - CFDA 93.859			5,795	1,061,014	1,066,809
Child Health and Human Development Extramural Research	93.865			281,476	281,476
Aging Research	93.866			1,068,112	1,068,112
Vision Research	93.867			114,983	114,983

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
Medical Library Assistance	93.879				
<i>Pass-Through from Rice University</i>		5T15LM007093-19		47,645	47,645
<i>Pass-Through from Rice University</i>		5T15LM07093-17		11,019	11,019
<i>Pass-Through from Rice University</i>		5T15-LM07093-18		18,406	18,406
<i>Pass-Through from Rice University</i>		5T15LM07093-19		63,079	63,079
Total - CFDA 93.879			0	140,149	140,149
Grants for Training in Primary Care Medicine and Dentistry	93.884			1,997,249	1,997,249
Health Care and Other Facilities	93.887		32,842	1,588,502	1,621,344
<i>Pass-Through from Autistic Treatment Center</i>		C76HF15327		41,376	41,376
<i>Pass-Through from Piney Woods Regional Advisory Council</i>		752603041		7,764	7,764
Total - CFDA 93.887			32,842	1,637,642	1,670,484
Specially Selected Health Projects	93.888			180,277	180,277
<i>Pass-Through from National Association of Hispanic Nurses</i>		ROGERS/1D1DHP200 63-0		44,703	44,703
Total - CFDA 93.888			0	224,980	224,980
National Bioterrorism Hospital Preparedness Program	93.889		21,601,957	5,516,292	27,118,249
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912		107,561	239,399	346,960
<i>Pass-Through from Leon County</i>		D06RH07934		19,050	19,050
Total - CFDA 93.912			107,561	258,449	366,010
Grants to States for Operation of Offices of Rural Health	93.913		108,437	53,664	162,101
HIV Emergency Relief Project Grants	93.914				
<i>Pass-Through from Harris County Hospital District</i>		6H12HA000390-12		483,690	483,690
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		09GEN0097		4,882	4,882
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		10GEN0197		80,272	80,272
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		10GEN2809		73,653	73,653
<i>Pass-Through from University Health System</i>		BULLOCK/UHS/RYA NWHIT		62,201	62,201
<i>Pass-Through from University Health System</i>		DELGADO/UHS/RYA NWHIT		4,640	4,640
<i>Pass-Through from University Health System</i>		RYAN WHITE PART A		4,038	4,038
<i>Pass-Through from University Health System</i>		RYAN WHITE/UHS		54,974	54,974
Total - CFDA 93.914			0	768,350	768,350
HIV Care Formula Grants	93.917		26,041,122	67,438,032	93,479,154
<i>Pass-Through from AIDS Arms, Inc</i>		MAI 2009-031082-001		4	4
<i>Pass-Through from Lubbock Regional Mental Health Mental Retardation</i>		2010-034677 / 2011- 037877		168,700	168,700
<i>Pass-Through from Resource Group</i>		11UTV00PTB		42,104	42,104
<i>Pass-Through from Resource Group</i>		11UTV00SS		19,978	19,978
<i>Pass-Through from Resource Group</i>		12UTV00PTB		122,431	122,431
<i>Pass-Through from Resource Group</i>		CON20209		122,740	122,740

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Urban League of Greater Dallas and North Central Texas</i>		MAI 2007-025554-001		(273)	(273)
Total - CFDA 93.917			26,041,122	67,913,716	93,954,838
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918				
<i>Pass-Through from Harris County Hospital District</i>		10-HSP-1336		6,495	6,495
<i>Pass-Through from Resource Group</i>		11UTP00PTC		48,340	48,340
<i>Pass-Through from Resource Group</i>		11UTV00PTC		84,555	84,555
<i>Pass-Through from Resource Group</i>		65651		11,236	11,236
Total - CFDA 93.918			0	150,626	150,626
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924			241,342	241,342
Special Projects of National Significance	93.928		237,007	173,395	410,402
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		79,000	284,039	363,039
HIV Prevention Activities_Non-Governmental Organization Based	93.939			684,978	684,978
HIV Prevention Activities_Health Department Based	93.940	C10-004-7 4600008916	10,395,183	5,624,741	16,019,924
<i>Pass-Through from City of Houston Health and Human Services</i>				2,418	2,418
Total - CFDA 93.940			10,395,183	5,627,159	16,022,342
HIV Demonstration, Research, Public and Professional Education Projects	93.941			195,012	195,012
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943				
<i>Pass-Through from City of Houston Health and Human Services</i>		C-11-004-7		35,360	35,360
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		733,039	1,940,338	2,673,377
Assistance Programs for Chronic Disease Prevention and Control	93.945			6,132	6,132
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			39,309	39,309
Block Grants for Community Mental Health Services	93.958		24,676,491	5,896,308	30,572,799
Block Grants for Prevention and Treatment of Substance Abuse	93.959		107,145,869	24,893,458	132,039,327
Public Health Traineeships	93.964			169,724	169,724
Geriatric Education Centers	93.969		210,093	744,041	954,134
<i>Pass-Through from Baylor College of Medicine</i>		1D31HP0882101		37,160	37,160
<i>Pass-Through from Baylor College of Medicine</i>		1UB4 HP19052-01		22,138	22,138
<i>Shopping Cart #101327081</i>					
<i>Pass-Through from Baylor College of Medicine</i>		1UB4HP19052-01		20,304	20,304
<i>Pass-Through from Baylor College of Medicine</i>		458150		23,601	23,601
<i>Pass-Through from Baylor College of Medicine</i>		741613878		20,441	20,441

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Baylor College of Medicine		UB4HP19052-01-01	9,000	13,100	22,100
Pass-Through from Harrington Regional Medical Center		08AM08098FNH		199,333	199,333
Total - CFDA 93.969			219,093	1,080,118	1,299,211
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977		4,678,151	2,175,667	6,853,818
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		44,532	603,107	647,639
Mental Health Disaster Assistance and Emergency Mental Health	93.982			6,486	6,486
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		411,293	802,263	1,213,556
International Research and Research Training	93.989		71,150	533,214	604,364
Preventive Health and Health Services Block Grant	93.991		1,979,855	1,888,414	3,868,269
Maternal and Child Health Services Block Grant to the States	93.994		8,849,102	24,173,544	33,022,646
Adolescent Family Life_Demonstration Projects	93.995				
Pass-Through from Children's Shelter		SG/APHPA006042		23,402	23,402
Pass-Through from Lifeworks		UTA05-820 4		13,414	13,414
Total - CFDA 93.995			0	36,816	36,816
Bioterrorism Training and Curriculum Development Program	93.996				
Pass-Through from City of Houston Health and Human Services		CCU 622445-01		437	437
Total - U.S. Department of Health and Human Services			624,820,934	1,955,202,139	2,580,023,073
<b>Corporation for National and Community Service</b>					
Retired and Senior Volunteer Program	94.002			126,715	126,715
Learn and Serve America_School and Community Based Programs	94.004		2,045,812		2,045,812
Learn and Serve America_Higher Education	94.005				
Pass-Through from Duke University		11-CNCS-1044		5,487	5,487
Pass-Through from Temple University		09NDHPA002		11,307	11,307
Total - CFDA 94.005			0	16,794	16,794
AmeriCorps	94.006			442,370	442,370
Pass-Through from OneStar Foundation		06AFHTX0010056		422,319	422,319
Pass-Through from OneStar Foundation		06AFHTX0010062		227,969	227,969
Pass-Through from OneStar Foundation		06AFHTX0010067		31,844	31,844
Pass-Through from OneStar Foundation		09ACHTX0010003		789,873	789,873
Pass-Through from OneStar Foundation		11.0912.127-1		(2,211)	(2,211)
Pass-Through from OneStar Foundation		12.0912.018-1		(4,799)	(4,799)
Pass-Through from OneStar Foundation		365511	7,500	38,808	46,308
Pass-Through from OneStar National Service Commission		06ACHTX0010009	3,425	4,852	8,277
Pass-Through from OneStar National Service Commission		06AFHTX0010063	32,798	303,727	336,525
ARRA - AmeriCorps				9,663	9,663
Pass-Through from OneStar Foundation		12001663686001	38,054	18,197	56,251
Total - CFDA 94.006			81,777	2,282,612	2,364,389

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<b>Corporation for National and Community Service (continued)</b>					
Program Development and Innovation Grants	94.007				
<i>Pass-Through from North Carolina Campus Compact</i>		203211		750	750
<i>Pass-Through from North Carolina Campus Compact</i>		MLKService- PVAMU2011		718	718
Total - CFDA 94.007			0	1,468	1,468
Total - Corporation for National and Community Service			<u>2,127,589</u>	<u>2,427,589</u>	<u>4,555,178</u>
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001			2,601,078	2,601,078
Total - CFDA 95.001			0	2,601,078	2,601,078
Total - Executive Office of the President			<u>0</u>	<u>2,601,078</u>	<u>2,601,078</u>
<b>Social Security Administration</b>					
Social Security Administration	96.XXX	0600-03-60023		969,493	969,493
Social Security_Research and Demonstration	96.007			204,915	204,915
Total - Social Security Administration			0	1,174,408	1,174,408
<b>U.S. Department of Homeland Security</b>					
State and Local Homeland Security National Training Program	97.005			19,014,488	19,014,488
Non-Profit Security Program	97.008		648,234	1,057	649,291
Citizenship Education and Training	97.010			13,656	13,656
<i>Pass-Through from Harris County Department of Education</i>		8000001628			
Boating Safety Financial Assistance	97.012			3,520,319	3,520,319
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			384,070	384,070
National Urban Search and Rescue (US&R) Response System	97.025			1,010,183	1,010,183
Flood Mitigation Assistance	97.029		8,291,164	71,429	8,362,593
Crisis Counseling	97.032		53,602	47,626	101,228
Disaster Unemployment Assistance	97.034			1,406	1,406
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		117,212,624	88,891,006	206,103,630
<i>Pass-Through from Village of Surfside Beach</i>		08-110-000		36,743	36,743
Total - CFDA 97.036			<u>117,212,624</u>	<u>88,927,749</u>	<u>206,140,373</u>
Hazard Mitigation Grant	97.039		80,664,325	570,615	81,234,940
National Dam Safety Program	97.041			782,397	782,397
Emergency Management Performance Grants	97.042		5,525,027	7,947,687	13,472,714

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Homeland Security (continued)</b>					
State Fire Training Systems Grants	97.043			28,014	28,014
Assistance to Firefighters Grant	97.044			299,502	299,502
Cooperating Technical Partners	97.045			3,990	3,990
Fire Management Assistance Grant	97.046			3,939,818	3,939,818
Pre-Disaster Mitigation	97.047			2,207,705	2,207,705
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			624,712	624,712
Emergency Operations Centers	97.052		608,268		608,268
Interoperable Emergency Communications	97.055		3,292,220	2,583,895	5,876,115
Port Security Grant Program	97.056			1,490,109	1,490,109
Centers for Homeland Security	97.061			267,354	267,354
<i>Pass-Through from Jackson State University</i>		634822		133,543	133,543
<i>Pass-Through from Purdue University</i>		4112-38273	172,155	293,335	465,490
<i>Pass-Through from Rutgers University</i>		2009-ST-0001-CCI1002		17,537	17,537
Total - CFDA 97.061			172,155	711,769	883,924
Scholars and Fellows, and Educational Programs	97.062			61,213	61,213
Competitive Training Grants	97.068			674,249	674,249
State Homeland Security Program (SHSP)	97.073			29,189	29,189
Rail and Transit Security Grant Program	97.075		1,872,018	43,798	1,915,816
Buffer Zone Protection Program (BZPP)	97.078		4,174,057	136,637	4,310,694
Earthquake Consortium	97.082		2,765		2,765
Alternative Housing Pilot Program	97.087		1,523,514	16,127	1,539,641
Disaster Assistance Projects	97.088		16,578,571	812,902	17,391,473
Driver's License Security Grant Program	97.089			2,395,095	2,395,095
Homeland Security Biowatch Program	97.091			2,776,949	2,776,949
Repetitive Flood Claims	97.092			79,517	79,517
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104			37,143	37,143
Severe Repetitive Loss Program	97.110		4,565,472	121,727	4,687,199
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111		3,688,253		3,688,253
Total - U.S. Department of Homeland Security			248,872,269	141,366,742	390,239,011
<b>U.S. Agency for International Development</b>					
U. S. Agency for International Development	98.XXX				
<i>Pass-Through from American Council on Education</i>		Trade Platform		6,106	6,106
USAID Foreign Assistance for Programs Overseas	98.001			77,871	77,871

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Agency for International Development (continued)</b>					
USAID Development Partnerships for University Cooperation and Development	98.012			9,784	9,784
<i>Pass-Through from American Council on Education</i>		523-A-00-06-00009-00	13,484	11,382	24,866
Total - CFDA 98.012			<u>13,484</u>	<u>21,166</u>	<u>34,650</u>
Total - U. S. Agency for International Development			<u>13,484</u>	<u>105,143</u>	<u>118,627</u>
<b>Total Non-Clustered Programs</b>			<u>3,239,841,051</u>	<u>9,684,859,495</u>	<u>12,924,700,546</u>

### RESEARCH AND DEVELOPMENT CLUSTER

#### U.S. Department of Agriculture

U.S. Department of Agriculture	10.XXX	03CS11030300; 2011 11 PO 7502 TTU1004 11 005 911NF 10 2 0038		59,035	59,035
<i>Pass-Through from Applied Physical Electronics</i>		EMPI10 053 02		18,269	18,269
<i>Pass-Through from Cree, Inc.</i>		USDA-TX UTA10-000551		10,880	10,880
<i>Pass-Through from Energetic Materials Products, Inc.</i>				61,216	61,216
<i>Pass-Through from University of Baltimore</i>				66,160	66,160
Total - CFDA 10.XXX			<u>0</u>	<u>215,560</u>	<u>215,560</u>
Agricultural Research_Basic and Applied Research	10.001		30,373	3,525,052	3,555,425
<i>Pass-Through from Almond Board of California</i>		503802		(10)	(10)
<i>Pass-Through from Almond Board of California</i>		503996		(2,823)	(2,823)
<i>Pass-Through from Kansas State University</i>		S11193		9,473	9,473
<i>Pass-Through from Mississippi State University</i>		58-6406-9-434		1,210	1,210
<i>Pass-Through from The National Mango Board</i>		504143		38,867	38,867
Total - CFDA 10.001			<u>30,373</u>	<u>3,571,769</u>	<u>3,602,142</u>
Plant and Animal Disease, Pest Control, and Animal Care	10.025		63,323	2,299,609	2,362,932
Wildlife Services	10.028			41,913	41,913
Transportation Services	10.167			6,424	6,424
Specialty Crop Block Grant Program	10.169			34,737	34,737
Specialty Crop Block Grant Program - Farm Bill	10.170			358,216	358,216
Grants for Agricultural Research, Special Research Grants	10.200		1,082,633	9,785,246	10,867,879
<i>Pass-Through from Colorado State University</i>		503938		11,610	11,610
<i>Pass-Through from Colorado State University</i>		504072		2,591	2,591
<i>Pass-Through from Colorado State University</i>		504296		16,296	16,296
<i>Pass-Through from Colorado State University</i>		504309		4,097	4,097
<i>Pass-Through from Fort Valley State University</i>		503752		1,943	1,943
<i>Pass-Through from Iowa State University</i>		504306		7,820	7,820
<i>Pass-Through from Kansas State University</i>		06 34370 170; S10051; S11009		180,623	180,623
<i>Pass-Through from Kansas State University</i>		502490		21,850	21,850
<i>Pass-Through from Kansas State University</i>		502491		5,978	5,978
<i>Pass-Through from Kansas State University</i>		503703		2,282	2,282
<i>Pass-Through from Kansas State University</i>		504084		4,791	4,791
<i>Pass-Through from Kansas State University</i>		504242		131,024	131,024
<i>Pass-Through from Louisiana State University</i>		504147		1,593	1,593
<i>Pass-Through from New Mexico State University</i>		503995		63,974	63,974

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
<i>Pass-Through from New Mexico State University</i>		504201		71,119	71,119
<i>Pass-Through from New Mexico State University</i>		Q01430		20,517	20,517
<i>Pass-Through from Oklahoma State University</i>		503419		(59)	(59)
<i>Pass-Through from Regents of the University of California</i>		503964		1,415	1,415
<i>Pass-Through from Regents of the University of California</i>		504093	1,743	68	1,811
<i>Pass-Through from Regents of the University of California</i>		504282		2,291	2,291
<i>Pass-Through from South Region Aquaculture</i>		2005-38500-15815 /		(151)	(151)
		2006-38500-16799			
<i>Pass-Through from Southern Regional Aquaculture Center</i>		2007-38500-18470		16,218	16,218
<i>Pass-Through from Southern Regional Aquaculture Center</i>		503424		(509)	(509)
<i>Pass-Through from Southern Regional Aquaculture Center</i>		503948		3,024	3,024
<i>Pass-Through from Southern Regional Aquaculture Center</i>		504025		152	152
<i>Pass-Through from Southern Regional Aquaculture Center</i>		504146		5,578	5,578
<i>Pass-Through from Southern Regional Aquaculture Center</i>		504172		170	170
<i>Pass-Through from Southern Regional Aquaculture Center</i>		504326		2,399	2,399
<i>Pass-Through from Southern Regional Aquaculture Center</i>		504335		4,913	4,913
<i>Pass-Through from The Oceanic Institute</i>		503406		1	1
<i>Pass-Through from The Oceanic Institute</i>		503994		87,806	87,806
<i>Pass-Through from The Oceanic Institute</i>		504256		174,986	174,986
<i>Pass-Through from University of California - Davis</i>		503991		18,618	18,618
<i>Pass-Through from University of Florida</i>		504079		36,981	36,981
<i>Pass-Through from University of Florida</i>		504191		43,069	43,069
<i>Pass-Through from University of Florida</i>		504308		3,537	3,537
<i>Pass-Through from University of Florida</i>		78044		20,875	20,875
<i>Pass-Through from University of Florida</i>		UF09219		46,055	46,055
<i>Pass-Through from University of Florida</i>		UF10157 # 00087665		42,371	42,371
<i>Pass-Through from Virginia State University</i>		503931		21,470	21,470
Total - CFDA 10.200				1,084,376	10,864,632
					11,949,008
Cooperative Forestry Research	10.202				577,721
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203				8,482,730
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205				2,182,452
<i>Pass-Through from South Carolina State University</i>		SCX-312-03-09-TAMU		31,974	31,974
Total - CFDA 10.205				0	2,214,426
					2,214,426
Grants for Agricultural Research_Compétitive Research Grants	10.206				2,557,267
<i>Pass-Through from Colorado State University</i>		20095520005197		2,382,650	2,382,650
<i>Pass-Through from Iowa State University</i>		503737		3,974	3,974
<i>Pass-Through from New Mexico State University</i>		503800		50,384	50,384
<i>Pass-Through from Oklahoma State University</i>		502386		9,000	9,000
<i>Pass-Through from Pennsylvania State University</i>		504045		(472)	(472)
<i>Pass-Through from Purdue University</i>		591 0588		19,114	19,114
<i>Pass-Through from University of California - Davis</i>		503368		(317)	(317)
<i>Pass-Through from University of California - Riverside</i>		S-0000234		1,312	1,312
<i>Pass-Through from University of Georgia</i>		8000000980		6,099	6,099
<i>Pass-Through from University of Maryland - College Park</i>		48,201		8,285	8,285
<i>Pass-Through from University of Maryland - College Park</i>		503768		17,499	17,499
<i>Pass-Through from University of Massachusetts - Amherst</i>		503778		26,952	26,952
		2009-35319-05186_09-		80,003	80,003
		005358 A 00			
<i>Pass-Through from University of Minnesota</i>		503365		(1)	(1)
<i>Pass-Through from University of Nebraska - Lincoln</i>		504292		5,999	5,999
<i>Pass-Through from University of Nebraska - Lincoln</i>		UNL-25-6242-0086-005		4,250	4,250
Total - CFDA 10.206				222,818	2,614,731
					2,837,549

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Animal Health and Disease Research	10.207			185,627	185,627
<i>Pass-Through from The Oceanic Institute</i>		503801		(125)	(125)
Total - CFDA 10.207			0	185,502	185,502
Small Business Innovation Research	10.212			21,514	21,514
<i>Pass-Through from Alpha Scents, Inc.</i>		10-0107		(8,539)	(8,539)
<i>Pass-Through from Omnisite BioDiagnostics, Inc.</i>		503448		(8,539)	21,514
Total - CFDA 10.212				21,514	12,975
Sustainable Agriculture Research and Education	10.215			52,997	52,997
<i>Pass-Through from University of Georgia</i>		503569		4,400	4,400
<i>Pass-Through from University of Georgia</i>		570449		52,792	52,792
<i>Pass-Through from University of Georgia</i>		RD309 101/3842718		37,885	37,885
<i>Pass-Through from University of Georgia Research Foundation, Inc.</i>		RD309 105 4692828;			
		RD309 109 4786276			
Total - CFDA 10.215			0	148,074	148,074
1890 Institution Capacity Building Grants	10.216			5,710	5,710
<i>Pass-Through from South Carolina State University</i>				24,615	24,615
<i>Pass-Through from Southern University</i>		10-576004-CSMET-TAMUS		16,740	16,740
Total - CFDA 10.216			0	47,065	47,065
Higher Education Challenge Grants	10.217			248,815	322,437
<i>Pass-Through from New Mexico State University</i>		504167		26,944	26,944
<i>Pass-Through from University of Florida</i>		502630		(9)	(9)
<i>Pass-Through from University of Florida</i>		504017		64,701	64,701
Total - CFDA 10.217			73,622	340,451	414,073
Biotechnology Risk Assessment Research	10.219			94,187	109,077
Higher Education Multicultural Scholars Program	10.220			18,200	18,200
<i>Pass-Through from Laredo Community College</i>		504152		(1,626)	(1,626)
Total - CFDA 10.220			0	16,574	16,574
Hispanic Serving Institutions Education Grants	10.223			673,243	673,243
<i>Pass-Through from Del Mar College</i>				230	230
<i>Pass-Through from University of Puerto Rico - Mayaguez</i>		5007-38422-180844-S		20,388	20,388
<i>Pass-Through from University of Puerto Rico - Rio Piedras</i>		2008-2009-007		19,288	19,288
Total - CFDA 10.223			0	713,149	713,149
Community Food Projects	10.225			1,056,176	1,056,176
Agricultural and Rural Economic Research	10.250			65,361	65,361
Food Assistance and Nutrition Research Programs (FANRP)	10.253			20,820	20,820
Consumer Data and Information Program	10.256			67,244	67,244
<i>Pass-Through from Rutgers University</i>		58-4000-9-0064		4,770	4,770
Total - CFDA 10.256			0	72,014	72,014

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Agricultural Market and Economic Research	10.290			93,969	93,969
<i>Pass-Through from United Sorghum Checkoff Program</i>		R0022 10		29,443	29,443
Total - CFDA 10.290			0	123,412	123,412
Integrated Programs	10.303		164,790	656,365	821,155
<i>Pass-Through from Cornell University</i>		51110 04688		16,754	16,754
<i>Pass-Through from Kansas State University</i>		2010-51110-21081		19,343	19,343
<i>Pass-Through from Kansas State University</i>		2775		241	241
<i>Pass-Through from Kansas State University</i>		S11058		23,477	23,477
<i>Pass-Through from North Carolina State University</i>		2004 1501 03		(70)	(70)
<i>Pass-Through from North Carolina State University</i>		503993		14,230	14,230
<i>Pass-Through from University of Arizona</i>		503522		2,599	2,599
<i>Pass-Through from University of Arkansas</i>		UA AES 91072-02		40,766	40,766
<i>Pass-Through from University of California - Riverside</i>		504314		3,877	3,877
<i>Pass-Through from University of Nebraska - Lincoln</i>		504125		40,526	40,526
Total - CFDA 10.303			164,790	818,108	982,898
Homeland Security_Agricultural	10.304			45,000	45,000
International Science and Education Grants	10.305			70,028	70,028
Specialty Crop Research Initiative	10.309		224,405	584,123	808,528
<i>Pass-Through from University of Florida</i>		504283		19,813	19,813
<i>Pass-Through from Washington State University</i>		112674 G002608		18,439	18,439
Total - CFDA 10.309			224,405	622,375	846,780
Agriculture and Food Research Initiative	10.310		230,459	1,586,008	1,816,467
<i>Pass-Through from Southern University Agricultural Research and Extension Center</i>		SUSSUAGCENTER		208,938	208,938
<i>Pass-Through from University of Florida</i>		2010 02 007 TTU			
<i>Pass-Through from University of Florida</i>		504179		10,378	10,378
Total - CFDA 10.310		UF 11089		17,801	17,801
Crop Insurance	10.450		230,459	1,823,125	2,053,584
<i>Pass-Through from Grazingland Management Systems, Inc.</i>		503109		5,998,221	5,998,221
Total - CFDA 10.450			0	(1,017)	(1,017)
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456		19,086	30,370	49,456
<i>Pass-Through from Grazingland Management Systems, Inc.</i>		504295		31,969	31,969
Total - CFDA 10.456			19,086	62,339	81,425
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			256,108	256,108
Food Safety Cooperative Agreements	10.479		216,809	216,809	
<i>Pass-Through from Wyle Laboratories</i>		504339		7,662	7,662
Total - CFDA 10.479			0	224,471	224,471
Cooperative Extension Service	10.500		23,827	23,827	
<i>Pass-Through from North Carolina State University</i>		503766		14	14
<i>Pass-Through from Pennsylvania State University</i>		503796		107,158	107,158
Total - CFDA 10.500			107,158	23,841	130,999

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			655,702	655,702
Team Nutrition Grants	10.574			11,668	11,668
Foreign Market Development Cooperator Program	10.600			20,533	20,533
Forestry Research	10.652			1,578,382	1,578,382
Cooperative Forestry Assistance	10.664			48,911	48,911
<i>Pass-Through from University of Georgia</i>		504043		6,842	6,842
Total - CFDA 10.664			0	55,753	55,753
Forest Health Protection	10.680			9,135	9,135
Broadband Initiatives Program	10.787			(5,434)	(5,434)
Resource Conservation and Development	10.901		62,600	185,032	247,632
Soil and Water Conservation	10.902			669,020	669,020
<i>Pass-Through from University of Idaho</i>		BJK409 SB 007		5,885	5,885
Total - CFDA 10.902			0	674,905	674,905
Soil Survey	10.903			179,200	179,200
Environmental Quality Incentives Program	10.912		97,819	449,003	546,822
<i>Pass-Through from Michigan State University</i>		503937		(4,426)	(4,426)
<i>Pass-Through from National Fish and Wildlife Foundation</i>		431170		(5,278)	(5,278)
<i>Pass-Through from RTI International</i>		11-340-0210114		272,342	272,342
<i>Pass-Through from World Resources Institute</i>		431960		18,906	18,906
ARRA - Environmental Quality Incentives Program		431550		14,624	14,624
<i>Pass-Through from Electric Power Research Institute</i>			97,819	745,171	842,990
Total - CFDA 10.912			0	303,656	303,656
Technical Agricultural Assistance	10.960			303,554	303,554
<i>Pass-Through from Research Corporation of the University of Hawaii</i>		503647		102	102
Total - CFDA 10.960			0	1,105,814	1,105,814
Scientific Cooperation and Research	10.961			1,106,693	1,106,693
<i>Pass-Through from CIMMYT</i>		503264		(879)	(879)
Total - CFDA 10.961			0	1,105,814	1,105,814
Cochran Fellowship Program-International Training-Foreign Participant	10.962		8,763	1,725,957	1,734,720
<i>Pass-Through from Association Liaison Office</i>		502953		9,918	9,918
<i>Pass-Through from University of California - Davis</i>		503293		(254)	(254)
<i>Pass-Through from University of California - Davis</i>		503449	70,454	70,454	
<i>Pass-Through from University of California - Davis</i>		503500		(2,430)	(2,430)
<i>Pass-Through from University of California - Davis</i>		504331		75,438	75,438
<i>Pass-Through from University of California - Davis</i>		570375	421,128		421,128
Total - CFDA 10.962			500,345	1,808,629	2,308,974
Total - U.S. Department of Agriculture			2,966,822	51,378,215	54,345,037

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	2006-NE-1464 BCYA1323-10-00245 DG133E09SE4242 SB134109SE0642 UTA06-827 UTA10-000046 IP1008 YA1323-10-SE-0144 3007-TAMU-1 2006-NE-1464 UTA08- 596		36,630 16,046 25,231 3,313 418,232 78,905 12,681 90,546 577,959	36,630 16,046 25,231 3,313 418,232 78,905 12,681 90,546 834,432
<i>Pass-Through from Consolidated Safety Services</i>					
<i>Pass-Through from Nanoelectronics Research Corp</i>					
<i>Pass-Through from Sabine Neches Navigation District</i>		454201001		51,369	51,369
Total - CFDA 11.XXX			256,473	1,310,912	1,567,385
Census Bureau Data Products	11.001			21,224	21,224
Integrated Ocean Observing System (IOOS)	11.012				
<i>Pass-Through from Mississippi State University</i>		191001-363637-02		85,805	85,805
<i>Pass-Through from Southeastern Universities Research Association</i>		2010-005		23,533	23,533
Total - CFDA 11.012			0	109,338	109,338
Economic Development_Technical Assistance	11.303			128,376	128,376
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400			245,814	245,814
<i>Pass-Through from University Corporation for Atmospheric Research</i>		NA06NWS4670013 SUB BO. S09-81073		3,015	3,015
Total - CFDA 11.400			0	248,829	248,829
Sea Grant Support	11.417			30,897	30,897
<i>Pass-Through from Mote Marine Lab</i>		MML 185-558		2,049,794	2,049,794
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR04080-E10		94,431 20,392	94,431 20,392
Total - CFDA 11.417			30,897	2,164,617	2,195,514
Coastal Zone Management Administration Awards	11.419			2,000	2,000
<i>Pass-Through from Nueces County</i>		Nue CO-Erosion Response Plan/20110060		797,807 4,132	799,807 4,132
<i>Pass-Through from University of New Hampshire</i>		NA06NOS4190167 SUB 08-043		341	341
Total - CFDA 11.419			2,341	14,210	14,551
Coastal Zone Management Estuarine Research Reserves	11.420			816,149	816,149
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			1,335,129	1,335,129
<i>Pass-Through from University of Southern Mississippi</i>		504039		11,658	11,658
Total - CFDA 11.427			0	16,562	16,562
Undersea Research	11.430			28,220	28,220
<i>Pass-Through from University of Hawaii</i>		UTA09-000481 Z927478		13,776	13,776
<i>Pass-Through from University of Hawaii</i>		UTA09-000481 Z927478-02 2		61,349	61,349
Total - CFDA 11.430			18,869	74,825	93,694

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
Climate and Atmospheric Research <i>Pass-Through from World Wildlife Fund</i>	11.431	FU33	64,982	240,133 777	305,115 777
Total - CFDA 11.431			64,982	240,910	305,892
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			12,191	12,191
Marine Fisheries Initiative	11.433			110,113	110,113
Environmental Sciences, Applications, Data, and Education <i>Pass-Through from University of Oklahoma</i>	11.440	2011 26		45,146	45,146
Unallied Industry Projects	11.452		325,275	1,795,570	2,120,845
Unallied Management Projects <i>Pass-Through from University of California - Santa Cruz</i>	11.454	504174	5,050	161,045 4,145	166,095 4,145
Total - CFDA 11.454			5,050	165,190	170,240
Weather and Air Quality Research <i>Pass-Through from University of New Hampshire</i>	11.459	11-126		24,485	24,485
Special Oceanic and Atmospheric Projects <i>Pass-Through from Alaska Department of Fish and Game</i>	11.460	502724		(389) 3,770	(389) 3,770
Total - CFDA 11.460			0	3,381	3,381
Habitat Conservation <i>Pass-Through from Gulf of Mexico Foundation</i>	11.463	GCRP #10-01 NA10NMF4630087		57,371 58,689	57,371 58,689
Total - CFDA 11.463			0	116,060	116,060
Meteorologic and Hydrologic Modernization Development <i>Pass-Through from University Corporation for Atmospheric Research</i>	11.467	Z10-83385		9,873	9,873
<i>Pass-Through from University of Washington</i>		680729		12,426	12,426
Total - CFDA 11.467			0	22,299	22,299
Applied Meteorological Research	11.468			16,517	16,517
Unallied Science Program	11.472			187,812	187,812
Coastal Services Center <i>Pass-Through from Florida Dept. of Environmental Protection</i>	11.473	RM111 NOAA GOMA 2006	218,567	410,457 1,378 16,034	629,024 1,378 16,034
<i>Pass-Through from Gulf of Mexico Foundation</i>				218,567	427,869
Total - CFDA 11.473				427,869	646,436
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478		202,302	1,097,084	1,299,386
Educational Partnership Program <i>Pass-Through from Florida Agricultural and Mechanical University</i>	11.481	NOA60AR4810164 SUB 000953; C-2887 0006264-1000017208		158,687 126,217	158,687 126,217
<i>Pass-Through from Howard University</i>				126,217	126,217
Total - CFDA 11.481			0	284,904	284,904

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
Public Safety Interoperable Communications Grant Program	11.555			20,000	20,000
ARRA - Broadband Technology Opportunities Program (BTOP) <i>Pass-Through from Mexican Institute of Greater Houston</i>	11.557	SUB10572		102,243	102,243
Measurement and Engineering Research and Standards <i>Pass-Through from Missouri University of Science and Technology</i>	11.609	00028344-01		497,766	497,766
<i>Pass-Through from Missouri University of Science and Technology</i>		00031030-01		14,065	14,065
<i>Pass-Through from University of Washington</i>		8000001491		18,945	18,945
ARRA - Measurement and Engineering Research and Standards <i>Pass-Through from American Society of Heating, Refrigerating, and A/C Engineers, Inc.</i>		1596-TRP		235,778	235,778
<i>Pass-Through from University of California - San Diego</i>		10305701-SUB		196,042	196,042
Total - CFDA 11.609			0	1,014,378	1,014,378
Manufacturing Extension Partnership <i>Pass-Through from Stellar Micro Devices, Inc.</i>	11.611	70NANB7H7030	933,432	3,089,094	4,022,526
			5,444	5,444	5,444
Total - CFDA 11.611			933,432	3,094,538	4,027,970
Advanced Technology Program <i>Pass-Through from Zeigler Bros., Inc.</i>	11.612	502807		(71)	(71)
Technology Innovation Program <i>Pass-Through from Rutgers University</i>	11.616	00004198 PO# S1493899 4-31873 10223	176,120	459,758	635,878
				117,715	117,715
Total - CFDA 11.616			176,120	577,473	753,593
National Technical Information Service	11.650			11,054	11,054
Total - U.S. Department of Commerce			<u>2,234,308</u>	<u>15,606,765</u>	<u>17,841,073</u>
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	1111 UTA11-000291 20100937130000 58 6208 1 142 6477 IPA FOR CHARLES GHOLZ 65324 69000532 8000001322 BAMC IPAA CAPPELLI NAVY CHALFIN/IPAA/NAVY COHN US ARMY IPA CON19742 FA7014-07-C-0034 FA7014-07-C- 0036/PET FA7014-09-C-0006 FA8650-09-C-5410	681,885	8,985 116,341 2,131 157,908 189,639 51,968 127,932 4,823 41,229 65,048 112,800 15,861 2,682 38,689 78,334 (116)	8,985 116,341 2,131 157,908 189,639 51,968 127,932 4,823 41,229 65,048 112,800 15,861 2,682 38,689 78,334 (116)

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
FA8718-09-C-0061				34,788	34,788
FA8750-10-C-0250				152,715	152,715
FA9550 10 1 0513				(1,920)	(1,920)
GOULD NAVY IPA				22,986	22,986
GU/IPAA/NAVY				63,644	63,644
H92236-10-P-3134				24,669	24,669
H98230-06-C-0443				213,567	213,567
H98230-07-C-0453				308,809	308,809
REQ #R40700110000					
H98230-08-1-0218				190	190
H98230-09-C-0268 /				301,772	301,772
000028450000					
HEILBRUN NAVY IPA				65,583	65,583
HHM402-10-C-0100				287,125	287,125
HHQ106-08-C-0012				135,200	135,200
HPTI-PETTT-				221,068	221,068
UTAUSTIN TO4					
BY010-016SP					
HR0011-07-C-0027				24,986	24,986
HU0001-09-1-TS10 /				4,210	4,210
N09-P12					
HU0001091TS15	107,902			29,698	137,600
HU0001101TS01				186,510	186,510
N10005					
IPA Dtd 9/21/10				230,701	230,701
IPAA				3,318	3,318
LACCABUE NAVY				114,223	114,223
IPA					
MILLER NAVY IPA				58,501	58,501
N00014-06-G-0218 0042				687,088	687,088
N00014-06-G-				162,830	162,830
0218/0043					
N00014-09-C-0187				974,113	974,113
N00014-09-C-0187				6,028	6,028
P00008					
N00014-11-G-0041 0001				27,803	27,803
N0001411G0041 0002				46,696	46,696
N00024-07-D-				6	6
6200/0365 CLN 0001					
ACN AA					
N00024-07-D-				12,617	12,617
6200/0385 CLN 0001					
ACN AA					
N00024-07-D-				1,629	1,629
6200/0396 CLN 0001					
ACN AA					
N00024-07-D-				2,303	2,303
6200/0397 CLN 0001					
ACN AA					
N00167-10-P-0039				31,856	31,856
N00421-11-P-0032				51,772	51,772
N41756-10-C-3393				132,265	132,265
N61339-04-C-0080				(366,692)	(366,692)
CAT 08182006-1					
N66001 09 D 0048				(27,549)	(27,549)
N66001-10-C-2014				188,559	188,559

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
N69450-10-M-4898				8,914	8,914
NAVY IPA VALERIE				5,502	5,502
LEE					
ONR IPA/LEE			235	235	
ONR-IPA/CHU			35,647	35,647	
ONR-IPA/NORLING			(11,471)	(11,471)	
ONR-IPA/SATSANGI			(68,278)	(68,278)	
ONR-IPA/WANG			(7,934)	(7,934)	
PALMER NAVY IPA			26,394	26,394	
PO 937168			631	631	
RAMALINGAM			23,627	23,627	
NAVY IPA					
RAWLS/IPAA/NAVY			2,753	2,753	
S110041			83	83	
W913E511C0004					
SCHWACHA US			43,184	43,184	
ARMY IPA					
W15P7T 07 D P040			1,384,705	1,384,705	
W15QKN-04-C-1091			301	301	
W15QKN-08-D-0426	24,357			24,357	
0002					
W81XWH-09-P-0206			62,825	62,825	
W81XWH-10-P-0100			14,476	14,476	
W81XWH-10-P-0100			28,299	28,299	
P00001					
W81XWH-10-P0122			121,040	121,040	
W9113M 05 H 39C0	59,849		1,971,916	2,031,765	
W9115U-10-C-0002			2,516,967	2,516,967	
W9115U-10-C-0002			169	169	
CLIN 0005					
W911NF 10 2 0018			134,977	134,977	
W911NF-08-1-0348			108,877	108,877	
OSP #200702900					
W911NF-09-2-0038			146,924	146,924	
W911NF-11-2-0023			10,146	10,146	
W911QX-07-D-0002			90	90	
0007					
W911QX-07-D-0002			698	698	
0007 UTA09-000275					
W911QX-07-D-0002			3,220,451	3,220,451	
0009					
W911QX-07-D-0002			7,871	7,871	
0009 UTA09-000275					
W911QX-07-D-0002			37,824	37,824	
0009 UTA10-000082					
W911QX-07-D-0002			103,521	103,521	
0009 UTA10-000115					
W911QX-07-D-0002			99,094	99,094	
0010					
W911QX-07-D-0002			1,186,978	1,186,978	
0011					
W911QX-07-D-0002-			96,656	96,656	
0011 01					
W911QY-10-C-0197			468,829	468,829	
W911SR 07 C 0069			1,188,040	1,188,040	

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
W911SR 11 C 0031				61,955	61,955
W911SR-08-C-0024				2,906	2,906
W91260-06-D-0005				(9,256)	(9,256)
W9126G-09-P-0315				22,346	22,346
W9128G-09-P-0312				86,714	86,714
W912DW-10-P-0260				60,332	60,332
W912HQ 06 C 005				6,405	6,405
W912HQ-10-C-0056				74,592	74,592
W912HQ-11-C-0035				39,895	39,895
W912HZ 10 P 0208				26,265	26,265
W912HZ 11 P 0289				3,083	3,083
W912HZ-08-C-0050				22,304	22,304
W912HZ-10-C-0031	85,829			150,059	235,888
W91QF0 09 C 0022				31,658	31,658
W91WAW-07-C-0029				159,093	159,093
WHANG/IPAA/NAV				100,209	100,209
WU IPAA				86,184	86,184
ZHAO/IPAA/NAVY				49,017	49,017
TCT-010-003				108,627	108,627
UTA10-001042				26,247	26,247
62-STTR-UTXA-0098				40,384	40,384
PO 20610				18,413	18,413
NL500005 TEXASTECH				9,482	9,482
10 316 1				46,706	46,706
UTA09-000852				33,793	33,793
<i>Pass-Through from 21st Century Technologies</i>					
<i>Pass-Through from Advanced Powder Solutions, Inc.</i>					
<i>Pass-Through from Aegis Technologies Group, Inc.</i>					
<i>Pass-Through from Applied Nanotech, Inc.</i>					
<i>Pass-Through from Arcadia US, Inc.</i>					
<i>Pass-Through from Arizona State University</i>					
<i>Pass-Through from Atmospheric and Space Technology and Research Association, LLC</i>					
<i>Pass-Through from Austin Satellite Design, LLC</i>				13,085	13,085
<i>Pass-Through from BAE Systems</i>				43,119	43,119
<i>Pass-Through from BAE Systems</i>				225	225
<i>Pass-Through from Ball Aerospace and Technologies Corporation</i>				3,045	3,045
<i>Pass-Through from Battelle</i>				13,747	13,747
<i>Pass-Through from Battelle</i>				2,735	2,735
<i>Pass-Through from Battelle</i>				13,977	13,977
<i>Pass-Through from Boeing Company</i>				96,825	96,825
<i>Pass-Through from Center for Transportation and the Environment</i>				157,960	157,960
<i>Pass-Through from Decisive Analytics Corporation</i>				28,995	28,995
<i>Pass-Through from Desert Research Institute</i>				1,379	1,379
<i>Pass-Through from Emergent Space Technologies, Inc.</i>				45,438	45,438
<i>Pass-Through from Engineered Coatings, Inc.</i>				20,493	20,493
<i>Pass-Through from Entegris, Inc.</i>				58,518	58,518
<i>Pass-Through from Florida State University</i>				931,712	931,712
<i>Pass-Through from General Atomics</i>				58,594	58,594
<i>Pass-Through from General Dynamics</i>				67,541	67,541
<i>Pass-Through from General Dynamics</i>				595,201	595,201
<i>Pass-Through from General Dynamics Advanced Information Systems</i>				371,830	371,830
<i>Pass-Through from Geneva Foundation</i>				180,324	180,324
<i>Pass-Through from Georgia Institute of Technology</i>				21,416	21,416
<i>Pass-Through from Georgia Institute of Technology</i>				7,944	7,944
				103,023	103,023

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Government of Israel - Ministry of Defense</i>		PO 4440192556		135,158	135,158
<i>Pass-Through from Griffin Technologies, Inc.</i>		W912HZ-08-C-0059		3,424	3,424
		PNO400 SUB08UTA01			
<i>Pass-Through from HEM Technologies</i>		010		28,491	28,491
<i>Pass-Through from High Performance Technologies, Inc.</i>		001		37,856	37,856
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTI-PETTT-TACC 1		736	736
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTi-TACC-PETTT TO2		(14,974)	(14,974)
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTi-TACC-PETTT TO3		71,475	71,475
<i>Pass-Through from Homeland Protection Institute, Ltd.</i>		CDSR-09-0001 HPI-09- SC-0001 001		37,058	37,058
<i>Pass-Through from Homeland Protection Institute, Ltd.</i>		HPI-09-SC-0001		94,648	94,648
<i>Pass-Through from Homeland Protection Institute, Ltd.</i>		HPI-UTEP-10-001		13,939	13,939
<i>Pass-Through from HRL Laboratories, LLC</i>		10058-002351		255,259	255,259
<i>Pass-Through from HRL Laboratories, LLC</i>		ICARUS 10043-002941		97,202	97,202
<i>Pass-Through from Infoscitex Corporation</i>		1129-1S2 6 CLIN 0002		69,569	69,569
<i>Pass-Through from Infoscitex Corporation</i>		1417-S001		30,000	30,000
<i>Pass-Through from Institute of International Education</i>		NSEP-U631006-UT- ARA IIE480731		792	792
<i>Pass-Through from Institute of International Education</i>		NSEP-U631006-UT-LS		(21)	(21)
<i>Pass-Through from Institute of International Education</i>		NSEP-U631023-UT- ARA-08-C02		44,623	44,623
<i>Pass-Through from Institute of International Education</i>		NSEP-U631023-UT- HIN-08-C03 INC#1	87,293	61,911	149,204
<i>Pass-Through from Institute of International Education</i>		NSEP-U631023-UT-SI- 0-2		7,444	7,444
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT- ARA-SI		106,205	106,205
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT-HIN	198,223	786,970	985,193
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT- HIN-09-A 480731		44,237	44,237
<i>Pass-Through from Institute of International Education</i>		NSEP-U631043-UT-LR		70,887	70,887
<i>Pass-Through from Institute of International Education</i>		U634005-UTA YR 3 HQ 0034-08-2-0024		3,948	3,948
<i>Pass-Through from Intelligent Automation, Inc.</i>		654-3		(2,186)	(2,186)
<i>Pass-Through from Intelligent Epitaxy Technology, Inc.</i>		8000001313		10,988	10,988
<i>Pass-Through from International Business Machines Corporation</i>		UTA10-001222		49,022	49,022
<i>Pass-Through from International Business Machines Corporation</i>		W0853811 3 PO 5003797511		232,625	232,625
<i>Pass-Through from International Business Machines Corporation</i>		W08538-11 PO# 5003470348		(11,281)	(11,281)
<i>Pass-Through from Kato Engineering</i>		16906-S-023		4,450	4,450
<i>Pass-Through from Kitware, Inc.</i>		HR0011-08-C-0135-S3		25,455	25,455
<i>Pass-Through from Kitware, Inc.</i>		HR0011-08-C-0135-S3 PHASE II		119,427	119,427
<i>Pass-Through from Marlow Industries, Inc.</i>		UTA09-000974 PO 265581		4,237	4,237
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002700		102,333	102,333
<i>Pass-Through from Military Child Education Coalition</i>		201001238		36,300	36,300
<i>Pass-Through from Nanohmics, Inc.</i>		01A		4,558	4,558
<i>Pass-Through from Nanohmics, Inc.</i>		Nan0900		1,598	1,598

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Nanohmics, Inc.</i>		Nan0917		13,743	13,743
<i>Pass-Through from NDI Engineering</i>		PO 23-2680A	4,770	2,385	7,155
<i>Pass-Through from Nitronex Corporation</i>		8000001278		131,426	131,426
<i>Pass-Through from NoiseFigure</i>		N00014 09 M 0336; HQ006 10 C 7400		76,382	76,382
<i>Pass-Through from Northrop Grumman Corporation</i>		63882		41,115	41,115
<i>Pass-Through from nScrypt, Inc.</i>		10055-UTEP		82,507	82,507
<i>Pass-Through from NVIDIA Corporation</i>		UTA10-000819		209,439	209,439
<i>Pass-Through from Ohio State University</i>		PO54128837			
<i>Pass-Through from Omega Optics</i>		GRT00015778 / 60021098		263,600	263,600
<i>Pass-Through from Omega Optics</i>		II-1009		102,473	102,473
<i>Pass-Through from Omega Optics</i>		N00014-10-M-0317 1- 1005		36,036	36,036
<i>Pass-Through from Omega Optics</i>		UTA09-000245		42,304	42,304
<i>Pass-Through from Omega Optics</i>		UTA09-000246 01		23,514	23,514
<i>Pass-Through from Omega Optics</i>		UTA09-000586		104,473	104,473
<i>Pass-Through from Omega Optics</i>		UTA09-3		26,346	26,346
<i>Pass-Through from Omega Optics</i>		UTA10-000188		23,330	23,330
<i>Pass-Through from Omega Optics</i>		UTA10-001142		44,980	44,980
<i>Pass-Through from Omega Optics</i>		UTA10-1 W31P4Q-10- C-0106		3,265	3,265
<i>Pass-Through from Omega Optics</i>		UTA11-000625		16,316	16,316
<i>Pass-Through from Opto - Knowledge Systems, Inc.</i>		FA9550-11-C-0058			
<i>Pass-Through from Peregrine Pharmaceuticals, Inc.</i>		101202-JK		20,642	20,642
<i>Pass-Through from Peregrine Pharmaceuticals, Inc.</i>		CON20413		154,679	154,679
<i>Pass-Through from Progeny Systems Corp</i>		CON20578		17,338	17,338
<i>Pass-Through from Raydiance, Inc.</i>		PSC-0156 01 1 YR		35,692	35,692
<i>Pass-Through from Rocky Mountain Scientific Laboratory</i>		2__SLIN 101			
<i>Pass-Through from Sandia National Laboratories</i>		UTA11-000202		23,101	23,101
<i>Pass-Through from Schafer Corporation</i>		0005		3,932	3,932
<i>Pass-Through from Science Applications International Corporation</i>		TTU 11 029		10,435	10,435
<i>Pass-Through from Science, Engineering, and Technology Corporation</i>		SC-07-13A-03 0003		21,998	21,998
<i>Pass-Through from Signature Science, LLC</i>		04			
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		PO10062475		77,037	77,037
<i>Pass-Through from Southwest Research Institute</i>		SET-2011-1062			
<i>Pass-Through from Southwest Research Institute</i>		UTA10-000675		270,938	270,938
<i>Pass-Through from Southwest Research Institute</i>		AR9-0005X			
<i>Pass-Through from Southwest Research Institute</i>		15 CFR 700		39,263	39,263
<i>Pass-Through from Southwest Research Institute</i>		B99044X		4,569	4,569
<i>Pass-Through from Southwest Research Institute</i>		D60243X		28,157	28,157
<i>Pass-Through from Southwest Research Institute</i>		D99060BT		2,460	2,460
<i>Pass-Through from Southwest Sciences</i>		UTA07-867 5		555	555
<i>Pass-Through from Spectral Energies, LLC</i>		SB1105-001-1		38,439	38,439
<i>Pass-Through from Spire Semiconductor, LLC</i>		UTA10-000904		87,669	87,669
<i>Pass-Through from SRI International</i>		64232		32,835	32,835
<i>Pass-Through from Stanford University</i>		20042150-36644-B		30,000	30,000
<i>Pass-Through from Stanford University</i>		23282210-43822-A		71,889	71,889
<i>Pass-Through from Superpower, Inc.</i>		511421		86,117	86,117
<i>Pass-Through from TASC, Inc.</i>		ORE&SS-SC-09- 05 TO3		201,010	201,010
<i>Pass-Through from TASC, Inc.</i>		PO #7500053050		58,778	58,778
<i>Pass-Through from TASC, Inc.</i>		PO-0000463 TO 7		69,960	69,960
<i>Pass-Through from TASC, Inc.</i>				1,145	1,145
<i>Pass-Through from TASC, Inc.</i>				10,245	10,245

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Triservice Nursing Research Program</i>		HU0001-10-1-TS06 /N10-P07		36,479	36,479
<i>Pass-Through from UES, Inc.</i>		S-875-060-008		53,543	53,543
<i>Pass-Through from United Technologies Research Center</i>		2601214 1172858 ESTCP		13,322	13,322
<i>Pass-Through from Universal Technology Corporation</i>		10-S555-0018-02-C1		730,486	730,486
<i>Pass-Through from University Multispectral Laboratories</i>		UTA10-000660		104,241	104,241
<i>Pass-Through from University of California - Berkeley</i>		7320		139,016	139,016
<i>Pass-Through from University of Maryland - College Park</i>		Q334902		46,794	46,794
<i>Pass-Through from University of Michigan</i>		3001511419		44,972	44,972
<i>Pass-Through from University of Michigan</i>		3001726664		24,354	24,354
<i>Pass-Through from University of New Mexico</i>		023203-874F		109,246	109,246
<i>Pass-Through from University of Southern California</i>		134660		581	581
<i>Pass-Through from UQM Technologies</i>		UTA09-000626		(750)	(750)
<i>Pass-Through from US Ferriocs, LLC</i>		8000001309		10,742	10,742
<i>Pass-Through from Western Solutions</i>		PO 0071456		92,563	92,563
<i>Pass-Through from Xerox Palo Alto Research Center</i>		UTA11-000555		35,988	35,988
<i>Pass-Through from Yale University</i>		C11K11057		84,325	84,325
<i>ARRA - U.S. Department of Defense</i>		W912HZ-10-C-0045		144,807	144,807
<i>Pass-Through from Universal Technology Corporation</i>		09-S590-0019-04-C3		21,283	21,283
<b>Total - CFDA 12.XXX</b>			<b>1,291,479</b>	<b>29,422,693</b>	<b>30,714,172</b>
Procurement Technical Assistance For Business Firms	12.002			848,050	848,050
Aquatic Plant Control	12.100	FY03-02		109,180	109,180
<i>Pass-Through from City of Lewisville</i>				74,234	74,234
<b>Total - CFDA 12.100</b>			<b>0</b>	<b>183,414</b>	<b>183,414</b>
Emergency Rehabilitation of Flood Control Works or Federally Authorized Coastal Protection Works	12.102			42,092	42,092
<i>Pass-Through from University of Notre Dame</i>		201771		5,491	5,491
<b>Total - CFDA 12.102</b>			<b>0</b>	<b>47,583</b>	<b>47,583</b>
Flood Control Projects	12.106			84,293	84,293
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113				
<i>Pass-Through from Systems and Materials Research Consultancy</i>		8000001540		15,545	15,545
Collaborative Research and Development	12.114			1,191,045	1,191,045
<i>Pass-Through from Advanced Technology Institute</i>		2010 359		22,907	22,907
<i>Pass-Through from Comtech Aeroastro, Inc.</i>		CAA-04011-11, 1		83,903	83,903
<i>Pass-Through from Comtech Aeroastro, Inc.</i>		CAA-04011-11, 1		27,289	27,289
<i>Pass-Through from Opto - Knowledge Systems, Inc.</i>		100928-JK		107,218	107,218
<i>Pass-Through from Systems and Materials Research Consultancy</i>		8000001513		20,767	20,767
<i>Pass-Through from University of Delaware</i>		22682		103,130	103,130
<b>Total - CFDA 12.114</b>			<b>0</b>	<b>1,556,259</b>	<b>1,556,259</b>
ARRA - North Dakota Environmental Infrastructure (Section 594) - ARRA	12.118				
<i>Pass-Through from Bio-West, Inc.</i>		W9128F-10-M-T034		11,391	11,391
<i>Pass-Through from Bio-West, Inc.</i>		W9128F-10-M-T040		3,626	3,626
<b>Total - CFDA 12.118</b>			<b>0</b>	<b>15,017</b>	<b>15,017</b>

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Basic and Applied Scientific Research	12.300		1,930,761	83,928,036	85,858,797
<i>Pass-Through from Aspen Systems, Inc.</i>		09-0589, Ltr. dtd. 8/03/11		67,204	67,204
<i>Pass-Through from Boston University</i>		GC208303NGE		960	960
<i>Pass-Through from Carbon Carbon Advanced Technologies, Inc.</i>		PO#12202		19,994	19,994
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000066 N00164-09-C-GS24 PHASE II		178,013	178,013
<i>Pass-Through from Drexel University</i>		204080, Amd 14		8,060	8,060
<i>Pass-Through from Florida State University</i>		R00905		889,058	889,058
<i>Pass-Through from Florida State University</i>		R01115		51,705	51,705
<i>Pass-Through from Florida State University</i>		R01234		190,700	190,700
<i>Pass-Through from Florida State University</i>		R01287		66,797	66,797
<i>Pass-Through from Florida State University</i>		R01347		49,502	49,502
<i>Pass-Through from Florida State University</i>		R01413		3	3
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		F5430-11-04-SC07 / PO 08		25,532	25,532
<i>Pass-Through from GeneXpress Informatics Inc.</i>		GXI #3		70,596	70,596
<i>Pass-Through from GeneXpress Informatics Inc.</i>		GXI Navy Phase I		6,310	6,310
<i>Pass-Through from Global Engineering and Materials, Inc.</i>		CR-2010-UTEP-0629		1,828	1,828
<i>Pass-Through from Infoscitex Corporation</i>		8000001268		66,743	66,743
<i>Pass-Through from Intelligent Automation, Inc.</i>		N00014-10-M-0091 784-2		524	524
<i>Pass-Through from Johns Hopkins University</i>		JHU 958204 4:A-1A		14,912	14,912
<i>Pass-Through from Johns Hopkins University</i>		JHS01		18,943	18,943
<i>Pass-Through from Johns Hopkins University</i>		JHU 958204 5:A-4A		438,538	438,538
<i>Pass-Through from Johns Hopkins University</i>		JHS01		496	496
<i>Pass-Through from Johns Hopkins University</i>		JHU-968576 1 SDF10 JHUAPL958204 TSK 3:C-2 PRM N0002403D6606			
<i>Pass-Through from Johns Hopkins University</i>		P4110		5,727	5,727
<i>Pass-Through from Marine Biology Laboratory</i>		N00014-10-1-0989		10,396	10,396
<i>Pass-Through from Massachusetts Institute of Technology</i>		PO 7000133626 MIT		72,643	72,643
<i>Pass-Through from Materials and Electrochemical Research Corporation</i>		9215		20,858	20,858
<i>Pass-Through from Materials and Electrochemical Research Corporation</i>		ID 91982		4,301	4,301
<i>Pass-Through from Medical University of South Carolina</i>		N000140810341 03		4,650	4,650
<i>Pass-Through from Midwest Research Institute</i>		539-110723-1		98,295	98,295
<i>Pass-Through from Non-disclosed Sponsor</i>		09-C-4111 / 26-0785-01		1	1
<i>Pass-Through from Non-disclosed Sponsor</i>		CLIN 1 2 3			
<i>Pass-Through from Non-disclosed Sponsor</i>		09-C-4111/26-0785-04		773	773
<i>Pass-Through from Non-disclosed Sponsor</i>		CLIN 4			
<i>Pass-Through from Non-disclosed Sponsor</i>		09-C-4111/26-0785-06		1,656	1,656
<i>Pass-Through from Non-disclosed Sponsor</i>		CLIN 6			
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0710-20 0001		9,752	9,752
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0720-01		598,775	598,775
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0740-01		580,146	580,146
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0770-02 / 26-0797-02-1 CLIN 0001		20	20
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0770-03 / 26-0797-02-2 CLIN 0011		4,394	4,394
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0770-04 / 26-0797-02-3&4 CLIN 0021		17	17
<i>Pass-Through from Non-disclosed Sponsor</i>		26-0770-05 / 26-0797-03-1 CLIN 0001		(8,075)	(8,075)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Pass-Through from Non-disclosed Sponsor		26-0770-06 / 26-0797- 03-2 CLIN 0011		6	6
Pass-Through from Non-disclosed Sponsor		26-0770-07 / 26-0797- 03-3 CLIN 0021		6,336	6,336
Pass-Through from Non-disclosed Sponsor		26-0770-08 / 26-0797- 04-1 CLIN 0001		574	574
Pass-Through from Non-disclosed Sponsor		26-0770-09 / 26-0797- 04-2 CLIN 0011		573	573
Pass-Through from Non-disclosed Sponsor		26-0770-10 / 26-0797- 05-1 CLIN 1001		203,381	203,381
Pass-Through from Non-disclosed Sponsor		26-0770-11 / 26-0797- 05-2 CLIN 1011		84,514	84,514
Pass-Through from Non-disclosed Sponsor		26-0770-12 / 26-0797- 06-1 CLIN 1001		182,253	182,253
Pass-Through from Non-disclosed Sponsor		26-0770-13 / 26-0797- 06-2 CLIN 1011		31,577	31,577
Pass-Through from Non-disclosed Sponsor		26-0770-14 / 26-0797- 07-1 CLIN 1001		24,956	24,956
Pass-Through from Non-disclosed Sponsor		26-0770-15 / 26-0797- 07-2 CLIN 1011		99,986	99,986
Pass-Through from Non-disclosed Sponsor		26-0770-16 / 26-0797- 08-1 CLIN 1001		156,441	156,441
Pass-Through from Non-disclosed Sponsor		26-0770-17 / 26-0797- 08-2 CLIN 1011		439,935	439,935
Pass-Through from Non-disclosed Sponsor		26-0770-18 / 26-0797- 08-3 CLIN 1021		46,592	46,592
Pass-Through from Non-disclosed Sponsor		26077019 / 26-0797-10- 1 CLIN 2001		256,004	256,004
Pass-Through from Non-disclosed Sponsor		26-0770-20 / 26-0797- 10-2 CLIN 2011		116,767	116,767
Pass-Through from Non-disclosed Sponsor		26-0770-21 / 26-0797- 10-3 CLIN 2021		36,802	36,802
Pass-Through from Non-disclosed Sponsor		26-0784-01		3,570,590	3,570,590
Pass-Through from Non-disclosed Sponsor		26-0784-02 / 26-0784-6		(22)	(22)
Pass-Through from Non-disclosed Sponsor		26-0784-04 / 26-0784-7 & -9		463,054	463,054
Pass-Through from Non-disclosed Sponsor		26-0784-05 / 26-0784-8		231,287	231,287
Pass-Through from Non-disclosed Sponsor		26-0791-24		3	3
Pass-Through from Non-disclosed Sponsor		26-0797-01		11,212	11,212
Pass-Through from Non-disclosed Sponsor		26-0797-09 / 26-0797- 09-1		99,951	99,951
Pass-Through from Non-disclosed Sponsor		26-0797-11-1 CLIN 2001		96,670	96,670
Pass-Through from Non-disclosed Sponsor		26-0797-11-2 CLIN 201101		29,225	29,225
Pass-Through from Non-disclosed Sponsor		26-0797-11-3 CLIN 201102		9,676	9,676
Pass-Through from Non-disclosed Sponsor		26-0797-11-4 CLIN 2021		8,411	8,411
Pass-Through from Non-disclosed Sponsor		26-0797-12 CLIN 2001		59,741	59,741
Pass-Through from Non-disclosed Sponsor		26-0797-12 CLIN 2011		91,392	91,392
Pass-Through from Non-disclosed Sponsor		26-0797-12 CLIN 2021		268,194	268,194
Pass-Through from Opto - Knowledge Systems, Inc.		091113-JK		19,596	19,596
Pass-Through from Pacific Northwest National Laboratory		PNNL-113883		19,992	19,992
Pass-Through from Pennsylvania State University		S10-11		268	268
Pass-Through from Power and Energy		B3220		10,093	10,093
Pass-Through from Sandia National Laboratories		TTU 10 0138		42,362	42,362
Pass-Through from Stanford University		18412450-35520-B 05		188,361	188,361

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Stevens Institute of Technology</i>		C11-00037,		14,650	14,650
<i>Pass-Through from Stevens Institute of Technology</i>		526713-02		14,586	14,586
<i>Pass-Through from Stevens Institute of Technology</i>		SERC P136571		9,744	9,744
<i>Pass-Through from Stevens Institute of Technology</i>		SERC P136952, 1		83,335	83,335
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000873 UTA10-000828 HTS TFM PH I		685,988	685,988
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000874		254,063	254,063
<i>Pass-Through from Texas High Energy Materials</i>		8000001378		29,970	29,970
<i>Pass-Through from University of Connecticut</i>		524483		5,404	5,404
<i>Pass-Through from University of Florida</i>		UF-EIES-1004011-TEE, 0		14,532	14,532
<i>Pass-Through from University of Maryland - College Park</i>		Z942801		37,540	37,540
<i>Pass-Through from University of Miami</i>		N000140710302		51,017	51,017
<i>Pass-Through from University of New Haven</i>		2211-1-1		61,193	61,193
<i>Pass-Through from University of Pennsylvania</i>		555991		69,170	69,170
<i>Pass-Through from University of Washington</i>		686205		12,426	12,426
<i>Pass-Through from University of Washington</i>		709134		76,210	76,210
<i>Pass-Through from Washington Savannah River Company, LLC</i>		SRNS-AC512780		4	4
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100846		32,505	32,505
<i>Pass-Through from Wyle Laboratories</i>		A065P1	15,389	15,389	
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 10		908	908
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 11		9,504	9,504
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 12		8,521	8,521
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 13		488	488
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 14		53,143	53,143
<i>Pass-Through from Wyle Laboratories</i>		APSC00595, Change 15		19,261	19,261
<i>Pass-Through from Yale University</i>		C09K10287		13,507	13,507
Total - CFDA 12.300				1,960,800	95,948,555
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351			642,266	1,692,470
<i>Pass-Through from Advanced Materials and Processes</i>		8000001445		831	831
<i>Pass-Through from Agiltron, Inc.</i>		HDTRA1-10-C-0017/DTRA08-005/PO 728451		55,239	55,239
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		21030240-40031-A, 04		52,058	52,058
<i>Pass-Through from Foundation for Applied Molecular Evolution</i>		HDTRA1-08-1-0052		196,160	196,160
<i>Pass-Through from HyPerComp, Inc.</i>		HPC2UTA-2011-1 W31P4Q-11-C-0090		47,215	47,215
<i>Pass-Through from Iowa State University</i>		421 20 37		76,819	76,819
<i>Pass-Through from Midwest Research Institute</i>		63923		164,875	164,875
<i>Pass-Through from New York University</i>		UTA10-000736		140,373	140,373
Total - CFDA 12.351				642,266	2,426,040
Research on Chemical and Biological Defense	12.360			169,473	169,473
Military Construction, National Guard	12.400			1,091	1,091
<i>Pass-Through from Agiltron, Inc.</i>		PO #482551/ #AF083-008			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
National Guard Military Operations and Maintenance (O&M) Projects	12.401			214,254	214,254
<i>Pass-Through from TEC, Inc.</i>		7604-2501		379	379
Total - CFDA 12.401			0	214,633	214,633
Military Medical Research and Development	12.420		5,743,342	37,849,395	43,592,737
<i>Pass-Through from American Burn Association</i>		CON19913		201,870	201,870
<i>Pass-Through from American Burn Association</i>		W81XWH-09-2-0194		5,368	5,368
<i>Pass-Through from BAE Systems</i>		31-5039001, 22		558,918	558,918
<i>Pass-Through from BAE Systems</i>		31-5039001, 23		92,729	92,729
<i>Pass-Through from BAE Systems</i>		31-5039001, 7		637	637
<i>Pass-Through from Baylor College of Medicine</i>		CON19913		139,279	139,279
<i>Pass-Through from Baylor College of Medicine</i>		W81-XWH-10-1-0467 01		104,259	104,259
<i>Pass-Through from Baylor Research Institute</i>		NTI-TRA-09-055		24,712	24,712
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		26710080-50965-A		85,720	85,720
<i>Pass-Through from Christopher Reeve Paralysis Foundation</i>		CTN7-2011 (RF)   CTN6-2010 (RF)		283,011	283,011
<i>Pass-Through from Christopher Reeve Paralysis Foundation</i>		CTN7-2011(MJ)		176,916	176,916
<i>Pass-Through from DePaul University</i>		500607SG048		11,352	11,352
<i>Pass-Through from Geneva Foundation</i>		S116201/W81XWH092 019		7,076	7,076
<i>Pass-Through from Geneva Foundation</i>		S-1170-01/HU0001091T		48,871	48,871
<i>Pass-Through from Henry M. Jackson Foundation</i>		707549/W81XWH1-10-2		69,879	69,879
<i>Pass-Through from House Ear Institute</i>		DAMD17-01-1-0710		83	83
<i>Pass-Through from InBios International, Inc.</i>		CON19913		17,498	17,498
<i>Pass-Through from Indiana University</i>		W81XWH-10-1-0540 01		18,440	18,440
<i>Pass-Through from InformMed, Inc.</i>		W81XWH 10 1 0606		33,152	33,152
<i>Pass-Through from InformMed, Inc.</i>		W81XWH-10-1-0606		19,503	19,503
<i>Pass-Through from Johns Hopkins University</i>		W81XWH0920108		82,141	82,141
<i>Pass-Through from National Childhood Cancer Foundation</i>		W81XWH-07-1-0580		37,892	37,892
<i>Pass-Through from National Childhood Cancer Foundation</i>		W81XWH-10-1-1019		219,565	219,565
<i>Pass-Through from Nico Technologies</i>		CON19913		172	172
<i>Pass-Through from Northern Illinois University</i>		W81XWH-10-1-0170 01		17,806	17,806
<i>Pass-Through from PLx Pharma, Inc.</i>		CON19913		21,931	21,931
<i>Pass-Through from PLx Pharma, Inc.</i>		W81XWH-08-C-0025		63,252	63,252
<i>Pass-Through from RadioMedix, Inc.</i>		W81XWH-08-1-0749 02		9,366	9,366
<i>Pass-Through from Research Foundation of the State University of New York</i>		W81XWH1011061		126,076	126,076
<i>Pass-Through from Rice University</i>		5 R01 W81XWH-07-1-0428 03		11,115	11,115
<i>Pass-Through from Rice University</i>		W81XWH-08-2-0032		41,855	41,855
<i>Pass-Through from T.R.U.E. Research Foundation</i>		SUBAWARD/W81XWH-11-2		94,337	94,337
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81WXH-06-2-0033 05		147,394	147,394
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-02-033 04		1,859	1,859
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-2-0033 05		385,556	385,556
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-2-0033 05		514,566	514,566

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Pass-Through from T.R.U.E. Research Foundation		W81XWH-08-2-0171 03		11,963	11,963
Pass-Through from The Methodist Hospital Research Institute		6808-002		164,315	164,315
Pass-Through from Thomas Jefferson University		060-70142-X13101		17,176	17,176
Pass-Through from University of Alabama - Birmingham		W81XWH0510615		13,568	13,568
Pass-Through from University of Colorado - Denver		W81XWH1120034		1,542	1,542
Pass-Through from University of Pittsburgh		DAMD17-01-0373 0003920 (U PITT)		(4,642)	(4,642)
Pass-Through from University of Puerto Rico - Medical Sciences Campus		W81XWH-08-1-0435 03		37,447	37,447
Pass-Through from University of Utah		10015178		223,582	223,582
Pass-Through from University of Washington		679669		49,732	49,732
Pass-Through from VaxInnate		65177		92,321	92,321
Total - CFDA 12.420			5,743,342	42,130,555	47,873,897
Basic Scientific Research	12.431		1,505,407	12,094,196	13,599,603
Pass-Through from Academy of Applied Science		10-35 & 10-100		8,417	8,417
Pass-Through from Academy of Applied Science		W911NF-04-1-0226		2,478	2,478
Pass-Through from Academy of Applied Science		W911NF-04-1-0226 11- 57		2,618	2,618
Pass-Through from Advanced Materials and Processes		8000001439		152,265	152,265
Pass-Through from Albany Medical College		460539		13,689	13,689
Pass-Through from Baylor College of Medicine		W911NF-09-1-0040		333,920	333,920
Pass-Through from Brown University		W91NF-08-1-0249 00000192 P25414		325,968	325,968
Pass-Through from Carnegie Mellon University		1130128-258633		107,818	107,818
Pass-Through from Intelligent Automation, Inc.		654-4, 1		20,915	20,915
Pass-Through from Iowa State University		4212008 PO#I9 6971523		69,393	69,393
Pass-Through from Massachusetts Institute of Technology		5710002240 3		134,987	134,987
Pass-Through from OpCoast LLC		SC-2010-TEES-1		64,694	64,694
Pass-Through from PERL Research LLC		PERL UTSA-2008-001		73,764	73,764
Pass-Through from Silicon Informatics, Inc.		SI-2010-001		39,261	39,261
Pass-Through from Triton Systems, Inc.		TSI-2371-10-82092		4,388	4,388
Pass-Through from UES, Inc.		8000001521		19,639	19,639
Pass-Through from University of Arizona		Y550678		60,000	60,000
Pass-Through from University of California - Davis		08-000678-1-UTA		111,517	111,517
Pass-Through from University of California - Irvine		2010-2509		58,732	58,732
Pass-Through from University of Illinois - Urbana-Champaign		2007-00748-02		193,007	193,007
Pass-Through from University of Missouri - Columbia		C00006389-3, 4		8,346	8,346
Pass-Through from University of New Mexico		456258-87C9		18,257	18,257
Pass-Through from University of South Carolina		07-1410 PO# 72634- 13060-FA35		153,228	153,228
Pass-Through from University of Washington		548547		156,462	156,462
Pass-Through from Virginia Polytechnic Institute and State University		W911NF-08-1-0249 00000192 P25414		12,389	12,389
Pass-Through from VW International, Inc.		C10-00268, 1	29,750		29,750
Pass-Through from VW International, Inc.		C10-00271, 1	11,300		11,300
Pass-Through from VW International, Inc.		6170-071A		47,738	47,738
Pass-Through from VW International, Inc.		6170-073A, 1		515,806	515,806
Pass-Through from VW International, Inc.		A9024	25,900		25,900
Pass-Through from VW International, Inc.		A9025	(3,000)		(3,000)
Pass-Through from VW International, Inc.		C10-00272, Am	39,130		39,130
Pass-Through from VW International, Inc.		C10-00287, Am	2,735,450		2,735,450
Pass-Through from VW International, Inc.		C10-00288, Amd	1,719,850		1,719,850
Pass-Through from VW International, Inc.		C10-00289, Am	(7,500)		(7,500)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Pass-Through from VW International, Inc.		C10-00290, Am	1,790,570	1,790,570	
ARRA - Basic Scientific Research			690,710	690,710	
Pass-Through from URS Group, Inc.		224306 ( W912QR-06- D-0022)	4,088	4,088	
Total - CFDA 12.431			7,846,857	15,498,690	23,345,547
The Language Flagship Grants to Institutions of Higher Education	12.550				
Pass-Through from Institute of International Education		2011-LEVERAGING- U631040-2-UTA	24,508	24,508	
Pass-Through from Institute of International Education		NSEP-U631043-UT- ARA-10-A	56,378	56,378	
Total - CFDA 12.550			0	80,886	80,886
Basic, Applied, and Advanced Research in Science and Engineering	12.630		915,263	5,938,084	6,853,347
Pass-Through from DCS Corporation		0001	244,539	244,539	
Pass-Through from DCS Corporation		0002	63,791	63,791	
Pass-Through from Georgia Institute of Technology		R7443-S4	(2)	(2)	
Pass-Through from GTW Consultants & Associates, LLC		504338	234,878	234,878	
Pass-Through from High Performance Technologies, Inc.		2273-222	686,586	686,586	
Pass-Through from Lynntech, Inc.		503791	2	2	
Pass-Through from Muscogee Nation Business Enterprise		504155	653,810	653,810	
Pass-Through from Ohio State University		60014145/	20,243	20,243	
Pass-Through from Semerane, Inc.		PO#RF01100805			
Pass-Through from Transformation Advisors Group, LLC		FA9550-11C0026	12,900	12,900	
Pass-Through from University of Maryland - Baltimore		504300	351,005	351,005	
Pass-Through from Wyle Laboratories		0000005312	178,269	178,269	
Pass-Through from Wyle Laboratories		APSC00595, Change No.10	17,068	17,068	
Total - CFDA 12.630		APSC00595, Change No.11	8,938	8,938	
Air Force Defense Research Sciences Program	12.800		915,263	8,410,111	9,325,374
Pass-Through from Applied Research Associates, Inc.		S-000656.OLSPA.0000- UTEP	2,320,181	17,879,418	20,199,599
Pass-Through from ARINC, Inc.		240941	2,762	2,762	
Pass-Through from ATA Engineering, Inc.		11-0097	195	195	
Pass-Through from Carbon Carbon Advanced Technologies, Inc.		P.O. #12538	7,902	7,902	
Pass-Through from Carbon Carbon Advanced Technologies, Inc.		PO 12531	29,857	29,857	
Pass-Through from Clarkson Aerospace Corporation		10-S567-013-0	32,365	32,365	
Pass-Through from Clarkson Aerospace Corporation		10-S567-0016-02-C1	21,628	21,628	
Pass-Through from Clarkson Aerospace Corporation		10-S567-0016-02-C2	35,111	35,111	
Pass-Through from Clarkson Aerospace Corporation		10-s567-013-02-C1	25,373	25,373	
Pass-Through from Clarkson Aerospace Corporation		PVAM 09-S567-0010- 02-C2,	100,973	100,973	
Pass-Through from Clarkson Aerospace Corporation		PVAM 10-S567-0017- 02-C2, Mod	47,698	47,698	
Pass-Through from Clarkson Aerospace Corporation		PVAM LSC10-S567- 0016-02-	67,721	67,721	
Pass-Through from Clarkson Aerospace Corporation		TAMU 09-S567-0010- 02-C2	3,077	3,077	
Pass-Through from Clarkson Aerospace Corporation			30,706	30,706	

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 10-S567-0017-02-C2		20,686	20,686
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 10-S567-0017-02-C2,		76,813	76,813
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 10-S567-013-02-C2,		37,713	37,713
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UHD10-S567-013-02-C2		107,536	107,536
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UTEP 10-S567-0016-02-C2		69,545	69,545
<i>Pass-Through from Conceptual Mindworks, Inc.</i>		504186		59,732	59,732
<i>Pass-Through from Creare, Inc.</i>		57270; 1		35,006	35,006
<i>Pass-Through from Duke University</i>		10-AFRL-1023, 3		50,152	50,152
<i>Pass-Through from General Atomics</i>		405682		(1,919)	(1,919)
<i>Pass-Through from General Atomics</i>		405711		(1,614)	(1,614)
<i>Pass-Through from General Atomics</i>		405988		(1,429)	(1,429)
<i>Pass-Through from General Atomics</i>		405989		5,028	5,028
<i>Pass-Through from General Atomics</i>		405990		4,037	4,037
<i>Pass-Through from General Atomics</i>		405991		35,382	35,382
<i>Pass-Through from General Atomics</i>		504208		8,704	8,704
<i>Pass-Through from General Atomics</i>		504209		127,518	127,518
<i>Pass-Through from General Atomics</i>		504228		107,826	107,826
<i>Pass-Through from General Atomics</i>		504266		3,331	3,331
<i>Pass-Through from General Atomics</i>		504267		89,378	89,378
<i>Pass-Through from General Atomics</i>		504269		326,059	326,059
<i>Pass-Through from General Atomics</i>		504270		85,968	85,968
<i>Pass-Through from General Atomics</i>		570709		16,952	16,952
<i>Pass-Through from Gray Research, Inc.</i>		GR-TAMUSK-KEI-10-0002, 4		70,907	70,907
<i>Pass-Through from Infoscitex Corporation</i>		1123-IS6		2,599	2,599
<i>Pass-Through from Intelligent Automation, Inc.</i>		FA8650-09-M-6000		1,047	1,047
<i>Pass-Through from Lockheed Aeronautical Systems Company</i>		7189275		229,436	229,436
<i>Pass-Through from Louisiana Tech University</i>		32-0967-59180, 1		982	982
<i>Pass-Through from Multiscale Design Systems, LLC</i>		10-0834		6,525	6,525
<i>Pass-Through from Nanosonic, Inc.</i>		NanoSonic # NA1-I12P		4,958	4,958
<i>Pass-Through from Nextgen Aeronautics</i>		10-04 3040 RMD		14,594	14,594
<i>Pass-Through from Nextgen Aeronautics</i>		10-08 3042 MESO; 1		8,757	8,757
<i>Pass-Through from Northwestern University</i>		PROJ0001191		31,292	31,292
<i>Pass-Through from Pacific Defense Solutions</i>		C10-00388		80,505	80,505
<i>Pass-Through from Pacific Defense Solutions</i>		C10-00388,		154,564	154,564
<i>Pass-Through from Prime Photonics, LC</i>		AFR02-101/UTEP-01		57,094	57,094
<i>Pass-Through from Rice University</i>		FA8650-07-2-2-5061		65,049	65,049
<i>Pass-Through from Rice University</i>		R15901		81,447	81,447
<i>Pass-Through from Rice University</i>		R15903		160,051	160,051
<i>Pass-Through from Rice University</i>		R15903		150,005	150,005
<i>Pass-Through from Rice University</i>		PRIME:FA8650-07-2-5061 ARFL			
<i>Pass-Through from Rice University</i>		R15904		41,569	41,569
<i>Pass-Through from Rice University</i>		R15904 1		7,575	7,575
<i>Pass-Through from Rice University</i>		R15904 3		113,703	113,703
<i>Pass-Through from Rice University</i>		R15905		242,037	242,037
<i>Pass-Through from Rice University</i>		R7D034		72,779	72,779
<i>Pass-Through from Rice University</i>		UTA11-000399		18,669	18,669
<i>Pass-Through from Science Applications International Corporation</i>		P010063074		23,580	23,580
<i>Pass-Through from Semerane, Inc.</i>		FA 9550-09-C-0200		3,298	3,298

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Stanford University</i>		22178970-41070-E		55,890	55,890
<i>Pass-Through from Stanford University</i>		22179840-41070-E		14,436	14,436
<i>Pass-Through from Teledyne Scientific and Imaging</i>		B9U544351 ORDER#81108 FA9550-09-1-0477		146,789	146,789
<i>Pass-Through from The Ohio State University Research Foundation</i>		RF01173536		36,711	36,711
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		Moore DOD Faculty Research		9,827	9,827
<i>Pass-Through from Tribologix, Inc.</i>		SBIR-GN3941		41,912	41,912
<i>Pass-Through from UES, Inc.</i>		S-845-010-003 P845		162,452	162,452
<i>Pass-Through from UES, Inc.</i>		S-845-010-004 P845		77,681	77,681
<i>Pass-Through from UES, Inc.</i>		S-875-170-002		1,802	1,802
<i>Pass-Through from Universal Technology Corporation</i>		10S567-0015-02-C2		33,706	33,706
<i>Pass-Through from Universal Technology Corporation</i>		10-S587-0094-01-C2,		23,631	23,631
<i>Pass-Through from University of Dayton Research Institute</i>		RSC05003, Rev. 9		15,991	15,991
<i>Pass-Through from University of Dayton Research Institute</i>		RSC10021	61,112	85,558	146,670
<i>Pass-Through from University of Dayton Research Institute</i>		RSC10046, Rev 1		42,650	42,650
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2006-02197-02	18,946	23	18,969
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2008-05817-02, 2		47,225	47,225
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2009-01186-02 01		9,012	9,012
<i>Pass-Through from University of Michigan</i>		3001350217		50,487	50,487
<i>Pass-Through from University of North Carolina - Charlotte</i>		FA9550-10-1-0543		926	926
<i>Pass-Through from University of Pittsburgh Diabetes Institute</i>		SCA-101027-01		96,218	96,218
<i>Pass-Through from University of Wisconsin - Madison</i>		A867075; 124K795		181,192	181,192
<i>Pass-Through from University of Wisconsin - Madison</i>		FA9550-08-1-0337 067K605		157,978	157,978
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		430254-19837		118,168	118,168
Total - CFDA 12.800			2,400,239	22,600,477	25,000,716
Mathematical Sciences Grants Program	12.901			200,843	200,843
Information Security Grant Program	12.902			386,776	386,776
Research and Technology Development	12.910		1,565,355	6,182,034	7,747,389
<i>Pass-Through from Boeing Company</i>		435064, Change 01		28,132	28,132
<i>Pass-Through from Boise State University</i>		129G106001-C		17,508	17,508
<i>Pass-Through from Carnegie Mellon University</i>		1041388-248912		39,244	39,244
<i>Pass-Through from Electric Power Research Institute</i>		020DA1C-2176		28,517	28,517
<i>Pass-Through from Georgia Institute of Technology</i>		HR0011-09-C0058			
<i>Pass-Through from Harris Corporation</i>		GIT R0301-G1, 1		98,120	98,120
		A000110992		171,394	171,394
		FA8750079C0194			
<i>Pass-Through from Harvard University</i>		133503-04; 2		105,164	105,164
<i>Pass-Through from Harvard University</i>		W911NF-09-1-0005 01		(9,481)	(9,481)
<i>Pass-Through from International Business Machines Corporation</i>		PO# 5003680104 SOW #4910001938.0		423,103	423,103
<i>Pass-Through from International Business Machines Corporation</i>		PO# 5003680104 SOW #4910001938.0		158,021	158,021
<i>Pass-Through from Logos Technologies</i>		Sub-226-TAM1; No.4		164,197	164,197
<i>Pass-Through from Logos Technologies</i>		Sub-226-TAM1; Amend		171,490	171,490
<i>Pass-Through from Midwest Research Institute</i>		110700 2; 110693 3; 111601		240,355	240,355
<i>Pass-Through from Princeton University</i>		1773		14,140	14,140
<i>Pass-Through from Profusa, Inc.</i>		B3540		50,737	50,737

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Profusa, Inc.</i>		B3550		22,773	22,773
<i>Pass-Through from Profusa, Inc.</i>		B355A		18,516	18,516
<i>Pass-Through from Southern Methodist University</i>		G001055-7500		319,988	319,988
<i>Pass-Through from Space and Naval Warfare Systems Center Pacific</i>		N66001-10-1-4044, P00001		135,872	135,872
<i>Pass-Through from University of California - Irvine</i>		2009-2243, 2		(1)	(1)
<i>Pass-Through from University of California - Riverside</i>		S-000420		10,953	10,953
<i>Pass-Through from University of California - Riverside</i>		S-000456		27,600	27,600
<i>Pass-Through from University of Colorado - Boulder</i>		1547150 PO# 0000075349		43,520	43,520
Total - CFDA 12.910			1,565,355	8,461,896	10,027,251
Total - U.S. Department of Defense			22,365,601	228,702,880	251,068,481
<b>U.S. Department of Housing and Urban Development</b>					
Early Doctoral Student Research Grants	14.517			24,808	24,808
Demolition and Revitalization of Severely Distressed Public Housing	14.866				
<i>Pass-Through from City of El Paso Housing Authority</i>		TX21URD0031104-1		357	357
Total - U.S. Department of Housing and Urban Development			0	25,165	25,165
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	03FC601786 201819G916 G09PX02173 / 090900129 H5000070555 H50002A271 J2124080024/H5000070 520/R2124080024 J2310100033 J7481 11 0001 H5000002A271/H5000 07 0520 J7481100014 J7600100090 J8380100084 ACCT#8386NNE1025 M10PC00091 MT-2210-11-NC-10 N1615 TX-10-031 Shorebird Survey- Mustang Island G129-11-W3138 UTA11-000105		4,609 17,116 22,499 73,548 15,569 (7,164) (7,164) 62,560 32,438 62,560 32,438 296 6,484 9,096 47,811 12,209 9,290 15,003 1,550 20,948 17,560	4,609 17,116 22,499 73,548 15,569 (7,164) (7,164) 62,560 32,438 296 6,484 9,096 47,811 12,209 9,290 15,003 1,550 20,948 17,560
<i>Pass-Through from City of Austin</i>					
<i>Pass-Through from Gulf Coast Bird Observatory</i>					
<i>Pass-Through from Montana State University</i>					
<i>Pass-Through from Tesla Offshore, LLC</i>					
Total - CFDA 15.XXX			0	361,422	361,422
Cultural Resource Management	15.224			7,763	7,763
Recreation Resource Management	15.225			104,009	104,009

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
Wild Horse and Burro Resource Management	15.229			11,178	11,178
Fish, Wildlife and Plant Conservation Resource Management	15.231			198,040	198,040
<i>Pass-Through from Friends of Laguna Atascosa National Wildlife Refuge</i>		NWR 2010-30-07		1,584	1,584
<i>Pass-Through from New Mexico Game and Fish</i>		502558		(96)	(96)
Total - CFDA 15.231			0	199,528	199,528
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		598,840	359,609	958,449
Offshore Research Technology Center (OTRC) Texas Engineering Experiment Station (TEES)	15.425		23,845	30,090	53,935
Coastal Impact Assistance Program (CIAP)	15.426			769,223	769,223
Water Reclamation and Reuse Program	15.504		9,786	5,615	15,401
Water Desalination Research and Development Program	15.506			361,735	361,735
WaterSMART (Sustaining and Manage America's Resources for Tomorrow)	15.507				
<i>Pass-Through from El Paso Water Utilities</i>		503275		1,006	1,006
Cultural Resources Management	15.511			(3)	(3)
Fish and Wildlife Coordination Act	15.517			20,309	20,309
Sport Fish Restoration Program	15.605			865	865
Fish and Wildlife Management Assistance	15.608			137,035	137,035
<i>Pass-Through from Society of Tympanuchus Cupido Pinnatus, Ltd.</i>		406258		26,798	26,798
Total - CFDA 15.608			0	163,833	163,833
Wildlife Restoration and Basic Hunter Education	15.611			226,215	226,215
Cooperative Endangered Species Conservation Fund	15.615			322,953	322,953
Clean Vessel Act	15.616		23,206	64,919	88,125
Coastal Program	15.630			10,695	10,695
Partners for Fish and Wildlife	15.631				
<i>Pass-Through from Victoria Soil and Water Conservation District #346</i>		20181-03-G930		453	453
Landowner Incentive Program	15.633			2,021	2,021
State Wildlife Grants	15.634			634,813	634,813
<i>Pass-Through from Kentucky Department of Fish and Wildlife Resources</i>		PON2 660 1000003369 1		33,052	33,052
Total - CFDA 15.634			0	667,865	667,865
Migratory Bird Joint Ventures	15.637			36,872	36,872
<i>Pass-Through from Ducks Unlimited, Inc.</i>		US-LA-96-2		23,379	23,379
Total - CFDA 15.637			0	60,251	60,251

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
Wildlife Without Borders- Latin America and the Caribbean	15.640			12,318	12,318
Challenge Cost Share	15.642			134	134
Migratory Bird Conservation	15.647			12,889	12,889
Service Training and Technical Assistance (Generic Training)	15.649			2,647	2,647
Research Grants (Generic)	15.650			27,836	27,836
Migratory Bird Monitoring, Assessment and Conservation	15.655			42,162	42,162
Endangered Species Conservation - Recovery Implementation Funds	15.657				
<i>Pass-Through from Houston Zoo</i>		8000001489		8,000	18,945
Natural Resource Damage Assessment, Restoration and Implementation	15.658			7,010	16,132
Endangered Species - Candidate Conservation Action Funds	15.660			18,245	18,245
Assistance to State Water Resources Research Institutes	15.805			17,679	225,545
Earthquake Hazards Reduction Program	15.807			43,379	43,379
U.S. Geological Survey_ Research and Data Collection	15.808			22,155	445,957
National Cooperative Geologic Mapping Program	15.810			216,256	216,256
Cooperative Research Units Program	15.812			702,254	702,254
National Land Remote Sensing_Education Outreach and Research	15.815			2,193	2,193
<i>Pass-Through from America View</i>		202091		18,486	18,486
<i>Pass-Through from America View</i>		202092		2,118	2,118
Total - CFDA 15.815			0	22,797	22,797
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	15.819			14,449	14,449
Economic, Social, and Political Development of the Territories	15.875			97	97
Historic Preservation Fund Grants-In-Aid	15.904			97,321	97,321
<i>Pass-Through from World Wildlife Foundation</i>		FU47		16,872	16,872
Total - CFDA 15.904			0	114,193	114,193
National Historic Landmark	15.912			106,696	106,696
<i>Pass-Through from Montana State University</i>		G206-10-W2857		1,990	1,990
Total - CFDA 15.912			0	108,686	108,686
Technical Preservation Services	15.915			1,050	4,158
Outdoor Recreation_Acquisition, Development and Planning	15.916			310,512	310,512
Rivers, Trails and Conservation Assistance	15.921			46,060	46,060
National Center for Preservation Technology and Training	15.923			2,520	2,520
Save America's Treasures	15.929			6,927	6,927
Total - U.S. Department of the Interior			711,571	6,166,652	6,878,223

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	J-FBI-10-009 PO US001-0000268111		1,779,253 2,718	1,779,253 2,718
<i>Pass-Through from Ibis Biosciences, Inc.</i>		J-FBI-08-257		88,918	88,918
<i>Pass-Through from University of Maryland - College Park</i>		Z935601		306	306
<i>Pass-Through from University of Maryland - College Park</i>		Z935801		(88)	(88)
Total - CFDA 16.XXX			0	1,871,107	1,871,107
Services for Trafficking Victims	16.320				
<i>Pass-Through from Refugee Services of Texas</i>		UTA09-000679		1,871	1,871
<i>Pass-Through from YMCA International</i>		99201		1,708	1,708
Total - CFDA 16.320			0	3,579	3,579
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541				
<i>Pass-Through from The Urban Institute</i>		08568-000-00-UTA-01		1,456	1,456
Missing Children's Assistance	16.543			8,296	8,296
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		62,000	5,026,226	5,088,226
<i>Pass-Through from City of Houston</i>		UTA11-000549 C74344		29,227	29,227
<i>Pass-Through from Houston Police Department</i>		FC4350/2011-0667		1,975	1,975
<i>Pass-Through from Mississippi State University</i>		8000001406		17,563	17,563
<i>Pass-Through from Northeastern University</i>		599251		56,476	56,476
<i>Pass-Through from The Bode Technology Group, Inc.</i>		2008-DN-BX-K155		39,610	39,610
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		2009-DN-BX-K229		57,029	57,029
Total - CFDA 16.560			62,000	5,228,106	5,290,106
Criminal Justice Research and Development_Graduate Research Fellowships	16.562				
<i>Pass-Through from Forensic Sciences Foundation</i>		AWD LTR DATED 10-7-10		5,693	5,693
<i>Pass-Through from Forensic Sciences Foundation</i>		AWD LTR DTD 10-7-10		4,167	4,167
<i>Pass-Through from Forensic Sciences Foundation</i>		CK #2148 Date 1/6		965	965
Total - CFDA 16.562			0	10,825	10,825
ARRA - Violence Against Women Formula Grants	16.588			257,796	257,796
<i>Pass-Through from El Paso County</i>		K-10-307		34,300	34,300
<i>Pass-Through from Texas Council on Family Violence</i>		UTA10-000832		147,701	147,701
Total - CFDA 16.588			0	439,797	439,797
Community Capacity Development Office	16.595				
<i>Pass-Through from Strasbaugh</i>		2010-W0432-TX-WS		3,823	3,823
Public Safety Partnership and Community Policing Grants	16.710			285,457	285,457
Forensic DNA Backlog Reduction Program	16.741			36,436	36,436
Edward Byrne Memorial Competitive Grant Program	16.751			11,436	11,436
<i>Pass-Through from St. Petersburg College</i>		AGMT DATED 08/31/09			

**STATE OF TEXAS**

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For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Justice (continued)</b>					
Congressionally Recommended Awards	16.753			235,677	235,677
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804			149,013	149,013
ARRA - Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		26,136	156,713	182,849
Total - U.S. Department of Justice			88,136	8,441,721	8,529,857
<b>U.S. Department of Labor</b>					
U.S. Department of Labor	17.XXX				
<i>Pass-Through from Center for Employment Security Education and Research</i>		CE191590960A11-UTRMC-1		70,337	70,337
<i>Pass-Through from University of Baltimore</i>		UTA98-0350		4	4
Total - CFDA 17.XXX			0	70,341	70,341
Employment Service/Wagner-Peyser Funded Activities	17.207			439,612	439,612
ARRA - WIA Adult Program	17.258			129,793	129,793
WIA Youth Activities	17.259			(7,500)	(7,500)
<i>Pass-Through from El Paso Community College</i>		1010XSW000		96,228	96,228
ARRA - WIA Youth Activities				47,230	47,230
Total - CFDA 17.259			0	135,958	135,958
WIA Pilots, Demonstrations, and Research Projects	17.261			104,815	104,815
<i>Pass-Through from North Central Texas Council of Government</i>		FY07-DOLAML-01 PRIME:DOL		(514)	(514)
Total - CFDA 17.261			0	104,301	104,301
Occupational Safety and Health_Susan Harwood Training Grants	17.502			11,464	11,464
<i>Pass-Through from Rice University</i>		8000001469		11,194	11,194
Total - CFDA 17.502			0	22,658	22,658
Total - U.S. Department of Labor			0	902,663	902,663
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX	SAQMMA09M1896 S-LMAQM-09-CA-031 A001 S-LMAQM-10-GR- 011-VT S-LMAQM-10-CA-384		50,704	50,704
<i>Pass-Through from National Academy of Sciences</i>				103,241	103,241
Total - CFDA 19.XXX			0	3,716	3,716
				37,766	37,766
One-Time International Exchange Grant Program	19.014			47,465	47,465

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total	
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>						
<b>U.S. Department of State (continued)</b>						
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300					
<i>Pass-Through from National Council for Eurasian and East European Research</i>		824-11		(1)	(1)	
Cooperative Grants	19.420					
<i>Pass-Through from CONRAD</i>		53983		4,947	4,947	
Middle East Partnership Initiative (MEPI)	19.500			<u>39,898</u>	<u>39,898</u>	
Total - U.S. Department of State				<u>0</u>	<u>287,736</u>	
<b>U.S. Department of Transportation</b>						
U.S. Department of Transportation	20.XXX	2635027765 DTFH61-07-H-00030 S080033/UTA11- 000035 S080033/UTA11- 000133 UTA/08-520 uta08-518 UTA09-000971			30,158 233,904 43,761 35,333 2,818 15,414 1,604	30,158 233,904 43,761 35,333 2,818 15,414 1,604
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000072		48,405	48,405	
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000116 SHRP C-20		17,006	17,006	
<i>Pass-Through from Gannett Fleming, Inc.</i>		NCHRP 08-78 84443 HR 25-32 TRB-2000000526 TRB-P2000000448 TRB-P210238 S080033 476660-00060 S080033 476660-00060 4		14,909 43,573 45,000 4,571 866 4,950 20,820 65,695	14,909 59,582 36,990 4,571 866 4,950 20,820 65,695	
<i>Pass-Through from J. Richard Kuzmyak Trans. Consultant</i>		UTA10-001220		63,613	63,613	
<i>Pass-Through from MITRE Corporation</i>		UTA09-000356		117,739	117,739	
<i>Pass-Through from National Academy of Sciences</i>		UTAA8-022		8,607	8,607	
<i>Pass-Through from National Academy of Sciences</i>		KK9169		<u>86,694</u>	<u>86,694</u>	
Total - CFDA 20.XXX				<u>88,573</u>	<u>913,439</u>	
Aviation Education	20.100			29,500	29,500	
<i>Pass-Through from Michigan State University</i>		61-5678B		<u>(225)</u>	<u>(225)</u>	
Total - CFDA 20.100				<u>0</u>	<u>29,275</u>	
Aviation Research Grants	20.108			124,318	238,286	
<i>Pass-Through from Southwest Research Institute</i>		SWRI 599775L		<u>42,186</u>	<u>362,604</u>	
Total - CFDA 20.108				<u>124,318</u>	<u>280,472</u>	
Air Transportation Centers of Excellence	20.109			95,792	86,874	
					182,666	

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Transportation (continued)</b>					
Highway Research and Development Program	20.200			12,043	12,043
<i>Pass-Through from Lubbock Metropolitan Planning Organization</i>		Lubbock Metro Planning Organization		11,143	11,143
<i>Pass-Through from National Academy of Sciences</i>		HR 10-84		78,050	78,050
<i>Pass-Through from Rutgers University</i>		ACCT #4-30839		139,789	139,789
		OC#10223			
Total - CFDA 20.200			0	241,025	241,025
Highway Planning and Construction	20.205			37,580	37,580
<i>Pass-Through from Engineering and Software Consultants, Inc,</i>		1008		50,780	50,780
<i>Pass-Through from Florida Department of Transportation</i>		503129		2,037	2,037
<i>Pass-Through from Oklahoma Historical Society</i>		11-101		28,298	28,298
<i>Pass-Through from Outside Plant Consulting Services</i>		DTRT57-07-C-10046		294	294
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-1121-0001-333		25,809	25,809
Total - CFDA 20.205			0	144,798	144,798
Highway Training and Education	20.215			90,380	90,380
<i>Pass-Through from Transtec Group, Inc.</i>		C10-00007; 2		28,402	28,402
Total - CFDA 20.215			0	118,782	118,782
National Motor Carrier Safety	20.218			18,400	18,400
<i>Pass-Through from City of Austin Police Department</i>		C2010393			
Formula Grants for Other Than Urbanized Areas	20.509			17,594	17,594
State and Community Highway Safety	20.600			1,230,731	1,230,731
<i>Pass-Through from University of North Carolina - Charlotte</i>		NCHRP-154 FUNDING DOT- 6508730		2,475	2,475
Total - CFDA 20.600			0	1,233,206	1,233,206
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			532,900	532,900
Safety Belt Performance Grants	20.609			316,736	316,736
University Transportation Centers Program	20.701			2,686	2,686
<i>Pass-Through from Oklahoma State University</i>		AA-5-30090-01		37,209	37,209
<i>Pass-Through from University of Alaska - Anchorage</i>		DTRT-06-G- 0011/AUTC#410014			
Total - CFDA 20.701			0	39,895	39,895
Biobased Transportation Research	20.761			10,447	10,447
<i>Pass-Through from Oklahoma State University</i>		503627		38,828	38,828
<i>Pass-Through from Oklahoma State University</i>		503699		43,152	43,152
<i>Pass-Through from Oklahoma State University</i>		503704		9,834	9,834
<i>Pass-Through from Oklahoma State University</i>		503707		54,690	54,690
<i>Pass-Through from Oklahoma State University</i>		503970		3,085	3,085
<i>Pass-Through from Oklahoma State University</i>		504110		883	883
<i>Pass-Through from Oklahoma State University</i>		504113		42,582	42,582
<i>Pass-Through from Oklahoma State University</i>		504126		54,877	54,877
<i>Pass-Through from Oklahoma State University</i>		570430	10,751		10,751
<i>Pass-Through from Oklahoma State University</i>		570432	7,743		7,743
<i>Pass-Through from Oklahoma State University</i>		570433	5,785		5,785
<i>Pass-Through from Oklahoma State University</i>		570434	3,249		3,249
<i>Pass-Through from Oklahoma State University</i>		570435	8,439		8,439

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Transportation (continued)</b>					
Pass-Through from Oklahoma State University		570438	47,307		47,307
Pass-Through from Oklahoma State University		570634		3,549	3,549
Pass-Through from Oklahoma State University		570635	18,961	4,740	23,701
Pass-Through from Oklahoma State University		570648	4,537	1,134	5,671
Pass-Through from Oklahoma State University		570649	15,389		15,389
Pass-Through from Oklahoma State University		570719	1,068		1,068
Pass-Through from Oklahoma State University		AB-5-61770.2.TEES2,		42,407	42,407
Total - CFDA 20.761			123,229	310,208	433,437
Total - U.S. Department of Transportation			431,912	4,283,604	4,715,516
<b>U.S. Department of the Treasury</b>					
Community Development Financial Institutions Program	21.020				
Pass-Through from Abt Associates, Inc.		503692		870	870
Total - CFDA 21.020			0	870	870
Total - U.S. Department of the Treasury			0	870	870
<b>Office of Personnel Management</b>					
Office of Personnel Management	27.XXX				
Pass-Through from Sigmatech, Inc.		SIG-11-OPM-0003 #O0068 #1		115,177	115,177
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			122,456	122,456
Total - Office of Personnel Management			0	237,633	237,633
<b>General Services Administration</b>					
Donation of Federal Surplus Personal Property	39.003			33,407	33,407
Total - CFDA 39.003			0	33,407	33,407
Total - General Services Administration			0	33,407	33,407
<b>Library of Congress</b>					
Library of Congress	42.XXX	CRS#08-06		(558)	(558)
Books for the Blind and Physically Handicapped	42.001			(43)	(43)
Total - Library of Congress			0	(601)	(601)
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	09AR40A;09AR98G;10 AC29A;10AI86G 1321987 1354828 1354834 CK 34242 1354840	14,111	532,555 (4) 16,986 (3,647) 82,932	546,666 (4) 16,986 (3,647) 82,932

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
1360670				125,878	125,878
1367093				(133)	(133)
1367406				1,116	1,116
1368074				199,090	199,090
1373283				44,386	44,386
1376974				45,055	45,055
1377304				98,966	98,966
1388881				22,451	22,451
1389197				6,976	6,976
1393349				90,104	90,104
1398903				13,343	13,343
1405316				93,386	93,386
1408841				2,559	2,559
1416374				72,270	72,270
1427764				40,489	40,489
1428099				1,019	1,019
60455				234,510	234,510
63250				115,081	115,081
63437				(6,716)	(6,716)
63925				(4,035)	(4,035)
64101				74,292	74,292
64375				329,110	329,110
80686				710,097	710,097
80687				270,778	270,778
80688		708,027			708,027
80690		110,623			110,623
80692		158,611			158,611
HHSN276200900721P				39,398	39,398
NASS-97213				83,744	83,744
NNC09CA08C				144,461	144,461
NNG04G060G				286	286
NNG06DA07C PR# 4200140202				729,851	729,851
NNJ04HH01A		39,896		65,590	105,486
NNM11AA56P				48,947	48,947
NNX06AH47G				3,208	3,208
NNX07AC96A				12,893	12,893
NNX07AI83G				34,305	34,305
NNX07AJ72G				109,822	109,822
NNX07AL70G				43,975	43,975
NNX07AL79G LOA ESI 2008/2009				51,678	51,678
NNX08A043G				95,714	95,714
NNX08AB27A				64,904	64,904
NNX08AB41A				155,889	155,889
NNX08AC48G				132,184	132,184
NNX08AD03A				144,086	144,086
NNX08AD58G				17,994	17,994
NNX08AE72G				65,731	65,731
NNX08AG32G				4,147	4,147
NNX08AJ84G				21,333	21,333
NNX08AK11G				58,868	58,868
NNX08AL43G	21,193			37,829	59,022
NNX08AN02G				233,391	233,391
NNX08AN68G				86,571	86,571
NNX08AO52G				25,569	25,569
NNX08AP77G				16,204	16,204

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
National Aeronautics and Space Administration (continued)					
NNX08AQ49G				93,588	93,588
NNX08AR34G				66,727	66,727
NNX08AT06G				1,311	1,311
NNX08AW08G				107,681	107,681
NNX08AW24H				33,474	33,474
NNX08AW65H				28,195	28,195
NNX08AZ42A				2,899	2,899
NNX08BA47A				35,334	35,334
NNX09AB30G				108,626	108,626
NNX09AD85G				62,924	62,924
NNX09AE46G				133,757	133,757
NNX09AE89G				(15,335)	(15,335)
NNX09AG20G				910,797	910,797
NNX09AG99G				48,339	48,339
NNX09AH48G				88,649	88,649
NNX09AI01G				104,210	104,210
NNX09AJ30A				32,377	32,377
NNX09AJ48G				121,713	121,713
NNX09AK75G				92,027	92,027
NNX09AM08G				144,912	144,912
NNX09AM51A				77,953	77,953
NNX09AM60G	2,541			73,073	75,614
NNX09AN10G	4,998			2,622	7,620
NNX09AR52G				328,633	328,633
NNX09AV06A				933,346	933,346
NNX09AV10G	19,974			86,277	106,251
NNX09AW25G				68,576	68,576
NNX09AW26G				68,521	68,521
NNX108Q16A				41,653	41,653
NNX10AB28G				70,065	70,065
NNX10AC68G				98,370	98,370
NNX10AF10G				87,254	87,254
NNX10AF92G				7,400	7,400
NNX10AG20G				175,364	175,364
NNX10AG73G				32,772	32,772
NNX10AH28G				72,804	72,804
NNX10AH51G				57,436	57,436
NNX10AK82H				29,921	29,921
NNX10AL60G				5,211	5,211
NNX10AM16H				24,000	24,000
NNX10AM37G				52,764	52,764
NNX10AO26G 09-				80,219	80,219
MDAP09-0087					
NNX10AP98G				27,839	27,839
NNX10AQ16A				1,086,674	1,086,674
NNX10AT02G				506,647	506,647
NNX11AD38G				20,224	20,224
UTB09-01				29,850	29,850
UTA10-000861				71,392	71,392
GC207980NGA				27,772	27,772
1358118				70,378	70,378
G00-111118B				4,149	4,149
R9867-G4				115,468	115,468
UTA09-001030				6,963	6,963
UTA11-000270 KELLER				56,396	56,396
2000744668				4,749	4,749
2001144427				39,469	39,469

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
Pass-Through from Kestrel Corporation		211522		16,183	16,183
Pass-Through from National Institute of Aerospace		T10-6200-UTEX		34,741	34,741
Pass-Through from Rio Grande Valley Science Association		PROJ# 6279-005			
		RGUSA-TX-2011-00001		1,293	1,293
Pass-Through from Southwest Research Institute		B99059JD		30,723	30,723
Pass-Through from Southwest Research Institute		B99078BT		15,181	15,181
Pass-Through from Southwest Research Institute		D99059JD		8,304	8,304
Pass-Through from Space Telescope Science Institute		HST-AR-10981.01-A		9,303	9,303
Pass-Through from Space Telescope Science Institute		HST-AR-11746.01-A		17,990	17,990
Pass-Through from Space Telescope Science Institute		HST-GO-11082.21-A		23,912	23,912
Pass-Through from Space Telescope Science Institute		HST-GO-11128.01-A		835	835
Pass-Through from Space Telescope Science Institute		HST-GO-11130.04-A		51,832	51,832
Pass-Through from Space Telescope Science Institute		HST-GO-11141.01-A		2,369	2,369
Pass-Through from Space Telescope Science Institute		HST-GO-11210.01-A		108,252	108,252
Pass-Through from Space Telescope Science Institute		HST-GO-11211.01-A 2		96,465	96,465
Pass-Through from Space Telescope Science Institute		HST-GO-11628.01-A		27,451	27,451
Pass-Through from Space Telescope Science Institute		HST-GO-11704.02-A		92,084	92,084
Pass-Through from Space Telescope Science Institute		HST-GO-11706.02-A		34,485	34,485
Pass-Through from Space Telescope Science Institute		HST-GO-12098.02-A		75,857	75,857
Pass-Through from Stanford University		20570500-37433-A 3		32,381	32,381
Pass-Through from TDA Research, Inc.		NNX10CB17C		78,823	78,823
Pass-Through from Technical Education Research Center		NNX09AL90G TERC 4433		16,660	16,660
Pass-Through from United Negro College Fund Special Programs		NNA06CB14H		103,140	103,140
Pass-Through from United Negro College Fund Special Programs		UNCFSP NSTI UNEEC		67,313	67,313
Pass-Through from United Negro College Fund Special Programs		UNCFSP UNIMET		28,753	28,753
Pass-Through from Universities Space Research Association		08521-012		13,231	13,231
Pass-Through from Universities Space Research Association		08521-06 05		30,930	30,930
Pass-Through from Universities Space Research Association		NNJ06HG25A		47,558	47,558
Pass-Through from University of California - Los Angeles		2090-S-NB315		6,046	6,046
Pass-Through from University of South Florida		2500-1430-00-B		17,367	17,367
Pass-Through from University of Washington		658257		39,572	39,572
Pass-Through from Zyvex		12212005		7,087	7,087
ARRA - National Aeronautics and Space Administration		NNG10HP06C CLIN 0001	434,649	582,873	1,017,522
Pass-Through from Balconies Technologies, LLC		UTA09-000920		176,526	176,526
Pass-Through from Balconies Technologies, LLC		UTA10-000244		53,958	53,958
Total - CFDA 43.XXX			1,514,623	14,431,353	15,945,976
Science	43.001		476,258	11,092,806	11,569,064
Pass-Through from American College of Sports Medicine		NNX09AQ53G		3,856	3,856
Pass-Through from ATK Space Systems, Inc.		PO-SP00029509, 2		124,835	124,835
Pass-Through from Boston Applied Technologies		UTA11-000615 1991		27,727	27,727
Pass-Through from California Institute of Technology		1428150		2,940	2,940
Pass-Through from Columbia University		63297		218,374	218,374
Pass-Through from Columbia University		NNX08AF13G-001 / PO#569262		97,322	97,322
Pass-Through from Georgetown University		NNX09AU95G		309,158	309,158
Pass-Through from Jacobs Engineering Group, Inc.		503669		1	1
Pass-Through from Jacobs Engineering Group, Inc.		N840118FMS, 1		105,363	105,363
Pass-Through from Loma Linda University Medical Center		A4790, Amd 2		62,772	62,772
Pass-Through from Lowell Observatory		2008-71542		957	957

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
Pass-Through from Lunar and Planetary Institute		NNA09DB33A		101,145	101,145
Pass-Through from NASA Institute for Advanced Concepts		NNX09AQ52H		28,729	28,729
Pass-Through from National Institute of Aerospace		2011 NASA RASC-AL ROBO-OPS		7,953	7,953
Pass-Through from National Institute of Aerospace		C10-2800-UTA 2817- UTA NNL09AA00A		13,249	13,249
Pass-Through from National Institute of Aerospace		C10-2800-UTA 2840- UTA NNL09AA00A		24,595	24,595
Pass-Through from National Space Grant Foundation		420263		2,000	2,000
Pass-Through from Newtrition Foods		502716		1,159	1,159
Pass-Through from Oregon State University		200813		12,133	12,133
Pass-Through from Organization of American Historians		102399		6,410	6,410
Pass-Through from Paragon Tec, Inc.		51711		21,940	21,940
Pass-Through from Prime Research		NNX10CE31P		2,895	2,895
Pass-Through from Privatran, LLC		C11-00556, Under NNX11CH49P		16,419	16,419
Pass-Through from San Diego State University Foundation		55986A P3653 7802 211 RMM/Pr FA8750-09-1		6,518	6,518
Pass-Through from Search for Extraterrestrial Intelligence Institute		08-SC-1040		13,905	13,905
Pass-Through from Sigma Space Corporation		202591		11,726	11,726
Pass-Through from Smithsonian Astrophysical Observatory		G01-12132X		4,206	4,206
Pass-Through from Smithsonian Astrophysical Observatory		NAS8-03060 GO0- 11075A		8,368	8,368
Pass-Through from Smithsonian Astrophysical Observatory		NAS8-03060 GO0- 11076X		4,184	4,184
Pass-Through from Smithsonian Astrophysical Observatory		NAS8-03060 GO8-9059A		4,509	4,509
Pass-Through from Smithsonian Astrophysical Observatory		NAS8-03060_G09-0013C		8,385	8,385
Pass-Through from Smithsonian Astrophysical Observatory		NASA-030060 ARO- 11008A		20,728	20,728
Pass-Through from Southwest Research Institute		B99026JD		12,730	12,730
Pass-Through from Southwest Research Institute		B99079BT		36,776	36,776
Pass-Through from Southwest Research Institute		B99080BT		58,804	58,804
Pass-Through from Southwest Research Institute		B99081BT		55,189	55,189
Pass-Through from Southwest Research Institute		B99082BT		59,109	59,109
Pass-Through from Southwest Research Institute		B99083BT		55,069	55,069
Pass-Through from Southwest Research Institute		B99084BT		58,249	58,249
Pass-Through from Southwest Research Institute		B99085BT		54,993	54,993
Pass-Through from Southwest Research Institute		B99086BT		40,923	40,923
Pass-Through from Southwest Research Institute		B99087BT		29,462	29,462
Pass-Through from Southwest Research Institute		PO #890480BT		(18,512)	(18,512)
Pass-Through from Southwest Research Institute		PO #A90439BT		(18,282)	(18,282)
Pass-Through from Southwest Research Institute		PO#792006BT		(18,805)	(18,805)
Pass-Through from Southwest Research Institute		PO#792019BT		(2,686)	(2,686)
Pass-Through from Southwest Research Institute		PO#890496BT		(16,984)	(16,984)
Pass-Through from Southwest Research Institute		PO#A90485BT		(18,212)	(18,212)
Pass-Through from Tao of Systems Integration, Inc.		11-0662		1,578	1,578
Pass-Through from United Negro College Fund, Inc.		NNA06CB14H		23,844	23,844
Pass-Through from Universities Space Research Association		02173-07		13,047	13,047
Pass-Through from Universities Space Research Association		04550-013, 1		42,631	42,631
Pass-Through from Universities Space Research Association		NNJ06HG25A		117,317	117,317
Pass-Through from University of Alabama		NNX09AR55G		25,437	25,437
Pass-Through from University of Maryland - Baltimore		7336		24,430	24,430
Pass-Through from ViGYAN, Inc.		C10-00350,		174,831	174,831
Pass-Through from Wyle Laboratories		NAS-9-02078		999,772	999,772
Pass-Through from Wyle Laboratories		T717370007		139,701	139,701
Pass-Through from Wyle Laboratories		T717370008		27,684	27,684

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Wyle Laboratories</i>		T717370009		63,920	63,920
<i>Pass-Through from Wyle Laboratories</i>		T717370011		138,376	138,376
<i>Pass-Through from Wyle Laboratories</i>		T717370012		59,558	59,558
<i>Pass-Through from Wyle Laboratories</i>		T717370013		150,134	150,134
<i>Pass-Through from Wyle Laboratories</i>		T717370014		125,954	125,954
<i>Pass-Through from Zin Technologies, Inc.</i>		ZTI-SpaceDOC-2010		16,566	16,566
<i>Pass-Through from Zin Technologies, Inc.</i>		ZTI-SpaceDOC-2010-003,		5,673	5,673
Total - CFDA 43.001			476,258	14,885,543	15,361,801
Aeronautics	43.002		27,388	4,786,796	4,814,184
<i>Pass-Through from Boeing Company</i>		428650		329,345	329,345
<i>Pass-Through from Crystal Research, Inc.</i>		8000001279		2,024	2,024
<i>Pass-Through from Engineering and Science Contract Group</i>		UTEP 503-060809		29,979	29,979
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		N731711TMS		(3,354)	(3,354)
<i>Pass-Through from Johns Hopkins University</i>		98246 (ILC03)		60,691	60,691
<i>Pass-Through from Lockheed Martin</i>		BBM032CH1		462,465	462,465
<i>Pass-Through from National Council for Science and the Environment</i>		NNX09AL64G		24,125	24,125
<i>Pass-Through from National Space Biomedical Research Institute</i>		RE01302, 2.		63,173	63,173
<i>Pass-Through from National Space Biomedical Research Institute</i>		RE01302, 3		43,117	43,117
<i>Pass-Through from Southwest Research Institute</i>		792007BT		(18,524)	(18,524)
<i>Pass-Through from TXL Group, Inc.</i>		PHASE 2:STTR		90,804	90,804
<i>Pass-Through from University of California - Davis</i>		08-002128-01		16,105	16,105
<i>Pass-Through from University of California - San Diego</i>		10294004		29,940	29,940
Total - CFDA 43.002			27,388	5,916,686	5,944,074
ARRA - Aeronautics, Recovery Act	43.004				
<i>Pass-Through from Sensis Corporation</i>		10-0549, 23169		54,595	54,595
Cross Agency Support	43.009			81,444	81,444
Total - National Aeronautics and Space Administration			2,018,269	35,369,621	37,387,890
<b>National Endowment For The Humanities</b>					
National Endowment For The Humanities	45.XXX				
<i>Pass-Through from Humanities Texas</i>		2008-3587		4	4
Promotion of the Humanities_Division of Preservation and Access	45.149			153,600	153,600
Promotion of the Humanities_Fellowships and Stipends	45.160			16,800	16,800
<i>Pass-Through from Omohundro Institute of Early American History and Culture</i>		426086-042610		39,118	39,118
Total - CFDA 45.160			0	55,918	55,918
Promotion of the Humanities_Research	45.161			118,151	118,151
Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development	45.162			16,955	16,955
Promotion of the Humanities_Public Programs	45.164				
<i>Pass-Through from Humanities Texas</i>		2010-3983		1,090	1,090

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Endowment For The Humanities (continued)</b>					
Promotion of the Humanities_We the People	45.168				
<i>Pass-Through from Humanities Texas</i>		8000001361		4,982	4,982
Promotion of the Humanities_Office of Digital Humanities	45.169		13,161	28,320	41,481
Grants to States	45.310			25,217	25,217
National Leadership Grants	45.312		141,604	705,769	847,373
Laura Bush 21st Century Librarian Program	45.313			378,376	378,376
<i>Pass-Through from University of Maryland - College Park</i>		Z929601		32,371	32,371
Total - CFDA 45.313			0	410,747	410,747
Total - National Endowment For The Humanities			154,765	1,520,753	1,675,518
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	100928		17,332	17,332
		CCF-0448181		11,104	11,104
		CNS-0934786		184,671	184,671
		EAR-0345864 005		64	64
		NCE			
		IOS-0951310		51,982	51,982
		OCE-0526412		14,159	14,159
		10-21-RR229-260		20,199	20,199
		UTA10-000413		8,167	8,167
		GMTO-100507B		433,411	433,411
		GMACS			
		GMTO-100507D	169,269	163,649	332,918
		GMTO-100804A		19,268	19,268
		UTA10-001277		83,793	83,793
		SAF10-06		24,055	24,055
		T317A59 Order		58,478	58,478
		T319A59		1,715	1,715
		T319B59		13,632	13,632
		T330A59		2,148	2,148
		IUB-4812439-UTA		109,024	109,024
		IODP-MI-09-03	27,899	103,349	131,248
		T316A59		5,252	5,252
		61-2075UT		348,030	348,030
		UTA11-000103		37,753	37,753
		NEES-4101-38427		178,940	178,940
		R3A59I		438	438
		B99079BT		18,413	18,413
		7170 UTA11-000370		7,291	7,291
		12511		9,000	9,000
		UNC-CH #5-37497		(35)	(35)
Total - CFDA 47.XXX			197,168	1,925,282	2,122,450
Engineering Grants	47.041			726,522	24,775,658
<i>Pass-Through from Advanced Cooling Technologies, Inc.</i>		10989 IIP-1013608		19,986	19,986
<i>Pass-Through from Agile Mind, Inc.</i>		AM08-050		(187)	(187)
<i>Pass-Through from Amethyst Research, Inc.</i>		11P-0724233		73,477	73,477
<i>Pass-Through from Ampulse Corporation</i>		HP-1010198		84,794	84,794
<i>Pass-Through from Arizona State University</i>		0962533		7,465	7,465
<i>Pass-Through from Arizona State University</i>		12-731		15,770	15,770
<i>Pass-Through from Arradiance</i>		08.2236		37,075	37,075

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Boston Applied Technologies</i>		UTA10-000099		6,416	6,416
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186141		72,544	72,544
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186160		6,510	6,510
<i>Pass-Through from Case Western Reserve University</i>		CMMI-10000768		22,092	22,092
<i>Pass-Through from Chiral Photonics</i>		UTA09-000261		76,700	76,700
<i>Pass-Through from Class on A Chip, Inc.</i>		TXTK 01		32,082	32,082
<i>Pass-Through from Columbia University</i>		5R01MH08110704		49,763	49,763
<i>Pass-Through from Cornell University</i>		44771-7476		418,468	418,468
<i>Pass-Through from EndoMetric, LLC</i>		GN3147		63,210	63,210
<i>Pass-Through from Georgia Institute of Technology</i>		A0840		1,919	1,919
<i>Pass-Through from Georgia Institute of Technology</i>		CBET-0756567		8,830	8,830
<i>Pass-Through from Georgia Institute of Technology</i>		E-20-L05-G2		54,872	54,872
<i>Pass-Through from Georgia Institute of Technology</i>		RA063-G2/CMMI-0936603/ CMM		33,193	33,193
<i>Pass-Through from Georgia Institute of Technology</i>		RB009-G1		42,926	42,926
<i>Pass-Through from Hi-Z Technology, Inc.</i>		9001		5,960	5,960
<i>Pass-Through from Integrated Micro Sensors</i>		IIP-1026825		24,702	24,702
<i>Pass-Through from Iowa State University</i>		420 60 64		64,730	64,730
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002218		113,133	113,133
<i>Pass-Through from NanoBioMagnetics, Inc.</i>		01		41,826	41,826
<i>Pass-Through from Nanoelectronics Research Corp</i>		2006-NE-1464 UTA10-432		35,863	35,863
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		IIP-0945088		(1,597)	(1,597)
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		IIP-0945088 01		(814)	(814)
<i>Pass-Through from Oregon State University</i>		0830378 SUB S1148A-B		13,427	13,427
<i>Pass-Through from Performance Polymer Solutions, Inc.</i>		C11-00288		13,070	13,070
<i>Pass-Through from Princeton University</i>		00001217: 6		174,788	174,788
<i>Pass-Through from Purdue University</i>		4101-19562		2,989	2,989
<i>Pass-Through from Purdue University</i>		4101-19919		101,313	101,313
<i>Pass-Through from Purdue University</i>		4101-21432		647	647
<i>Pass-Through from Purdue University</i>		NEES-4101-31903		979,273	979,273
<i>Pass-Through from Purdue University</i>		NEES-4101-31914		75,052	75,052
<i>Pass-Through from Rochal Industries</i>		IIP-1110189		17,045	17,045
<i>Pass-Through from Stellarray, Inc.</i>		504212		42,372	42,372
<i>Pass-Through from Tao Companies, LLC</i>		subnt GN3462		24,148	24,148
<i>Pass-Through from Thies Technology, Inc.</i>		A3340		(1)	(1)
<i>Pass-Through from University of Georgia</i>		RC398 103 4691368		63,453	63,453
<i>Pass-Through from University of Kansas</i>		FY2011-033		32,552	32,552
		PRIME:EFRI 1038234			
<i>Pass-Through from University of Massachusetts - Amherst</i>		07-004000 A 00		59,957	59,957
<i>Pass-Through from University of Michigan</i>		3001673753		15,738	15,738
<i>Pass-Through from University of Nevada - Reno</i>		10BP173864	32,039	60,908	92,947
<i>Pass-Through from University of Tennessee - Knoxville</i>		A11-0121-S001		228	228
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		478089-19433		162,005	162,005
<b>ARRA - Engineering Grants</b>					
<i>Pass-Through from Advanced Materials and Processes</i>		8000001162		92,320	92,320
<b>Total - CFDA 47.041</b>			758,561	27,392,128	28,150,689
<b>Mathematical and Physical Sciences</b>	47.049		1,045,074	22,631,154	23,676,228
<i>Pass-Through from California Institute of Technology</i>		PHY-0823459		28,042	28,042
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914		660,567	660,567
<i>Pass-Through from Case Western Reserve University</i>		UTA06-623			
		DMR-0423914		27,570	27,570
		UTA11-288			
		BONNECAZE			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914 UTA11-289 ELLISON		43,579	43,579
<i>Pass-Through from Harvard University</i>		133485-01; 3		22,627	22,627
<i>Pass-Through from New York University</i>		F6497-01		54,735	54,735
<i>Pass-Through from Notre Dame University Erasmus Institute</i>		PHY 0715396		1,700	1,700
<i>Pass-Through from Ohio State University</i>		RF01184157		15,559	15,559
<i>Pass-Through from Princeton University</i>		1591		71,847	71,847
<i>Pass-Through from Princeton University</i>		1731		130,920	130,920
<i>Pass-Through from Princeton University</i>		1884		31,000	31,000
<i>Pass-Through from Princeton University</i>		1885		28,989	28,989
<i>Pass-Through from Rice University</i>		R3A831		16,042	16,042
<i>Pass-Through from The University of Memphis</i>		INDEX 5-39580 PRIME: DMR-0965801		19,121	19,121
<i>Pass-Through from U.S. Civilian Research and Development Foundation</i>		RUB1-2932-SR-08		4,571	4,571
<i>Pass-Through from University of California - Davis</i>		UCD 002865-UTSA		7,066	7,066
<i>Pass-Through from University of California - Los Angeles</i>		0518-G--KB563		131,699	131,699
<i>Pass-Through from University of Chicago</i>		41752 5		5,345	5,345
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2007-01127-01		4,422	4,422
<i>Pass-Through from University of Maryland - College Park</i>		Z484801		48,709	48,709
<i>Pass-Through from University of Michigan</i>		F005739		(105)	(105)
<i>Pass-Through from University of Minnesota</i>		#0000889206		19,075	19,075
<i>Pass-Through from University of Minnesota</i>		A000060252		34,782	34,782
<i>Pass-Through from University of Minnesota</i>		CPS#0000889212		8,000	8,000
<i>Pass-Through from University of Notre Dame</i>		PHY-0715396 GCS#08-353		562	562
<i>Pass-Through from University of Oregon</i>		206381L PRIME: PHY-0529471		15,578	15,578
<i>Pass-Through from University of Richmond</i>		SUBCONTRACT		32,295	32,295
<i>Pass-Through from University of Wisconsin - Madison</i>		268K763		62,981	62,981
<i>Pass-Through from Wesleyan University</i>		FRS520159		13,209	13,209
<i>ARRA - Mathematical and Physical Sciences</i>		60019627		34,353	34,353
<i>Pass-Through from Ohio State University</i>				1,045,074	24,205,994
Total - CFDA 47.049					25,251,068
<i>Geosciences</i>	47.050			524,296	8,764,313
<i>Pass-Through from Arizona State University</i>		11-446		80,003	80,003
<i>Pass-Through from Boston University</i>		ATM-0120950 SUB SC		145,064	145,064
<i>Pass-Through from Columbia University</i>		200682 NGA			
<i>Pass-Through from Consortium for Ocean Leadership</i>		5-24452 1		21,854	21,854
<i>Pass-Through from Incorporated Research Institutions for Seismology</i>		BA 86		5,832	5,832
<i>Pass-Through from Southwest Research Institute</i>		04-PAS		221,030	221,030
<i>Pass-Through from Stanford University</i>		PO#792011BT		(16,984)	(16,984)
<i>Pass-Through from University of Arizona</i>		12982340-30242-C 4		321	321
<i>Pass-Through from University of California - San Diego</i>		Y482945		60,015	60,015
<i>Pass-Through from University of Georgia</i>		10302778		(1)	(1)
<i>Pass-Through from University of Kentucky</i>		RR100-500/3504298		133,973	133,973
<i>Pass-Through from University of Minnesota</i>		EAR-0754153		(1,974)	(1,974)
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		T5366216013		112,810	112,810
<i>Pass-Through from University of Southern California</i>		5-54932		26,645	26,645
Total - CFDA 47.050		127048		11,100	11,100
				524,296	9,039,705
					9,564,001

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
Computer and Information Science and Engineering	47.070		93,147	24,077,200	24,170,347
<i>Pass-Through from Boston University</i>		IIS- 0705749_GC200686NGA		23,514	23,514
<i>Pass-Through from Computing Research Association</i>		CIF-143		22,476	22,476
<i>Pass-Through from Computing Research Association</i>		CIF-A-143		27,813	27,813
<i>Pass-Through from Miami Dade College</i>		WJ000864501		38,669	38,669
<i>Pass-Through from Rice University</i>		R3A595		20,426	20,426
<i>Pass-Through from University of Arizona</i>		Y482830, 3		1,477	1,477
<i>Pass-Through from University of Chicago</i>		30085-L		1,546,481	1,546,481
<i>Pass-Through from University of Colorado - Boulder</i>		154-5189 SPO# 00000067550		84,428	84,428
Total - CFDA 47.070			93,147	25,842,484	25,935,631
Biological Sciences	47.074		189,126	11,254,672	11,443,798
<i>Pass-Through from CH2M HILL Polar Services</i>		813374		103,523	103,523
<i>Pass-Through from Colorado State University</i>		504199		16,433	16,433
<i>Pass-Through from Indiana University - Bloomington</i>		BL-4824329-UTA PRIME:DEB 0813766		32,665	32,665
<i>Pass-Through from Mississippi State University</i>		503009		5,384	5,384
<i>Pass-Through from North Carolina State University</i>		2010-1450-01		37,523	37,523
<i>Pass-Through from Pennsylvania State University</i>		3897-UTA-NSF-2373		66,398	66,398
<i>Pass-Through from Purdue University</i>		503651		397,608	397,608
<i>Pass-Through from Purdue University</i>		503862		22,340	22,340
<i>Pass-Through from Stratus Consulting</i>		S087-1C-1667		55,909	55,909
<i>Pass-Through from University of Arizona</i>		Y551899		1,328,613	1,328,613
<i>Pass-Through from University of California - Davis</i>		07-001597-UTA		126,401	126,401
<i>Pass-Through from University of California - Los Angeles</i>		0518 G KB563		1,533	1,533
<i>Pass-Through from University of California - Riverside</i>		S-0000335		112,060	112,060
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		504066		71,287	71,287
<i>Pass-Through from University of Iowa</i>		4000524452		(334)	(334)
<i>Pass-Through from University of Maryland - College Park</i>		Z482301		425	425
<i>Pass-Through from University of Minnesota</i>		H001389101		34,447	34,447
<i>Pass-Through from Wake Forest University</i>		503756		31,124	31,124
<i>Pass-Through from Washington University - St. Louis</i>		WU HT 08 02		(31,593)	(31,593)
<i>Pass-Through from Washington University - St. Louis</i>		WU-HT-09-01		78,704	78,704
Total - CFDA 47.074			189,126	13,745,122	13,934,248
Social, Behavioral, and Economic Sciences	47.075		343,177	3,747,403	4,090,580
<i>Pass-Through from Columbia University</i>		SES-07-29253 1		83,750	83,750
<i>Pass-Through from Gallaudet University</i>		0000018428 UTA10- 000365		46,148	46,148
<i>Pass-Through from North Carolina A&amp;T State University</i>		260119B		45,262	45,262
<i>Pass-Through from North Carolina A&amp;T State University</i>		2768		50,674	50,674
<i>Pass-Through from RAND Corporation</i>		201001902		10,685	10,685
<i>Pass-Through from Resources for the Future</i>		504333		1,359	1,359
<i>Pass-Through from University of Arizona</i>		Y502734/BCS-0820270		56,645	56,645
<i>Pass-Through from University of Nebraska - Lincoln</i>		25 0116 0089 002		1,071	1,071
<i>Pass-Through from Yale University</i>		C09D10191		86,641	86,641
Total - CFDA 47.075			343,177	4,129,638	4,472,815
Education and Human Resources	47.076		689,919	26,371,511	27,061,430
<i>Pass-Through from Association of American Geographers</i>		426107-111910		20,183	20,183
<i>Pass-Through from Association of American Geographers</i>		8000000785		8,414	8,414
<i>Pass-Through from Botanical Society of America</i>		01-TX-0733280		151,193	151,193
<i>Pass-Through from Botanical Society of America</i>		01-TX-0737669		8,458	8,458

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from High Point University</i>		737181		14,800	14,800
<i>Pass-Through from National Academy of Engineering</i>		580467		2,400	2,400
<i>Pass-Through from National Council for Science and the Environment</i>		DUE-0950393		65,078	65,078
<i>Pass-Through from New Mexico State University</i>		Q00939		720	720
<i>Pass-Through from Northwestern University</i>		SP0009801- PROJ0002725		16,473	16,473
<i>Pass-Through from Purdue University</i>		4101-31776		57,579	57,579
<i>Pass-Through from Tennessee Technological University</i>		1022934		876	876
<i>Pass-Through from University of Illinois - Chicago</i>		2009-03942-04-00		349,056	349,056
<i>Pass-Through from University of Virginia</i>		GA10874-136594	10,000	16,502	26,502
<i>Pass-Through from Wright State University</i>		DUE-0817332		7,828	7,828
<i>Pass-Through from Wright State University</i>		PSP06882		33,052	33,052
<i>Pass-Through from Wright State University</i>		PSP06909		34,873	34,873
Total - CFDA 47.076			699,919	27,158,996	27,858,915
Polar Programs	47.078		17,904	1,534,497	1,552,401
International Science and Engineering (OISE)	47.079		248,977	495,653	744,630
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		B10537		69,053	69,053
<i>Pass-Through from U.S. Civilian Research and Development Foundation</i>		RUE1-2940-TO-09		7,901	7,901
<i>Pass-Through from West Virginia University</i>		OISE-0968296		5,223	5,223
Total - CFDA 47.079			248,977	577,830	826,807
Office of Cyberinfrastructure	47.080		2,375,051	8,945,646	11,320,697
<i>Pass-Through from Carnegie Mellon University</i>		1120953-238839		81,529	81,529
<i>Pass-Through from Indiana University</i>		BL-4812459- UTHSC/OCI		100,664	100,664
<i>Pass-Through from Indiana University</i>		PO#344546 48-124-31 84830 (OCI-0721656)		72,649	72,649
<i>Pass-Through from University of Chicago</i>		37130-A		(3,851)	(3,851)
<i>Pass-Through from University of Chicago</i>		41994-K		3,515,726	3,515,726
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2009-02232-04		349,536	349,536
<i>Pass-Through from University of Illinois - Urbana-Champaign</i>		2009-06519-02		527	527
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		GRANT CODE: A2685 478455-19902		6,587	6,587
Total - CFDA 47.080			2,375,051	13,069,013	15,444,064
Trans-NSF Recovery Act Research Support	47.082			6,462	6,462
ARRA - Trans-NSF Recovery Act Research Support			815,836	18,739,802	19,555,638
<i>Pass-Through from Auburn University</i>		65380		52,340	52,340
<i>Pass-Through from BBN Technologies</i>		9500010196	21,303	88,589	109,892
<i>Pass-Through from Cornell University</i>		ECCS0941561		148,461	148,461
<i>Pass-Through from New Mexico Institute of Mining and Technology</i>		GN4002.GF4066.SUBN MI		81,189	81,189
<i>Pass-Through from Oklahoma State University</i>		AA530960-S1		193	193
<i>Pass-Through from Tulane University</i>		TUL-587-09/10		33,965	33,965
<i>Pass-Through from University of California - Merced</i>		EAR-0922307-UH		480,017	480,017
<i>Pass-Through from University of Louisiana - Lafayette</i>		10-0215		69,243	69,243
<i>Pass-Through from University of Washington</i>		700069Z		34,072	34,072
<i>Pass-Through from Yale University</i>		C11D11060		20,780	20,780
<i>Pass-Through from ZT Solar</i>		IIP0924042		77,138	77,138
Total - CFDA 47.082			837,139	19,832,251	20,669,390
Total - National Science Foundation			7,329,539	168,452,940	175,782,479

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>						
<b>Securities and Exchange Commission</b>						
Securities_ Investigation of Complaints and SEC Information	58.001			14,298	14,298	
Total - CFDA 58.001			0	14,298	14,298	
Total - Securities and Exchange Commission			0	14,298	14,298	
<b>Small Business Administration</b>						
Small Business Administration	59.XXX	SBAHQ-08-I-0079		57,198	57,198	
Total - CFDA 59.XXX			0	57,198	57,198	
Total - Small Business Administration			0	57,198	57,198	
<b>Tennessee Valley Authority</b>						
Tennessee Valley Authority <i>Pass-Through from Stantec Consulting Services</i>	62.XXX	UTA10-000488		(11,129)	(11,129)	
Total - CFDA 62.XXX			0	(11,129)	(11,129)	
Total - Tennessee Valley Authority			0	(11,129)	(11,129)	
<b>U.S. Department of Veterans Affairs</b>						
U.S. Department of Veterans Affairs	64.XXX	671-D16137 ABBOUD/IPAA/VEL AGAPU ABBOUD/IPAA/YI AHUJA/IPAA/ALUY EN AHUJA/IPAA/BEGU AHUJA/IPAA/CARRI LLO AHUJA/IPAA/CASTI BLAN AHUJA/IPAA/GAITA N-MO AHUJA/IPAA/GORN ALUSS AHUJA/IPAA/HARPER AHUJA/IPAA/HERR AHUJA/IPAA/JIMEN EZ AHUJA/IPAA/KHAN AHUJA/IPAA/KULK ARNI AHUJA/IPAA/LE AHUJA/IPAA/MALD ONADO AHUJA/IPAA/MARTI NEZ AHUJA/IPAA/PHAM BARNES/IPAA/PATEL BASLER/IPAA/HENS LEY BLOCK/IPAA/FRIED RICH			21,405 14,585 17,858 8,594 32,360 39,222 29,765 16,354 10,685 35,631 22,797 49,563 6,347 88,538 22,531 20,592 45,335 33,106 49,266 (1,066) 30,174	21,405 14,585 17,858 8,594 32,360 39,222 29,765 16,354 10,685 35,631 22,797 49,563 6,347 88,538 22,531 20,592 45,335 33,106 49,266 (1,066) 30,174

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
CAVAZOS/IPAA/TOL STYK				51,211	51,211
CHATTERJEE/IPAA/ KIM				37,846	37,846
CHATTERJEE/IPAA/ MIRK				8,678	8,678
CHATTERJEE/IPAA/ SONG				86,382	86,382
CHAUDHURI/IPAA/L EONA				(473)	(473)
CHAUDHURI/IPAA/P EREZ				43,298	43,298
CHAUDHURI/IPAA/ RAMUL				23,750	23,750
CHEN/IPAA/CHEN				11,493	11,493
CHEN/IPAA/LU				40,065	40,065
CLARK/IPAA/BIKA				3,401	3,401
CLARK/IPAA/GAME Z				56,318	56,318
CLARKE/IPAA/VALE NTE				54,741	54,741
COPELAND/IPAA/H ENDRI				17,136	17,136
CUSI/IPAA/CHANG				22,396	22,396
CUSI/IPAA/LOMONA CO				37,197	37,197
DUONG/IPAA/DELA GARZA				7,774	7,774
DUONG/IPAA/PONTI CORV				9,007	9,007
ESPINOZA/IPAA/HA LADE				38,543	38,543
FANTI/IPAA/ANAND BABU				27,724	27,724
FANTI/IPAA/CORNE LL				8,329	8,329
FANTI/IPAA/CUNNI NGHA				11,201	11,201
FANTI/IPAA/FOLLI				11,455	11,455
FANTI/IPAA/GROSS				2,112	2,112
FELDMAN/IPAA/AS MIS				11,300	11,300
FELDMAN/IPAA/JEN KINS				26,190	26,190
FERNANDEZ/IPAA/B AI				24,400	24,400
FERNANDEZ/IPAA/ WEY				2,389	2,389
FOX/IPAA/ACHESON				8,195	8,195
FOX/IPAA/LAIRD				11,118	11,118
FOX/IPAA/LANCAST ER				462	462
FOX/IPAA/NARAYA NA				350	350

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
FOX/IPAA/ZAMARRI PA				9,594	9,594
FOX/IPAA/ZHANG				2,222	2,222
FRAZER/IPAA/BENM ANSO				13,135	13,135
FRAZER/IPAA/LIEU				430	430
FREEMAN/IPAA/CA				28,607	28,607
FREEMAN/IPAA/ZH AO				62,338	62,338
GHOSH- CHOU/IPAA/MUTH				7,636	7,636
GHOSH- CHOUD/IPAA/DAS				(1,719)	(1,719)
GHOSH- CHOUD/IPAA/DEY				20,369	20,369
GHOSH- CHOUD/IPAA/LI				31,815	31,815
GHOSH- CHOUDHURY/IPAA				19,939	19,939
HABIB/IPAA/THAME EM				3,272	3,272
HART/IPAA/CAO				58,208	58,208
HART/IPAA/HOLLO WAY				31,333	31,333
HAZUDA/IPAA/MAC CARTH				22,435	22,435
HAZUDA/IPAA/NAK ASHIM				48,237	48,237
HAZUDA/IPAA/RUS SELL				25,740	25,740
HAZUDA/IPAA/SEO				20,675	20,675
HAZUDA/IPAA/VEE RAPAN				27,739	27,739
IPAA FOR ERIC MUIR				9,605	9,605
IPAA FOR ESTHER NANE				29,083	29,083
IPAA FOR LINDA LONG				28,465	28,465
IPAA FOR MUKESH YADA				12,939	12,939
IPAA FOR PAUL RIVAS				28,634	28,634
JENKINSON/IPAA/F OURC				28,792	28,792
JENKINSON/IPAA/H ANSI				42,169	42,169
KAMAT/IPAA/SHU				2,463	2,463
KASINATH/IPAA/LE E				14,637	14,637
KASINATH/IPAA/M ARIAP				60,445	60,445
KASINATH/IPAA/SA TARA				34,214	34,214
KUMAR/IPAA/LI				13,977	13,977

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
LI/IPAA/CHANDU				58,451	58,451
LI/IPAA/CHEN				26,143	26,143
LI/IPAA/SANTACRU Z				1,731	1,731
LI/IPAA/ZHU				3,332	3,332
LINDSEY/IPAA/DAI				55,260	55,260
MARCINIAK/IPAA/C HAVE				32,105	32,105
MARCINIAK/IPAA/SI DDI				33,663	33,663
MELBY/IPAA/OSORI O-ES				16,368	16,368
NOEL/IPAA/FINLEY				7,762	7,762
NOEL/IPAA/MACCA RTHY				16,040	16,040
NOEL/IPAA/MORAL ES				5,453	5,453
NOEL/IPAA/NEATHE RY				8,013	8,013
PATTERSON/IPAA/K ELLY				37,956	37,956
PIERCE/IPAA/KOH				11,001	11,001
PIERCE/IPAA/WEI				(234)	(234)
PUGH/IPAA/DAVAL ATH				7,788	7,788
PUGH/IPAA/WELLS				11,381	11,381
RAN/IPAA/CHEN				8,835	8,835
RAN/IPAA/COX				41,484	41,484
RAN/IPAA/NA				60,399	60,399
REINECK/IPAA/LEH MAN				73,748	73,748
RICHARDSON/IPAA/ SALM				48,194	48,194
SAUNDERS/IPAA/GI LES				35,893	35,893
SAUNDERS/IPAA/JO HNSO				6,833	6,833
SHIREMAN/IPAA/PO RTER				36,373	36,373
STRONG/IPAA/KAD APAKK				17,376	17,376
STRONG/IPAA/MAR TINEZ				32,347	32,347
STRONG/IPAA/SOTO -PIN				8,683	8,683
V671D10005				19,965	19,965
VA-257-09-RP-0070				(6,472)	(6,472)
VA257-P-0380				209,617	209,617
VA257P0514				7,601	7,601
VA260-P- 0118/WALSH				(2,914)	(2,914)
VA260-P-0859				48,515	48,515
VA663-D16014					
VA549P0027				(1,328,385)	(1,328,385)
VA549-P-0027				(188)	(188)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
VANREMENMEN/IPAA/ JERNI				31,595	31,595
VANREMENMEN/IPAA/ LIU				5,453	5,453
VANREMENMEN/IPAA/ RIOS				36,682	36,682
VANREMENMEN/IPAA/ WALSH				23,906	23,906
WAGNER/IPAA/TAN				22,081	22,081
WALTER/IPAA/GAR CIA				43,172	43,172
WALTER/IPAA/HILD RETH				44,144	44,144
WEINER/IPAA/URIB				72,982	72,982
WEINER/IPAA/WING				55,255	55,255
XIAO- DONG/IPAA/WANG				23,477	23,477
Total - CFDA 64.XXX				0	2,033,922
					2,033,922
Veterans Medical Care Benefits	64.009			42,407	42,407
<i>Pass-Through from Michael E. Debakey Veterans Affairs Medical Center</i>		580-C00117		9,125	9,125
<i>Pass-Through from Michael E. Debakey Veterans Affairs Medical Center</i>		580-D07035		6,993	6,993
Total - CFDA 64.009				0	58,525
					58,525
Veterans Dental Care	64.011			3,636	3,636
Sharing Specialized Medical Resources	64.018			10,450	10,450
Veterans Information and Assistance	64.115			11,362	11,362
Total - U.S. Department of Veterans Affairs				0	2,117,895
					2,117,895
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	EP-11-6-000046		20,419	20,419
<i>Pass-Through from Border Environment Cooperation Commission</i>		TAA08-042		(129)	(129)
<i>Pass-Through from Pegasus Technical Services</i>		UTX-11-001		50,113	50,113
<i>Pass-Through from Tetra Tech, Inc.</i>		1051748		257,489	257,489
Total - CFDA 66.XXX				0	327,892
					327,892
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			46,290	141,947
<i>Pass-Through from RTI International</i>		504101		(510)	(510)
Total - CFDA 66.034				46,290	141,437
					187,727
Internships, Training and Workshops for the Office of Air and Radiation	66.037			20,885	20,885
National Clean Diesel Emissions Reduction Program	66.039			472,478	472,478
<i>Pass-Through from Center for Transportation and the Environment</i>		DE-83421801		7,686	7,686

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Environmental Protection Agency (continued)</b>					
Pass-Through from URS Corporation		EP-C-07-050		12,020	12,020
ARRA - National Clean Diesel Emissions Reduction Program				1,029,090	1,029,090
Total - CFDA 66.039			0	1,521,274	1,521,274
Congressionally Mandated Projects	66.202		34,406	203,385	237,791
Pass-Through from San Diego State University Foundation		55573A-7802		90,255	90,255
Total - CFDA 66.202			34,406	293,640	328,046
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			1,434,831	1,434,831
Water Quality Management Planning	66.454			13,700	13,700
ARRA - Water Quality Management Planning				126,573	126,573
Total - CFDA 66.454			0	140,273	140,273
National Estuary Program	66.456			293,110	293,110
Pass-Through from Coastal Bend Bays and Estuaries Program		#0708		33	33
Total - CFDA 66.456			0	293,143	293,143
Nonpoint Source Implementation Grants	66.460		32,153	2,428,350	2,460,503
Pass-Through from DynCorp Systems and Solutions, LLC		502920		5,645	5,645
Pass-Through from Purdue University		504211		9,068	9,068
Total - CFDA 66.460			32,153	2,443,063	2,475,216
Regional Wetland Program Development Grants	66.461		9,678	7,834	17,512
Water Quality Cooperative Agreements	66.463			13,888	13,888
Capitalization Grants for Drinking Water State Revolving Funds	66.468		451,318	1,132,606	1,583,924
Beach Monitoring and Notification Program Implementation Grants	66.472			287,660	287,660
Water Protection Grants to the States	66.474			(21,241)	(21,241)
Gulf of Mexico Program	66.475			213,551	213,551
Pass-Through from University of South Florida		SBAGR 1209-1071-00C		(335)	(335)
Total - CFDA 66.475			0	213,216	213,216
Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program	66.479			7,357	7,357
Assessment and Watershed Protection Program Grants	66.480			(24)	(24)
Science To Achieve Results (STAR) Research Program	66.509		397,160	1,914,401	2,311,561
Pass-Through from Clemson University		1289-7558-218-200715		12,340	12,340
Pass-Through from Georgia Institute of Technology		D5774-G1		42,094	42,094
Pass-Through from Harvard University		RD-8333701		7,074	7,074
Pass-Through from Health Effects Institute		61637		36,991	36,991
Pass-Through from Health Effects Institute		81434	812	812	812
Pass-Through from Southern Illinois University - Edwardsville		6 21738		(2,103)	(2,103)
Pass-Through from University of California - Davis		07-003825-01; 2		66,216	66,216
Pass-Through from University of Georgia Research Foundation, Inc.		RC398 035/4689978		19,087	19,087
Pass-Through from University of Illinois - Urbana-Champaign		504074		5,127	5,127
Total - CFDA 66.509			397,972	2,101,227	2,499,199

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Environmental Protection Agency (continued)</b>					
Office of Research and Development Consolidated Research/Training/Fellowships	66.511			27,687	27,687
<i>Pass-Through from American Water Works Association</i>		570471	(9,907)	27,687	(9,907)
Total - CFDA 66.511			(9,907)	27,687	17,780
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513			10,894	10,894
Science To Achieve Results (STAR) Fellowship Program	66.514			11,508	11,508
P3 Award: National Student Design Competition for Sustainability	66.516			9,209	9,209
Environmental Protection Consolidated Grants for the Insular Areas - Program Support	66.600			28,498	28,498
Environmental Justice Small Grant Program	66.604				
<i>Pass-Through from University of Texas Foundation</i>		64683		1,104	1,104
<i>Pass-Through from University of Texas Foundation</i>		81394	13,604	13,604	13,604
Total - CFDA 66.604			13,604	1,104	14,708
Performance Partnership Grants	66.605			52,920	390,136
Surveys, Studies, and Investigations and Special Purpose Grants	66.606			(97)	(97)
Pollution Prevention Grants Program	66.708			82,074	82,074
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716			5,663	5,663
<i>Pass-Through from Louisiana State University</i>		504294		13,226	13,226
Total - CFDA 66.716			0	18,889	18,889
National Community-Based Lead Outreach and Training Grant Program	66.718			(1,717)	(1,717)
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802				
<i>Pass-Through from Oregon Department of Environmental Quality</i>			OREGON DEQ - 047-10 UTA09-000937	67,302	67,302
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			11,000	11,000
<i>Pass-Through from City of Corpus Christi</i>			2B-96699101-0 2B-96698801-0		
International Financial Assistance Projects Sponsored by the Office of International Affairs	66.931			3,388	3,388
Environmental Education Grants	66.951			400	12,731
Total - Environmental Protection Agency				1,028,834	11,031,567
<b>Nuclear Regulatory Commission</b>					
Nuclear Regulatory Commission	77.XXX		NRC-04-09-134 nrc-27-07-311 00007377 PO# 2000011422	112,529 138,100 24,965	112,529 138,100 24,965
<i>Pass-Through from University of California - Berkeley</i>					
Total - CFDA 77.XXX				0	275,594
					275,594

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Nuclear Regulatory Commission (continued)</b>					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			42,596	42,596
<i>Pass-Through from Kansas State University</i>		S11067		49,786	49,786
<i>Pass-Through from Kansas State University</i>		S11068 New Award		50,064	50,064
<i>Pass-Through from Oregon State University</i>		X0105A-B, 3		113,854	113,854
<i>Pass-Through from University of Tennessee - Knoxville</i>		OR11841-001.01; 2		15,305	15,305
Total - CFDA 77.006			0	271,605	271,605
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			26,056	26,056
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008			339,003	339,003
Total - Nuclear Regulatory Commission			0	912,258	912,258
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	101299		49,725	49,725
		114954		20,207	20,207
		169540		8,962	8,962
		187182		15,434	15,434
		4000099939		27,284	27,284
		62794		2,365	2,365
		64234		2,930	2,930
		64418		4,460	4,460
		64479		14,377	14,377
		ACQ-4-33623-06		1,225	1,225
		DEAC0206CH11357		137,986	137,986
		DE-AC52-09NA29327	33,970	84,363	118,333
		DE-FC02-08ER54961		32,146	32,146
		DE-FG02-04ER41321		264,244	264,244
		A007			
		DE-FG02-04ER54754		102	102
		A007			
		DE-FG02-06ER46303		10,079	10,079
		A003			
		DE-NT008022		66,273	66,273
		S009355-R	25,473	17,942	43,415
		Sandia National			
		Laboratories 01012004			
		UTA10-001285		25,220	25,220
		ADDX-CEE-10-0001		59,305	59,305
		ADDX-CEE-11-0001		99,248	99,248
		0F-32721		49,655	49,655
		DE EE0004420 001		36,579	36,579
		43000075854		82,534	82,534
		125828		27,878	27,878
		4000086610;4000100215			
		:4000101188		65,262	65,262
		62269		284,305	284,305
		86303		35,124	35,124
		93567		31,556	31,556
		LOA CCP30901		18,288	18,288
		PO 0000002666		11,926	11,926

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Carnegie Institute of Washington</i>		4-10114-08		71,466	71,466
<i>Pass-Through from Carnegie Institute of Washington</i>		4-3253-15		132,025	132,025
<i>Pass-Through from Clemson University</i>		07-01-SR127	81,710	15,303	97,013
<i>Pass-Through from Colorado School of Mines</i>		4-42942/17050		70,824	70,824
<i>Pass-Through from Eureka Genomics, Inc.</i>		99853		67,179	67,179
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO 592298		(10,477)	(10,477)
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO# 587019 UTA09-000809		43,663	43,663
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO# 587019 UTA09-000810		40,912	40,912
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO#571899		83,076	83,076
<i>Pass-Through from Gas Technology Institute</i>		S00000048		327	327
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6869233		62,497	62,497
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		B593012		36,500	36,500
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		B594497		43,269	43,269
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		B594717		32,065	32,065
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		P.O. 6805918		320,341	320,341
		PREVIOUS P.O. 6712770			
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		P.O. 6805919		282,801	282,801
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B526542; B586367		46,313	46,313
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		8000001311		1,744	1,744
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B552372 LTR DTD 8-7-07		4,189	4,189
<i>Pass-Through from Layline Petroleum, LLC</i>		UTA10-000285		41,136	41,136
<i>Pass-Through from Los Alamos National Laboratory</i>		61393-001-08		4,712	4,712
<i>Pass-Through from Los Alamos National Laboratory</i>		79506-001-10		229,109	229,109
<i>Pass-Through from Los Alamos National Laboratory</i>		84917-001-10 152905		19,078	19,078
<i>Pass-Through from Los Alamos National Laboratory</i>		88075-001-10		74,362	74,362
<i>Pass-Through from Medical University of South Carolina</i>		MUSC09-102		109,546	109,546
<i>Pass-Through from MPM Technologies, Inc.</i>		UTA05-798 2		83	83
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEE-8-77567-01		24,223	24,223
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-1-11776-01		39,641	39,641
<i>Pass-Through from Pacific Northwest National Laboratory</i>		145095		12,766	12,766
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172		86,282	86,282
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172 2	45,000	54,781	99,781
<i>Pass-Through from Petroleum Technology Transfer Council</i>		09-009		52,937	52,937
<i>Pass-Through from Petroleum Technology Transfer Council</i>		795	(2,500)	(11,818)	(14,318)
<i>Pass-Through from Portland State University</i>		200MOO210, DE-AC26-07NT42677		48,658	48,658
<i>Pass-Through from Princeton University</i>		S008471-R		1,671	1,671
<i>Pass-Through from Renewable Algal Energy, LLC</i>		UTA10-000538		90,320	90,320
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		07122-41		268,558	268,558
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		08121-2701-03		114,845	114,845
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		08122-53		338,816	338,816
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		08122-55		5,138	325,036
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		08123-16		9,000	145,726
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		09122-41		99,944	99,944
<i>Pass-Through from Sandia National Laboratories</i>		1014389		7,359	7,359
<i>Pass-Through from Sandia National Laboratories</i>		1017123		160	160

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Sandia National Laboratories</i>		1024157 (REF MASTER AGRMT 772242)		20,727	20,727
<i>Pass-Through from Sandia National Laboratories</i>		1028904	(311)	(311)	
<i>Pass-Through from Sandia National Laboratories</i>		1049152	25,000	25,000	
<i>Pass-Through from Sandia National Laboratories</i>		1054369	25,000	25,000	
<i>Pass-Through from Sandia National Laboratories</i>		1086281	96,034	96,034	
<i>Pass-Through from Sandia National Laboratories</i>		1086312	47,137	47,137	
<i>Pass-Through from Sandia National Laboratories</i>		1093296	473	473	
<i>Pass-Through from Sandia National Laboratories</i>		1123132	45,373	45,373	
<i>Pass-Through from Sandia National Laboratories</i>		1125935	37,896	37,896	
<i>Pass-Through from Sandia National Laboratories</i>		1129880	53,106	53,106	
<i>Pass-Through from Sandia National Laboratories</i>		743358	61,218	61,218	
<i>Pass-Through from Sandia National Laboratories</i>		872190	24,997	24,997	
<i>Pass-Through from Sandia National Laboratories</i>		883001	53,630	53,630	
<i>Pass-Through from Sandia National Laboratories</i>		884900;777753;979162; 999287;1117773	50,000	724,854	774,854
<i>Pass-Through from Sandia National Laboratories</i>		905610 REV 3	69,974	69,974	
<i>Pass-Through from Sandia National Laboratories</i>		948818	47,542	47,542	
<i>Pass-Through from Sandia National Laboratories</i>		948949	11,467	11,467	
<i>Pass-Through from Sandia National Laboratories</i>		950818	108,465	108,465	
<i>Pass-Through from Sandia National Laboratories</i>		981843	41,789	41,789	
<i>Pass-Through from Sandia National Laboratories</i>		994698	4,121	4,121	
<i>Pass-Through from Sandia National Laboratories</i>		995330	3,460	3,460	
<i>Pass-Through from Sandia National Laboratories</i>		PO# 872437	28,149	28,149	
<i>Pass-Through from Sandia National Laboratories</i>		PO# 919589 0 772242	(2)	(2)	
<i>Pass-Through from Sandia National Laboratories</i>		PO# 990947	62,778	62,778	
<i>Pass-Through from Sandia National Laboratories</i>		PR 1224984 PO1016652	887	887	
<i>Pass-Through from Sandia National Laboratories</i>		UTA09-001097 - PO# 975754	(602)	(602)	
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		AC814370 AC09- 08SR22470	35,431	35,431	
<i>Pass-Through from Siemens</i>		UTA11-000303 DE- FC26-05NT42644- SUB27	100,074	100,074	
<i>Pass-Through from Superpower, Inc.</i>		4000042167	700,190	700,190	
<i>Pass-Through from United Technologies Research Center</i>		2601220 1772858 DOE	12,619	12,619	
<i>Pass-Through from URS Corporation</i>		244799.US/40819273/10 87477	58,431	58,431	
<i>Pass-Through from URS Corporation</i>		RES1000202	53,969	53,969	
<i>Pass-Through from URS Corporation</i>		RES1100389	2,236	2,236	
<i>Pass-Through from URS Corporation</i>		RES1100397	61,014	61,014	
<i>Pass-Through from URS Corporation</i>		RES1100397 1	18,954	18,954	
<i>Pass-Through from UT-Battelle, LLC</i>		DE AC05 00OR22726	366,823	366,823	
<i>Pass-Through from UT-Battelle, LLC</i>		DE-AC05-00OR22725	17,442	17,442	
<i>Pass-Through from Zyvex</i>		SUB4000099674			
<i>Pass-Through from Zyvex</i>		UTA08-601	300,696	300,696	
<i>ARRA - U.S. Department of Energy</i>					
<i>Pass-Through from Denbury Resources</i>		AP&C INC DE-FE- 0002314 & DE-FE- 0002381	63,745	63,745	
<i>Pass-Through from Denbury Resources</i>		LEUCADIA DE-FE- 0002314 & DE-FE- 0002381	63,414	63,414	
<i>Pass-Through from NRG Energy, Inc.</i>		UTA10-001000 PO# O030411 LINE ITEM #1	94,263	94,263	

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from NRG Energy, Inc.</i>		UTA10-001039 PO# O121610		248,844	248,844
<i>Pass-Through from Pecan Street Project, Inc.</i>		UTA10-000960		120,255	120,255
<i>Pass-Through from Sandia National Laboratories</i>		1065161		222,238	222,238
<i>Pass-Through from Sandia National Laboratories</i>		948949		108,518	108,518
<i>Pass-Through from Sandia National Laboratories</i>		PO# 1086665		134,617	134,617
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		RA011680		613	613
<i>Pass-Through from University of Utah</i>		10015126-U		(22,893)	(22,893)
Total - CFDA 81.XXX			247,791	9,714,082	9,961,873
Laboratory Equipment Donation Program	81.022			764,065	764,065
Inventions and Innovations	81.036			70,849	70,849
<i>Pass-Through from Battelle</i>		503838		36,124	36,124
<i>Pass-Through from UT-Battelle, LLC</i>		4000105377		39,294	39,294
Total - CFDA 81.036			0	146,267	146,267
State Energy Program	81.041		161,994	62,133	224,127
<i>Pass-Through from Pacific Northwest National Laboratory</i>		503263		430	430
<i>Pass-Through from State of Louisiana</i>		DNR 2025-11-01		14,964	14,964
ARRA - State Energy Program			6,000	896,639	902,639
<i>Pass-Through from Austin Independent School District</i>		C11-00801	97,219	97,219	
<i>Pass-Through from Austin Independent School District</i>		68		3,563	3,563
Total - CFDA 81.041			265,213	977,729	1,242,942
Office of Science Financial Assistance Program	81.049		934,015	23,001,649	23,935,664
<i>Pass-Through from Argonne National Laboratory</i>		9F-31541 DE-AC02- 06CH111357		39,489	39,489
<i>Pass-Through from Battelle</i>		00095441,		34,951	34,951
<i>Pass-Through from Battelle</i>		C10-00401; Amd	51,558		51,558
<i>Pass-Through from Battelle</i>		00090311; 001		137,116	137,116
<i>Pass-Through from Battelle</i>		00090521		230,205	230,205
<i>Pass-Through from Battelle</i>		00090581		123,251	123,251
<i>Pass-Through from Battelle</i>		00090995; 001		65,081	65,081
<i>Pass-Through from Battelle</i>		00091204		346,911	346,911
<i>Pass-Through from Battelle</i>		00092961; 01		4,156	4,156
<i>Pass-Through from Battelle</i>		00092961; 02		40,849	40,849
<i>Pass-Through from Battelle</i>		00094637		43,947	43,947
<i>Pass-Through from Battelle</i>		00097541, 002		37,699	37,699
<i>Pass-Through from Battelle</i>		00100897, 001		68,158	68,158
<i>Pass-Through from Battelle</i>		00101421, 1		94,992	94,992
<i>Pass-Through from Battelle</i>		00107219; 02		20,996	20,996
<i>Pass-Through from Battelle</i>		00108462		39,988	39,988
<i>Pass-Through from Battelle</i>		00114871		25,329	25,329
<i>Pass-Through from Battelle</i>		65143, 6		15,538	15,538
<i>Pass-Through from Battelle</i>		8000000963		11,551	11,551
<i>Pass-Through from Battelle</i>		C10-00171	54,973		54,973
<i>Pass-Through from Battelle</i>		C10-00216	11,801		11,801
<i>Pass-Through from Duke University</i>		08-SC-NICCR-1071		81,524	81,524
<i>Pass-Through from Duke University</i>		09-NICCR-1076		69,919	69,919
<i>Pass-Through from Duke University</i>		09-NICCR-1077 02		132,356	132,356
<i>Pass-Through from Gas Technology Institute</i>		NCE			
<i>Pass-Through from Georgia Institute of Technology</i>		S-072, 1		9,388	9,388
		E-19-ZG5-G1		61,061	61,061

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
Pass-Through from Honeywell Federal Manufacturing and Technologies		EP14002		(24,640)	(24,640)
Pass-Through from Houston Advanced Research Center		#08122-35 R05		63,119	63,119
Pass-Through from Idaho State University		09-265C		32,654	32,654
Pass-Through from Lawrence Berkeley National Laboratory		6869226, 5		147,516	147,516
Pass-Through from Lawrence Berkeley National Laboratory		6924997, 2		100,794	100,794
Pass-Through from Lawrence Livermore National Laboratory		B592594, Mod 1		71,317	71,317
Pass-Through from Lawrence Livermore National Laboratory		B593921		91,438	91,438
Pass-Through from Lawrence Livermore National Security, LLC		B593502; 1		39,147	39,147
Pass-Through from Lawrence Livermore National Security, LLC		T.O. B593353/Master Agmt B575363		244,053	244,053
Pass-Through from Los Alamos National Laboratory		113844-1		16,690	16,690
Pass-Through from Los Alamos National Laboratory		72198-001-09, 4		89,221	89,221
Pass-Through from Los Alamos National Laboratory		72198-001-09, 3		18,315	18,315
Pass-Through from Los Alamos National Security, LLC		118769 / 743		313,789	313,789
Pass-Through from Los Alamos National Security, LLC		136693-1		42,715	42,715
Pass-Through from Los Alamos National Security, LLC		22430-001-05, 4		1,923	1,923
Pass-Through from Los Alamos National Security, LLC		59577-001-08; 03		5,575	5,575
Pass-Through from Los Alamos National Security, LLC		87536-001-11, 01		62,262	62,262
Pass-Through from Los Alamos National Security, LLC		98449		4,977	4,977
Pass-Through from Lynntech, Inc.		C11-00171, Amnd 1		10,989	10,989
Pass-Through from Midwest Research Institute - National Renewable Energy Lab		AXH-1-40456-03		9,742	9,742
Pass-Through from Oak Ridge National Laboratory		4000088079, 4		37,277	37,277
Pass-Through from Oak Ridge National Laboratory		4000089499; 1		6,218	6,218
Pass-Through from Pacific Northwest National Laboratory		123576; 3		32,246	32,246
Pass-Through from Pacific Northwest National Laboratory		130126; 4		57,706	57,706
Pass-Through from Pacific Northwest National Laboratory		151687		6,850	6,850
Pass-Through from Princeton Lightwave, Inc.		156080		17,600	17,600
Pass-Through from Princeton Lightwave, Inc.		FA875009C0069		6	6
		SBIR/ARO			
Pass-Through from Rice University		R16651		84,657	84,657
Pass-Through from Sandia National Laboratories		1080273, Rev. 1		24,992	24,992
Pass-Through from Sandia National Laboratories		1084147		967	967
Pass-Through from Sandia National Laboratories		1084147, Rev 2		49,922	49,922
Pass-Through from Sandia National Laboratories		1086077 & Rev. 1		34,829	34,829
Pass-Through from Sandia National Laboratories		1132104, 783255		17,993	17,993
Pass-Through from Sandia National Laboratories		942548; Rev 5		209,296	209,296
Pass-Through from Sandia National Laboratories		944909, Rev 1		4,566	4,566
Pass-Through from Sandia National Laboratories		944909, Rev 4		58,268	58,268
Pass-Through from Sandia National Laboratories		953228		382,365	382,365
Pass-Through from Sandia National Laboratories		969972; Rev 7		347,710	347,710
Pass-Through from Sandia National Laboratories		978619; 2		69,820	69,820
Pass-Through from Sandia National Laboratories		Letter Dated 3/24/08, Document 85405		142	142
Pass-Through from Shear Form		10-0534, 1		12,579	12,579
Pass-Through from Signal Processing, Inc.		DE-F02-07ER84676		25,633	25,633
Pass-Through from Signal Processing, Inc.		SUB#111-1 GCS09036			
Pass-Through from Signal Processing, Inc.		DE-SC0004209		14,771	14,771
Pass-Through from Signal Processing, Inc.		W31P4Q-09-C-0368-		6	6
		DARPA			
Pass-Through from Silicon Audio Labs, Inc.		UTA10-000621		129,001	129,001
Pass-Through from Silicon Audio Labs, Inc.		UTA11-000008		49,917	49,917
Pass-Through from Stanford Linear Accelerator Center		85541		16,828	16,828
Pass-Through from Tao of Systems Integration, Inc.		B3150		39,394	39,394
Pass-Through from Tulane University		503828		(92)	(92)
Pass-Through from Tulane University		TUL-579-08/09		39,877	39,877

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Tulane University</i>		TUL-580-08/09		48,657	48,657
<i>Pass-Through from Tulane University</i>		TUL-604-10/11		27,985	27,985
<i>Pass-Through from University of Delaware</i>		21115		86,125	86,125
<i>Pass-Through from University of Florida</i>		503900		21,965	21,965
<i>Pass-Through from University of Michigan</i>		3001336236, 1		46,261	46,261
<i>Pass-Through from University of Michigan</i>		3001346237		213,108	213,108
<i>Pass-Through from University of Nevada - Reno</i>		UNR-10-32; 1		49,729	49,729
<i>Pass-Through from University of Oregon</i>		234151-L, TASK6.6		4,122	4,122
<i>Pass-Through from University of Oregon</i>		234171F PRIME:DE-SC0001476		91,011	91,011
<i>Pass-Through from University of Virginia</i>		GQ10044-133948		156,929	156,929
<i>Pass-Through from University of Wisconsin - Madison</i>		182K512; 03		15,595	15,595
<i>Pass-Through from University of Wyoming</i>		NAZU48565TTU		(317)	(317)
<i>Pass-Through from UT-Battelle, LLC</i>		4000104014		15,827	15,827
<i>Pass-Through from Wayne State University</i>		480887		13,003	13,003
ARRA - Office of Science Financial Assistance Program				2,968,011	2,968,011
<i>Pass-Through from Austin Energy</i>	Work 21 Under C05-00173			138,224	138,224
<i>Pass-Through from Columbia University</i>		3 (ACCT # 5-64853)		124,479	124,479
<i>Pass-Through from Oklahoma State University</i>		AA-5-32130-01		30,038	30,038
<i>Pass-Through from University of Michigan</i>		DE-SC0001939		119,893	119,893
<b>Total - CFDA 81.049</b>			<b>1,052,347</b>	<b>32,019,689</b>	<b>33,072,036</b>
University Coal Research	81.057			60,859	60,859
Office of Scientific and Technical Information	81.064	1107737		349,578	349,578
<i>Pass-Through from Sandia National Laboratories</i>				179,471	179,471
<b>Total - CFDA 81.064</b>			<b>0</b>	<b>529,049</b>	<b>529,049</b>
Nuclear Waste Disposal Siting	81.065			32,511	32,511
<i>Pass-Through from Nye County Nevada</i>		10-014			
Regional Biomass Energy Programs	81.079			32,511	32,511
<i>Pass-Through from Oklahoma State University</i>		DE FC36 05G085041		(1,274)	(1,274)
<i>Pass-Through from South Dakota State University</i>		503757		31,818	31,818
<i>Pass-Through from South Dakota State University</i>		503760		37,549	37,549
<i>Pass-Through from South Dakota State University</i>		503781		202	202
<i>Pass-Through from South Dakota State University</i>		503884		124,485	124,485
<i>Pass-Through from South Dakota State University</i>		504008		20,124	20,124
<i>Pass-Through from South Dakota State University</i>		504069		3,966	3,966
<b>Total - CFDA 81.079</b>			<b>0</b>	<b>216,870</b>	<b>216,870</b>
Conservation Research and Development	81.086			39,437	39,437
<i>Pass-Through from Oak Ridge National Laboratory</i>		4300069129, 4		417	417
<i>Pass-Through from University of Southern California</i>		503638		(861)	(861)
ARRA - Conservation Research and Development				116,384	116,384
<i>Pass-Through from General Motors</i>		GVS00492		68,406	68,406
<b>Total - CFDA 81.086</b>			<b>0</b>	<b>223,783</b>	<b>223,783</b>
Renewable Energy Research and Development	81.087			5,778,053	5,980,142
<i>Pass-Through from AGCO Corporation</i>		406141		120,466	120,466
<i>Pass-Through from Argonne National Laboratory</i>		0F-32442 UTA09-000866		48,051	48,051
<i>Pass-Through from Arkansas State University</i>		503866		82,232	82,232
<i>Pass-Through from Battelle</i>		00088120		167,084	167,084

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Battelle</i>		00098313, 001		56,410	56,410
<i>Pass-Through from Battelle</i>		A8741	24,814	24,814	
<i>Pass-Through from Biotechnology Research and Development Corporation</i>		503956		27,245	27,245
<i>Pass-Through from Concepts NREC</i>		07-0637, Amendmen		19,428	19,428
<i>Pass-Through from Consortium for Plant Biotechnology</i>		503906		9,117	9,117
<i>Pass-Through from Consortium for Plant Biotechnology</i>		504307		12,150	12,150
<i>Pass-Through from Donald Danforth Plant Science Center</i>		570687		11,625	11,625
<i>Pass-Through from Houston Advanced Research Center</i>		GCAC09-UT1009		1,791	1,791
<i>Pass-Through from Los Alamos National Laboratory</i>		503957		(1)	(1)
<i>Pass-Through from National Renewable Energy Laboratory</i>		ZGB-0-99349-01		56,494	56,494
<i>Pass-Through from Shaw Environmental, Inc.</i>		C08-00703; PO 4		25,455	25,455
<i>Pass-Through from Shear Form</i>		08-0411, Ltr.dtd. 10/14/10		3,747	3,747
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		B315A		14,813	14,813
<i>Pass-Through from Thomas Jefferson National Laboratory</i>		10-P0733		13,744	13,744
<i>Pass-Through from University of California - Riverside</i>		S-00000309, 02		173	173
<i>Pass-Through from University of California - San Diego</i>		PO 10312885-SUB		240,946	240,946
<i>ARRA - Renewable Energy Research and Development</i>	676			1,033,640	1,034,316
<i>Pass-Through from Altarock Energy, Inc.</i>		C10-00679		40,201	40,201
<i>Pass-Through from Arizona Geological Survey</i>		TX-EE0002850: PO# BGS11TX98		227,813	227,813
<i>Pass-Through from Building Media, Inc,</i>		C11-00680		74,699	74,699
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504127		237,421	237,421
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504128		65,578	65,578
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504129		164,640	164,640
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504130		104,715	104,715
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504131		51,522	51,522
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504132		680	680
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504133		247,252	247,252
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504134		15,969	15,969
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504135		235,819	235,819
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504136		70,542	70,542
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504137		127,259	127,259
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504138		170,550	170,550
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504139		111,176	111,176
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504140		147,518	147,518
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504141		164,187	164,187
<i>Pass-Through from Donald Danforth Plant Science Center</i>	100,911				
<i>Pass-Through from Florida International University</i>		800000313-01		89,699	89,699
<i>Pass-Through from Los Alamos National Laboratory</i>		504298		21,337	21,337
<i>Pass-Through from Southern Methodist University</i>		G001011 7540		129,036	129,036
<i>Pass-Through from Southern Methodist University</i>		G001011-7505		228,427	228,427
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		429278-19433		17,881	17,881
<b>Total - CFDA 81.087</b>				<b>328,490</b>	<b>10,466,584</b>
					<b>10,795,074</b>
<i>Fossil Energy Research and Development</i>	81.089		310,053	3,255,372	3,565,425
<i>Pass-Through from Colorado School of Mines</i>		4-42933/16950		79,668	79,668
<i>Pass-Through from Gas Technology Institute</i>		LOA #1 (Teresa Howard)		21,953	21,953
<i>Pass-Through from Gas Technology Institute</i>		S00000134 UTA09-000959		150,142	150,142
<i>Pass-Through from Gas Technology Institute</i>		S00000212		107,645	107,645
<i>Pass-Through from Gas Technology Institute</i>		UTA09-000924 PO# S00000132		274,857	274,857

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Houston Advanced Research Center</i>		08122-35		34,651	34,651
<i>Pass-Through from New Mexico Tech</i>		503348		6,562	6,562
<i>Pass-Through from New Mexico Tech</i>		503389		200,362	200,362
<i>Pass-Through from New Mexico Tech</i>		570713	35,000	15,925	50,925
<i>Pass-Through from New Mexico Tech</i>		DSRP20		29,155	29,155
<i>Pass-Through from New Mexico Tech</i>		DSWT20		(5)	(5)
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		08122-48, 01		99,498	99,498
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		07122-33, 4		335,818	335,818
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		07122-35, 5		36,739	36,739
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		07122-38		123,835	123,835
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		07123-01, 5		12,866	12,866
<i>Pass-Through from Research Partnership To Secure Energy for America</i>		09122-12 PRIME:DE AC26-07NT42677		129,707	129,707
<i>Pass-Through from Rice University</i>		R15623		(20,224)	(20,224)
<i>Pass-Through from Rice University</i>		R15623 3		55,243	55,243
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		AC84133N		34,963	34,963
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB2-998-T1-TX-GCCC-2005-01	1,578	16,365	17,943
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB3-973-T13BEG-TI-2008-018	4,578,505	1,230,274	5,808,779
<i>Pass-Through from University of Alaska - Fairbanks</i>		UAF 09-0039, 7		57,133	57,133
<i>Pass-Through from University of Arkansas</i>		504115		59,704	59,704
<i>Pass-Through from URS Energy and Construction, Inc.</i>		Testing RES1100412		42,971	42,971
<i>ARRA - Fossil Energy Research and Development</i>		504185		206,826	206,826
Total - CFDA 81.089			4,925,136	6,598,005	11,523,141
Office of Environmental Waste Processing	81.104			17,490	17,490
Epidemiology and Other Health Studies Financial Assistance Program	81.108				
<i>Pass-Through from Drexel University</i>		23-1352630		71,985	71,985
<i>Stewardship Science Grant Program</i>	81.112		163,468	3,058,723	3,222,191
<i>Pass-Through from University of Michigan</i>		3001432022		31,262	31,262
Total - CFDA 81.112			163,468	3,089,985	3,253,453
Defense Nuclear Nonproliferation Research	81.113			82,815	510,608
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B591718		28,202	593,423
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B571336, 6		1,745	28,202
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B571336; 6		444,744	1,745
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B575366, 9		964,074	444,744
<i>Pass-Through from Sandia National Laboratories</i>		1042305		58,892	964,074
Total - CFDA 81.113			82,815	58,892	2,091,080
University Reactor Infrastructure and Education Support	81.114			444	444
<i>Pass-Through from Medical University of South Carolina</i>		MUSC08-027/DE-FG07-05ID14692/IDNE006			
<i>Pass-Through from Medical University of South Carolina</i>		MUSC09-100; 3		53,986	53,986

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Medical University of South Carolina</i>		MUSC09-100; 3		31,554	31,554
Total - CFDA 81.114			0	85,984	85,984
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		281,695	381,068	662,763
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		MSISF-PVAMU-LU		79,478	79,478
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		MSI-STEM-PVAMU-BELLAM-2011		18,913	18,913
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		MSI-STEM-PVAMU-YANG-2011		19,145	19,145
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		PVAMU 2010		52,059	52,059
ARRA - Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance				65,384	65,384
Total - CFDA 81.117			281,695	616,047	897,742
State Energy Program Special Projects	81.119			396,993	396,993
<i>Pass-Through from Texas H2 Coalition</i>		H2-UTCEM09 2		44,728	44,728
Total - CFDA 81.119			0	441,721	441,721
Nuclear Energy Research, Development and Demonstration	81.121		152,252	1,314,694	1,466,946
<i>Pass-Through from Battelle</i>		00112135,		13,359	13,359
<i>Pass-Through from Battelle</i>		00100538		7,073	7,073
<i>Pass-Through from Battelle</i>		00087179; 002		27,765	27,765
<i>Pass-Through from Battelle</i>		00094810; 002		19,637	19,637
<i>Pass-Through from Battelle</i>		00109479		96,878	96,878
<i>Pass-Through from Battelle</i>		363117595		4,480	4,480
<i>Pass-Through from Cornell University</i>		51903-8701		1,531	1,531
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000105055		4,745	4,745
Total - CFDA 81.121			152,252	1,490,162	1,642,414
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		49,975	449,980	499,955
<i>Pass-Through from Electric Power Research Institute</i>		EP-P39600/C17581		28,447	28,447
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis			233,279	528,795	762,074
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036		230,344	230,344
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036		28,512	28,512
<i>Pass-Through from Pecan Street Project, Inc.</i>		UTA10-001028			
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036		31,808	31,808
<i>Pass-Through from Regents of the University of Minnesota</i>		UTA11-000092			
<i>Pass-Through from University of Minnesota</i>		A000211548		1,862	1,862
<i>Pass-Through from University of Minnesota</i>		AA000211565		7,602	7,602
<i>Pass-Through from University of Minnesota</i>		DE-OE000427		3,482	3,482
<i>Pass-Through from University of Minnesota</i>		SUBA002115147			
Total - CFDA 81.122			283,254	1,310,832	1,594,086
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123			20,898	20,898
Predictive Science Academic Alliance Program	81.124		19,206	3,660,750	3,679,956
<i>Pass-Through from University of Michigan</i>		3001058063, 5		204,965	204,965

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from University of Michigan</i>		3001058063, Amd 5		201,344	201,344
Total - CFDA 81.124			19,206	4,067,059	4,086,265
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128				
<i>Pass-Through from Austin Energy</i>		Work 19 Under Master Agr. C05-0001		300,604	300,604
<i>Pass-Through from City of Arlington</i>		B3810		333	333
<i>Pass-Through from City of San Antonio, Bexar County</i>		A9150		766,426	766,426
<i>Pass-Through from City of San Antonio, Bexar County</i>		B1400		76,684	76,684
<i>Pass-Through from City of San Antonio, Bexar County</i>		B140A		100,736	100,736
Total - CFDA 81.128			0	1,244,783	1,244,783
ARRA - Geologic Sequestration Site Characterization	81.132		120,409	1,042,656	1,163,065
ARRA - Geologic Sequestration Training and Research Grant Program	81.133		108,529	497,938	606,467
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB_ED-920-TXBEG-2009-001		58,833	58,833
Total - CFDA 81.133			108,529	556,771	665,300
ARRA - Industrial Carbon Capture and Storage (CCS) Application	81.134			77,936	77,936
ARRA - Advanced Research and Projects Agency - Energy Financial Assistance Program	81.135			55,756	55,756
<i>Pass-Through from ADMA Products, Inc.</i>		C10-361		40,039	40,039
<i>Pass-Through from United Technologies Research Center</i>		2601156/1169652		190,397	190,397
Total - CFDA 81.135			0	286,192	286,192
Miscellaneous	81.502				
<i>Pass-Through from Jackson State University</i>		P0032086		30,535	30,535
Total - U.S. Department of Energy			8,030,605	78,208,794	86,239,399
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	R305A100995		55,904	55,904
		T195N070232		251,964	251,964
<i>Pass-Through from Medical University of South Carolina</i>		MUSC08-028		18,054	18,054
<i>Pass-Through from Metiri Group</i>		C0906500 2		50,697	50,697
<i>Pass-Through from University of Oregon</i>		223911B		351,447	351,447
Total - CFDA 84.XXX			0	728,066	728,066
Adult Education - Basic Grants to States	84.002		68,117	1,972,184	2,040,301
Migrant Education_State Grant Program	84.011			10,802	10,802
International Research and Studies	84.017			217,220	217,220
Overseas Programs - Faculty Research Abroad	84.019			25,867	25,867
Overseas Programs - Group Projects Abroad	84.021			739	739
Overseas Programs - Doctoral Dissertation Research Abroad	84.022			28,090	28,090
Special Education_Grants to States	84.027			697,471	697,471
<i>Pass-Through from Education Service Center - Region XVII</i>		08LA40014		82,753	82,753
Total - CFDA 84.027			0	780,224	780,224

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Higher Education_Institutional Aid <i>Pass-Through from Dallas County Community College District</i>	84.031	PO 31C080006	181,747	2,847,123 337,971	3,028,870 337,971
Total - CFDA 84.031			181,747	3,185,094	3,366,841
TRIO_Upward Bound	84.047			84,244	84,244
Career and Technical Education -- Basic Grants to States <i>Pass-Through from Education Service Center - Region XVII</i>	84.048	2001 12		885,270 263,809	885,270 263,809
Total - CFDA 84.048			0	1,149,079	1,149,079
Fund for the Improvement of Postsecondary Education <i>Pass-Through from Ball State University</i>	84.116	5-41068 (P116M080019) S07-035	12,819	1,815,783 10,711	1,828,602 10,711
<i>Pass-Through from California State University - Chico Research Foundation</i>				27,303	27,303
<i>Pass-Through from Drexel University</i>		213021		1,625	1,625
<i>Pass-Through from Howard University</i>		0005650-1000018056		21,726	21,726
<i>Pass-Through from Midland Independent School District</i>		8000001437	5,000	80,143	85,143
<i>Pass-Through from University of Maryland - College Park</i>		Z203503, D		42,850	42,850
Total - CFDA 84.116			17,819	2,000,141	2,017,960
Minority Science and Engineering Improvement <i>Pass-Through from El Paso Community College</i>	84.120	C9004926		321,259 43,944	321,259 43,944
Total - CFDA 84.120			0	365,203	365,203
Rehabilitation Long-Term Training	84.129			143,378	143,378
Centers for Independent Living <i>Pass-Through from Memorial Hermann TIRR</i>	84.132	H132B070002		22,290	22,290
National Institute on Disability and Rehabilitation Research <i>Pass-Through from Memorial Hermann TIRR</i>	84.133		429,076	1,250,422 14,019	1,679,498 14,019
<i>Pass-Through from Memorial Hermann TIRR</i>		102262		49,513	49,513
<i>Pass-Through from Memorial Hermann TIRR</i>		H133A060091		50,696	50,696
<i>Pass-Through from Northeastern University</i>		H133N060003		38,783	38,783
<i>Pass-Through from University of Wisconsin - Madison</i>		H133G100187 282K763		61,787	61,787
Total - CFDA 84.133			429,076	1,465,220	1,894,296
Business and International Education Projects	84.153			67,742	67,742
Bilingual Education_Professional Development	84.195			1,273,726	1,273,726
Graduate Assistance in Areas of National Need	84.200			217,923	217,923
Fund for the Improvement of Education <i>Pass-Through from Lubbock Independent School District</i>	84.215		112,855	159,651 (589)	272,506 (589)
<i>Pass-Through from McAllen Independent School District</i>		211152		49	49
<i>Pass-Through from Reach Out and Read National Center</i>		8000001355		1,214	1,214
<i>Pass-Through from Reach Out and Read National Center</i>		U215U090003		72,868	72,868
<i>Pass-Through from San Marcos Consolidated Independent School District</i>		U215U100003 8000001342	4,545	13,094	17,639
Total - CFDA 84.215			117,400	246,287	363,687
TRIO_McNair Post-Baccalaureate Achievement	84.217			622,175	622,175
Assistive Technology	84.224			192,420	637,285
					829,705

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Comprehensive Centers	84.283				
<i>Pass-Through from RMC Research Corporation</i>		UTA05-917 YEAR 5		41,801	41,801
<i>Pass-Through from RMC Research Corporation</i>		UTA05-917 YEAR 6		351,254	351,254
Total - CFDA 84.283			0	393,055	393,055
Education Research, Development and Dissemination	84.305		1,170,663	6,568,778	7,739,441
<i>Pass-Through from Berkeley Policy Association</i>		UTA06-105		30,004	30,004
<i>Pass-Through from Harvard University</i>		108077-5025555		318,441	318,441
<i>Pass-Through from New York University</i>		F6249-02		121,493	121,493
<i>Pass-Through from Pacific Institute for Research Evaluation</i>		UTA08-183		(12,495)	(12,495)
<i>Pass-Through from RMC Research Corporation</i>		102477		254,254	254,254
<i>Pass-Through from RTI International</i>		ED01-CO-0052/004		1,848	1,848
<i>Pass-Through from University of Tennessee - Knoxville</i>		OR-A11-0221-001.01		181,913	181,913
<i>Pass-Through from WestEd</i>		R305A080697		27,289	27,289
Total - CFDA 84.305			1,170,663	7,491,525	8,662,188
Research in Special Education	84.324			1,837,661	1,837,661
<i>Pass-Through from Florida State University</i>		8000000974		15,761	15,761
<i>Pass-Through from Lehigh University</i>		541821-78007		62,893	62,893
Total - CFDA 84.324			0	1,916,315	1,916,315
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			1,686,299	1,686,299
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333			262,398	262,398
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		113,837	723,121	836,958
International Education_Technological Innovation and Cooperation for Foreign Information Access	84.337			106,243	106,243
Reading First State Grants	84.357			2,179,022	2,179,022
Early Reading First	84.359			15,777	15,777
<i>Pass-Through from RMC Research Corporation</i>		ED01CO00550006			
Mathematics and Science Partnerships	84.366			1,270,760	1,270,760
Striving Readers	84.371			166,386	166,386
Statewide Data Systems	84.372			5,058	5,058
College Access Challenge Grant Program	84.378		84,510	947,604	1,032,114
ARRA - Education Technology State Grants, Recovery Act	84.386			9,992	9,992
<i>Pass-Through from Irving Independent School District</i>		GN3739			
ARRA - Investing in Innovation (i3) Fund	84.396			214,557	230,600
<i>Pass-Through from Ohio State University</i>		U396A100027		16,043	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397			6,726,914	6,726,914
<i>Pass-Through from Research Corporation of the University of Hawaii</i>		Z973573		53,454	53,454
Total - CFDA 84.397			0	6,780,368	6,780,368
Total - U.S. Department of Education			2,391,632	39,411,459	41,803,091

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003			(696)	(696)
Total - CFDA 89.003			0	(696)	(696)
Total - National Archives and Records Administration			0	(696)	(696)
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	000038I/ TO A13 UTA 1 R01 CA149501 01 A1 1 R01 DK089224-01A1 REVISED 1 R15 GM086833-01 10IPA1007848 126781/117549 NO.3 131996-131834 150407/132024 150414/131193 18645/98025676 1R01DK092590-01 1SC1NS066897-03 200-1999-00095 200-2001-00084 200-2001-00084 TO25 200-2001-00084/0032 200-2001-00084/TO1 200-2001-00084-TO3 200-2005-14736 200-2006-15812 200-2009-32594 200-2011-39475 201101174 263-MJ-611296 29XS143 02 2R01MH07296606A1 31878;36735; HHSN276201000694P 3904 10UTHSCSA 5 N01 AR062279 5 R01 AG026613-01A1 02 03 04 5 R01 CA095548-01A2 2 3 4 05 REVISED 5 R01 CA116813-01A1 02 03 04 05 5 R01 NS049091-01A2 02 03 04 05 5 R24 HD042849-06 07 08 09 BELA BRCSC04086 CON20413 GMO 901015 GMO111205 GS10F0086K HHSF2232007100111	387,037	678,508 1,516 205,845 53,297 49,217 10,664 210,439 22,991 19,103 868 39,403 202,597 27,067 33,050 89,264 94,363 177,152 (48) 136,472 160,206 378,031 3,118 71,021 (22,337) 217,442 124,957 77,519 638,540 124,957 77,519 26,075 336,622 98,252 (2,265) 107,503 126,403 367,815 121,049 488,587 84,223 662,396 91,740 3,317 2,695	1,065,545 1,516 205,845 53,297 49,217 10,664 210,439 22,991 19,103 868 39,403 202,597 27,067 33,050 89,264 255,999 177,152 (48) 136,472 160,206 1,016,571 3,118 71,021 (22,337) 217,442 124,957 77,519 26,075 430,696 98,252 (2,265) 107,503 126,403 367,815 121,049 527,202 84,223 662,396 91,740 3,317 2,695

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
HHS		HHS230200532004C		10,006	10,006
		HHS234200737001C		1,738,250	1,738,250
		04			
		HHS250201000011C		36,244	36,244
		HHSN260200500007C		293	293
		HHSN261200700395P		1,255	1,255
		HHSN261201000029I		116,375	116,375
		01			
		HHSN261201000032I		158,669	158,669
		01			
		HHSN261201000142C		216,661	216,661
		02			
		HHSN263200700021C		460,638	460,638
		05			
		HHSN263201000054I		136,080	136,080
		01			
		HHSN266200400076C	9,123	872,809	881,932
		HHSN267200700006C/	235,402	2,509,714	2,745,116
		UTSA			
		HHSN268200900039C	41,234	485,485	526,719
		02			
		HHSN268201000003C		8,079	8,079
		HHSN268201000036C/	95,659	1,679,083	1,774,742
		UTSA			
		HHSN268201000218P		40,934	40,934
		01			
		HHSN268201100036C		183,193	183,193
		HHSN2700788601C/R		185,106	185,106
		OAC			
		HHSN2712001000194P		10,633	10,633
		HHSN271200900268P		1,818	1,818
		HHSN27220080004		45,084	45,084
		HHSN272200800048C		1,792,856	1,792,856
		HHSN272200800755P		32,424	32,424
		HHSN272200900041C	121,496	272,939	394,435
		HHSN2722010000381 02		(1,598)	(1,598)
		HHSN2722010000401		718,167	718,167
		HHSN272201000040I		764,384	764,384
		HHSN275200403380I		23,578	23,578
		HHSN275200503407C		24,114	24,114
		HHSN27520080003/G		54,548	54,548
		MO901016			
		HHSN275200800035C	950,085	172,331	1,122,416
		HHSN275200800035C/		29,749	29,749
		GMO901016			
		HHSN275200900084U		61,701	61,701
		HHSN27620100612P		2,048	2,048
		N01 AR-0-2249 06		(270)	(270)
		N01 CM-07109 05		(11,053)	(11,053)
		N01 CM-17003 04		(14,784)	(14,784)
		N01 CM-52204 03		(283,528)	(283,528)
		N01 CM-62202 07		(18,122)	(18,122)
		N01 CN-035159 04		(3,075)	(3,075)
		N01 CN-095040 04	46,708	10,777	57,485
		N01 CN-85186 4	(130,226)		(130,226)
		N01-AI-25475		45,552	45,552
		N01AI25488-07	101,900	548,007	649,907

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
N01AI25489		210,946	135,704	346,650	
N01AI30027			223	223	
N01-AI-30041		109,985	243,577	353,562	
N01-AI-30065		395,886	2,551,083	2,946,969	
N01-AI-40097/HHSN266			1,152,619	1,152,619	
N01-CM-62202 09		17,522	357,890	375,412	
N01-CN-035159 07		395,638	1,143,024	1,538,662	
N01CN03515904			(2,836)	(2,836)	
N01CN03515905			(5,557)	(5,557)	
N01DA-7-8872			661,070	661,070	
N01DA-9-8101 TO#07			(69,071)	(69,071)	
N01DK92321			945	945	
N01HB07159			31,084	31,084	
N01HV00245			1,617,385	1,617,385	
N01-HV-00245			289,948	289,948	
N01HV028185	1,216,825	96,506	1,313,331		
N01HV28184			86,264	86,264	
N01-HV-28184			1,149	1,149	
N01MH090003			1,099,040	1,099,040	
N01-WH-4-2111			9,969	9,969	
V688P-2994	212,261	179,819	392,080		
EV 31159			4,873	4,873	
<i>Pass-Through from American Alliance for Health, Physical Education, Recreation and Dance</i>					
<i>Pass-Through from American College of Radiology</i>		RTOG-0825 01	198,128	198,128	
<i>Pass-Through from American College of Surgeons</i>		ACOSOG Z6051 01	7,477	7,477	
<i>Pass-Through from American College of Surgeons</i>		ACOSOG-Z1041	42,238	42,238	
<i>Pass-Through from American College of Surgeons</i>		ACOSOGZ1072 01	18,532	18,532	
<i>Pass-Through from American College of Surgeons</i>		ACOSOGZ5041	98	98	
<i>Pass-Through from American Psychological Association</i>		5U50DP001708-02	2,748	2,748	
<i>Pass-Through from American Type Culture Collection</i>		201005160002	4,164	4,164	
<i>Pass-Through from Association of Schools of Public Health</i>		J5021	1,201	1,201	
<i>Pass-Through from Association of Schools of Public Health</i>		J5032	15,952	15,952	
<i>Pass-Through from Asuragen, Inc.</i>		UTA09-000644	23,686	23,686	
<i>Pass-Through from Battelle</i>		HHSN26620100041C/N 01-HC-05265	50,947	50,947	
<i>Pass-Through from Baylor College of Medicine</i>		HHSA29020010015C 02	79,834	79,834	
<i>Pass-Through from Baylor College of Medicine</i>		HHSA29020010015C 03	179,534	179,534	
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C	922,024	922,024	
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C 01	432,885	432,885	
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C 05	105,178	105,178	
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-80002	202,777	202,777	
<i>Pass-Through from Baylor College of Medicine</i>		N01HD80020	27,165	27,165	
<i>Pass-Through from Baylor College of Medicine</i>		NO1-AI-30039	103,337	103,337	
<i>Pass-Through from C4 Imaging, LLC</i>		1 R43 CA150320 01 A1	38,641	38,641	
<i>Pass-Through from Carter Consulting, Inc.</i>		200200928537	193,480	193,480	
<i>Pass-Through from Case Western Reserve University</i>		HHSN275200403367C	14,698	14,698	
<i>Pass-Through from Case Western Reserve University</i>		N01DK62203	274,661	274,661	
<i>Pass-Through from CCS Associates, Inc.</i>		27XS130 BOA	(1,345)	(1,345)	
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		HHSN272200800006C	160,044	160,044	

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Cincinnati Children's Hospital Medical Center		N01-A1-25459		(102,172)	(102,172)
Pass-Through from Civilian Research and Development Foundation		UKB1-2931-DN-08		3,646	3,646
Pass-Through from Community Action, Inc.		UTA10-001284		4,320	4,320
Pass-Through from Duke Clinical Research Institute		N01AR22265		38	38
Pass-Through from Duke Clinical Research Institute		N01HV98177		318	318
Pass-Through from Duke University		HHSN267200700051C		5,621	5,621
Pass-Through from Dynavax Technologies		HHSN272200800038C		223,501	223,501
Pass-Through from Fred Hutchinson Cancer Research Center		#0000593423		(40,766)	(40,766)
Pass-Through from Johns Hopkins University		1 U01 CA137443 01		11,408	11,408
Pass-Through from La Jolla Institute for Allergy and Immunology		25059-10-384		115,111	115,111
Pass-Through from Massachusetts General Hospital		1 C06 CA059267 01		658	658
Pass-Through from Massachusetts General Hospital		BOWDEN:STEP-MH80001		6,344	6,344
Pass-Through from Massachusetts General Hospital		HHSN2612007440C 05		29,879	29,879
Pass-Through from Massachusetts General Hospital		SG		29,677	29,677
Pass-Through from Mayo Clinic		HHSN261200744000C			
Pass-Through from McKing Consulting Corporation		2 U01 CA118444 06		6,680	6,680
Pass-Through from MDC Associates, LLC		4554/200-2009-F-3267		7,047	7,047
Pass-Through from Medical University of South Carolina		MDC-03-03		3	3
Pass-Through from Memorial Sloan-Kettering Cancer Center		N01-HV-28181 04		(3,370)	(3,370)
Pass-Through from Memorial Sloan-Kettering Cancer Center		HHSN26120080043C 02		40,390	40,390
Pass-Through from Minotaur Technologies, LLC		HHSN261201000063C		39,045	39,045
Pass-Through from Minotaur Technologies, LLC		1R43MH085396-01		(1,747)	(1,747)
Pass-Through from Myelorx, LLC		RSC100215396-02		92,230	92,230
Pass-Through from Nanospectra Biosciences, Inc.		HHSN261200900061C 01		53,807	53,807
Pass-Through from National Association of State Mental Health Program Directors		UTA11-000039		47,308	47,308
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		SC-1035-UTA-01		45,667	45,667
Pass-Through from New England Research Institutes		5 U10 CA012027 37		22,795	22,795
Pass-Through from Northrop Grumman Corporation		N01HC45207		29,206	29,206
Pass-Through from Northwestern University		7500075538 UTA10-000522		25,240	25,240
Pass-Through from Omega Optics		HHSN272200700058C		242,724	242,724
Pass-Through from Omega Optics		UTA10-001078		32,587	32,587
Pass-Through from Oregon Health Sciences University		UTA10-001214		30,363	30,363
Pass-Through from Radiant Creative Group		HHSN266200500027C 1 R41 CA126453 01 A1		25,986	25,986
Pass-Through from Radiation Therapy Oncology Group		RTOG-0825 01		(1,898)	(1,898)
Pass-Through from Radiation Therapy Oncology Group		RTOG-0929 01		123,025	123,025
Pass-Through from Radiological Society of North America		HHSN268201000050C 01		755	755
Pass-Through from RTI International		200-2010-37370		2,795	2,795
Pass-Through from RTI International		HHSF223201000044C 01		70,980	70,980
Pass-Through from SAIC - Frederick, Inc.		01		9,117	9,117
Pass-Through from SAIC - Frederick, Inc.		25XS068 Task 6		120	120
Pass-Through from SAIC - Frederick, Inc.		28XS099 01		(3,044)	(3,044)
Pass-Through from SAIC - Frederick, Inc.		29XS143 02		(8,152)	(8,152)
Pass-Through from SAIC - Frederick, Inc.		HHSN261200800001E		685,338	685,338
Pass-Through from SAIC - Frederick, Inc.		S07-060 02		94,414	94,414
Pass-Through from SAIC - Frederick, Inc.				320	320

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Scripps Research Institute</i>		5-20021		39,173	39,173
<i>Pass-Through from Scripps Research Institute</i>		5-21939		(151)	(151)
<i>Pass-Through from Southwest Oncology Group</i>		2 U10 CA105409		176,075	176,075
<i>Pass-Through from The Methodist Hospital Research Institute</i>		200-2001-00088 (CDC)		25,787	25,787
<i>Pass-Through from Tulane University Medical Center</i>		HHSN272200900049C		34,590	34,590
<i>Pass-Through from University Health System</i>		DELGADO/UHS/RYA NWHT		(5,786)	(5,786)
<i>Pass-Through from University of Alabama</i>		N01-AI-30025		(447)	(447)
<i>Pass-Through from University of Alabama</i>		R01 HL78946		95	95
<i>Pass-Through from University of Alabama - Birmingham</i>		N01AI30025		12,959	12,959
<i>Pass-Through from University of California - Los Angeles</i>		2000-S-KT145	(1,108)	13,804	12,696
<i>Pass-Through from University of California - San Diego</i>		HHSN271200623661C		38	38
<i>Pass-Through from University of California - San Diego</i>		HHSN271201000027C		205,163	205,163
<i>Pass-Through from University of California - San Diego</i>		N01AI15416		2,658	2,658
<i>Pass-Through from University of California - San Diego</i>		NIMH00AI0005		11,637	11,637
<i>Pass-Through from University of California - San Francisco</i>		N01 AI-15416 02		104,576	104,576
<i>Pass-Through from University of New Mexico Health Science Center</i>		3904		101,599	101,599
<i>Pass-Through from University of New Mexico Health Science Center</i>		UNMHSC Milestone #52		19,626	19,626
<i>Pass-Through from University of New Mexico Health Science Center</i>		UNMHSC Milestone #54		149,771	149,771
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		5-35131 UTA11-000657		3,681	3,681
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		N01MH90001		2,185	2,185
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5 N01 CN-53300 02		47,849	47,849
<i>Pass-Through from University of Pennsylvania</i>		HHSN268200800003C		71,521	71,521
<i>Pass-Through from University of Pittsburgh</i>		N01AR42273		16,168	16,168
<i>Pass-Through from University of South Florida</i>		0000018677		8,985	8,985
<i>Pass-Through from University of Utah</i>		HHSN268200900046C		24,517	24,517
<i>Pass-Through from University of Wisconsin - Madison</i>		N01AI90052		726,928	726,928
<i>Pass-Through from Vanderbilt University</i>		21367-S1		39,715	39,715
<i>Pass-Through from Washington University - St. Louis</i>		HHSN268201000046C		215,889	215,889
<i>Pass-Through from Westat, Inc.</i>		8101-S06		(6)	(6)
<i>Pass-Through from Westat, Inc.</i>		8821S001		42,395	42,395
<i>Pass-Through from Yale New Haven Health Sciences Corporation</i>		HHSA290200600015i 01		15,811	15,811
<i>Pass-Through from Yale University</i>		A07533 (M09A10314)		22	22
ARRA - U.S. Department of Health and Human Services		INACTIVE		15	15
<i>Pass-Through from Feinstein Institute for Medical Research</i>		HHSN271200900019C		188,483	188,483
Total - CFDA 93.XXX				5,328,162	35,689,798
					41,017,960
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004				
<i>Pass-Through from National Hispanic Medical Association</i>		NHMA-OMH-6-10		38,171	38,171
Community-Based Abstinence Education (CBAE)	93.010			180,661	1,069,974
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018			97,362	86,891
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048				1,250,635
<i>Pass-Through from Family Eldercare</i>		UTA09-001137		1,429	1,429
<i>Pass-Through from Family Eldercare</i>		UTA10-000959		31,236	31,236
Total - CFDA 93.048				0	32,665
					32,665

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Alzheimer's Disease Demonstration Grants to States <i>Pass-Through from Alzheimer's Association</i>	93.051	CT070818/90AZ278704		(50)	(50)
Innovations in Applied Public Health Research <i>Pass-Through from The University of South Florida</i>	93.061	5810-1018-02-E	96,943	333,010 11,848	429,953 11,848
Total - CFDA 93.061			96,943	344,858	441,801
Global AIDS <i>Pass-Through from Muhimbili University of Health and Allied Sciences</i>	93.067	U2GPS000951		174,593	174,593
Chronic Diseases: Research, Control, and Prevention	93.068			1,000,845	1,000,845
Public Health Emergency Preparedness	93.069			928,938	928,938
Healthy Marriage Promotion and Responsible Fatherhood Grants <i>Pass-Through from Alliance for North Texas Healthy and Effective Marriages</i>	93.086	90FE0072-04		486,457 24,151	486,457 24,151
Total - CFDA 93.086			0	510,608	510,608
Health Disparities in Minority Health <i>Pass-Through from Lewin Group, Inc.</i>	93.100	TLG08-70-5035.01.011		44,190 103,575	44,190 103,575
Total - CFDA 93.100			0	147,765	147,765
Food and Drug Administration_Research <i>Pass-Through from Children's Hospital Boston</i> <i>Pass-Through from Harvard Pilgrim Health Care Institute</i> <i>Pass-Through from Massachusetts General Hospital</i> <i>Pass-Through from Massachusetts General Hospital</i> <i>Pass-Through from University of Kansas Medical Center</i> <i>Pass-Through from University of Kansas Medical Center</i> <i>Pass-Through from Virtually Better, Inc.</i>	93.103	HHSF223200810034C HHSF2232009100061 FD-R-002555-01 FD-R-002588-01 1R01FD00353802 5R01FD00345403 5R42AA14312-3		768,104 1,446 13,614 673 10,538 196 51,584 113,261	768,104 1,446 13,614 673 10,538 196 51,584 113,261
Total - CFDA 93.103			0	959,416	959,416
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) <i>Pass-Through from Central Plains Center</i>	93.104	FY 2010		202,654	202,654
Maternal and Child Health Federal Consolidated Programs <i>Pass-Through from Georgia State University Research Foundation</i>	93.110	SP00010519	265,206	602,162 3,563	867,368 3,563
Total - CFDA 93.110			265,206	605,725	870,931
Adolescent Family Life Research Grants <i>Pass-Through from University of Washington</i>	93.111	688851		125,736	125,736
Environmental Health <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Duke University</i> <i>Pass-Through from Michigan State University</i> <i>Pass-Through from Mount Sinai School of Medicine</i> <i>Pass-Through from Mount Sinai School of Medicine</i> <i>Pass-Through from University of California - Los Angeles</i> <i>Pass-Through from University of New Mexico</i> <i>Pass-Through from University of New Mexico Health Science Center</i>	93.113	1R01ES01968901A1 5 R01 ES016772 02 5 R01 ES017777 02 1R01ES01776701 5R01ES01776702 5P01ES016732 5 R01 ES015826 05 5R01ES014565-05	420,286	8,604,743 9,692 44,948 29,774 30,434 96,991 129,742 44,556 2,929	9,025,029 9,692 44,948 29,774 30,434 96,991 129,742 44,556 2,929

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Schedule of Expenditures of Federal Awards

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Pennsylvania</i>		PO#2593144 R01-ES-016626-03		26,426	26,426
<i>Pass-Through from University of Rochester</i>		1R01ES01725001A2		13,934	13,934
<i>Pass-Through from Washington State University</i>		101449G002612		147,357	147,357
Total - CFDA 93.113			420,286	9,181,526	9,601,812
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			66,828	66,828
Oral Diseases and Disorders Research	93.121		435,442	8,035,824	8,471,266
<i>Pass-Through from Baylor College of Medicine</i>		R01DE012324-14		7,413	7,413
<i>Pass-Through from Biomedical Development Corporation</i>		UTHSCSA/R44HL1018		5,343	5,343
<i>Pass-Through from President and Fellows of Harvard College</i>		21			
<i>Pass-Through from Research Foundation of Stony Brook</i>		1R01DE021051-01		153,282	153,282
<i>Pass-Through from Research Foundation of the State University of New York</i>		58291-2-1096644		14,860	14,860
<i>Pass-Through from Rice University</i>		1073219-150810		570,500	570,500
<i>Pass-Through from Seattle Biomedical Research Institute</i>		R2173D/3U01DE01779		60,333	60,333
<i>Pass-Through from Selenium Technologies, Ltd.</i>		3			
<i>Pass-Through from University of Iowa</i>		UT-1700/DE017541		7,492	7,492
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		2R42DE018260		226,549	226,549
<i>Pass-Through from University of Pittsburgh</i>		1000555741/U OF IOWA		90,565	90,565
<i>Pass-Through from University of Pittsburgh</i>		COCHRAN:S/G		29,629	29,629
<i>Pass-Through from University of South Dakota</i>		DE014577			
<i>Pass-Through from University of Washington</i>		5R01DE016148-06		157,290	157,290
<i>Pass-Through from University of Washington</i>		5U01DE020078-03		95,032	95,032
<i>Pass-Through from University of Washington</i>		USD0810/R01DE01870		42,369	42,369
<i>Pass-Through from University of Washington</i>		7			
Total - CFDA 93.121		698122		31,163	31,163
			435,442	9,527,644	9,963,086
Emergency Medical Services for Children	93.127		39,276	22,925	62,201
Grants to Increase Organ Donations	93.134		42,574	180,271	222,845
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		217,604	1,573,665	1,791,269
<i>Pass-Through from American Institutes for Research</i>		200-2007-20026		137,437	137,437
Total - CFDA 93.135			217,604	1,711,102	1,928,706
Injury Prevention and Control Research and State and Community Based Programs	93.136				
<i>Pass-Through from Medical College of Wisconsin</i>		1R01CE00183501		41,089	41,089
<i>Pass-Through from University of California - San Francisco</i>		R01CE001589		5,401	5,401
Total - CFDA 93.136			0	46,490	46,490
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		98,504	131,734	230,238
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143		135,774	119,159	254,933
<i>Pass-Through from Missouri University of Science and Technology</i>		00015594-1		11,266	11,266
Total - CFDA 93.143			135,774	130,425	266,199

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Dallas County Hospital District</i>		65624		5,095	5,095
<i>Pass-Through from Dallas County Hospital District</i>		65652		5,983	5,983
<i>Pass-Through from Dallas County Hospital District</i>		CON19742		(230)	(230)
<i>Pass-Through from Dallas County Hospital District</i>		CON20529		41,985	41,985
<i>Pass-Through from Dallas County Hospital District</i>		CON20750		25,396	25,396
<i>Pass-Through from Dallas County Hospital District</i>		OTHER-647		(4,958)	(4,958)
Total - CFDA 93.145			0	73,271	73,271
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			9,696	9,696
<i>Pass-Through from Resource Group</i>		11UTP00RWD		7,430	7,430
Total - CFDA 93.153			0	17,126	17,126
Centers of Excellence	93.157			513	513
Human Genome Research	93.172			15,770	15,770
<i>Pass-Through from Duke University</i>		164324/155325/146500		1,564,693	1,580,463
<i>Pass-Through from Duke University</i>		203-0255 04		1,363	1,363
<i>Pass-Through from Electric Power Research Institute</i>		019-NH-1C PO 2311		230,888	230,888
<i>Pass-Through from Research Foundation of the State University of New York</i>		1R011HG005095		132,255	132,255
<i>Pass-Through from Seralogix, Inc.</i>		07-35/HG004571		82,970	82,970
<i>Pass-Through from Stanford University</i>		UT-SLX 01-2010		114,872	114,872
<i>Pass-Through from University of Chicago</i>		5 R01 HG005855 02		9,747	9,747
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		1 U01 HG005773 01		18,819	18,819
<i>Pass-Through from University of Michigan</i>		1 R01 HG004364-01		4,052	4,052
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		1 R01 HG005855 01		50,361	50,361
Total - CFDA 93.172		5U01HG004803-03		189,879	189,879
			15,770	2,399,899	2,415,669
Research Related to Deafness and Communication Disorders	93.173			228,145	228,145
<i>Pass-Through from Feinstein Institute for Medical Research</i>		5 U01 DC007946 04		6,525,671	6,753,816
<i>Pass-Through from Massachusetts Eye and Ear Infirmary</i>		5U01DC00629605		16,293	16,293
<i>Pass-Through from McGill University</i>		5R01DC00578807		2,852	2,852
<i>Pass-Through from Northwestern University</i>		3R01DC006243		108,687	108,687
<i>Pass-Through from Northwestern University</i>		SP0003688/DC006243		38,471	38,471
<i>Pass-Through from Selenium Technologies, Ltd.</i>		1R410C010963		184,690	184,690
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000483		20,177	20,177
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000693		97,798	97,798
<i>Pass-Through from University of Alabama - Birmingham</i>		HHSN260200500008C		27,377	27,377
<i>Pass-Through from University of California - Santa Barbara</i>		KK6121		320,332	320,332
<i>Pass-Through from University of Colorado - Boulder</i>		154- 4294/R01DC001150		88,944	88,944
<i>Pass-Through from University of Oklahoma</i>		2010-07		166,565	166,565
Total - CFDA 93.173				(193)	(193)
			228,145	7,597,664	7,825,809
Disabilities Prevention	93.184				
<i>Pass-Through from Special Olympics</i>		1U01DD000302		2,790	2,790
Patient Navigator and Chronic Disease Prevention Program	93.191			314,447	314,447

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Research and Training in Complementary and Alternative Medicine	93.213		122,796	3,450,924	3,573,720
<i>Pass-Through from Baylor College of Medicine</i>		5600596858		35,054	35,054
<i>Pass-Through from Baylor College of Medicine</i>		5R21AT004673-03		60,751	60,751
<i>Pass-Through from Louisiana State University Agricultural Center</i>		5 R21 AT002882 02		4,645	4,645
<i>Pass-Through from Massachusetts General Hospital</i>		5U01 AT000613		(21)	(21)
<i>Pass-Through from Medical College of Wisconsin</i>		7R01AT003203-04		135,593	135,593
<i>Pass-Through from Patientslikeme, LLC</i>		UTA10-000925		19,600	19,600
Total - CFDA 93.213			122,796	3,706,546	3,829,342
National Research Service Awards _Health Services Research Training	93.225		50,063	232,109	282,172
Research on Healthcare Costs, Quality and Outcomes	93.226		376,169	1,366,518	1,742,687
<i>Pass-Through from Baylor College of Medicine</i>		5R18HS017820-03		6,730	6,730
<i>Pass-Through from Brigham and Women's Hospital</i>		HHSAC290200810010		38,875	38,875
<i>Pass-Through from University of Pennsylvania</i>		5 U18 HS017991 02		162,732	162,732
Total - CFDA 93.226			376,169	1,574,855	1,951,024
National Center on Sleep Disorders Research	93.233			2,092,270	2,092,270
Abstinence Education Program	93.235		771,114	843,643	1,614,757
Mental Health Research Grants	93.242		1,728,920	24,633,655	26,362,575
<i>Pass-Through from Baylor College of Medicine</i>		1 R01 MH087692 01 A1		62,639	62,639
<i>Pass-Through from Baylor College of Medicine</i>		100823002		4,389	4,389
<i>Pass-Through from Baylor College of Medicine</i>		101505653		14,320	14,320
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 MH085527 03		20,594	20,594
<i>Pass-Through from Baylor College of Medicine</i>		5600586642		14,938	14,938
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		R01MH078113		1,656	1,656
<i>Pass-Through from Biomedical Development Corporation</i>		STTR/1R41MH091997		23,144	23,144
<i>Pass-Through from Brandeis University</i>		1R01MH086518		52,904	52,904
<i>Pass-Through from Center for Psychological Research, Training, and Consultation</i>		7R43MH08615202		31,625	31,625
<i>Pass-Through from Columbia University</i>		5 R01 MH084029 02		20,390	20,390
<i>Pass-Through from Columbia University</i>		5P50HL077096-04		59,501	59,501
<i>Pass-Through from Columbia University</i>		6		197	197
<i>Pass-Through from Duke University Medical Center</i>		R01MH081234		83,977	83,977
<i>Pass-Through from East Carolina University</i>		2010-2011UHT		17,803	17,803
<i>Pass-Through from Feinstein Institute for Medical Research</i>		500085-4-1		1,472	1,472
<i>Pass-Through from Feinstein Institute for Medical Research</i>		500414-UTHSCSA-01		5,114	5,114
<i>Pass-Through from Feinstein Institute for Medical Research</i>		UTHSCSA/R01MH06004		19,333	19,333
<i>Pass-Through from Georgia Health Sciences University</i>		22089-8/MH070011		(12,224)	(12,224)
<i>Pass-Through from Hartford Hospital</i>		A07077M08A00728		7,094	7,094
<i>Pass-Through from Johns Hopkins University</i>		R01MH070306		16,520	16,520
<i>Pass-Through from Johns Hopkins University</i>		R01MH087233		11,747	11,747
<i>Pass-Through from Mclean Hospital</i>		5P50MH06045011		134,993	134,993
<i>Pass-Through from Medical University of South Carolina</i>		UTHSCSA/1R01MH083928		29,322	29,322
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH06617208		350	350
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH06617209		546,434	546,434
<i>Pass-Through from Northwestern University</i>		1P50MH07492405		885	885
<i>Pass-Through from Northwestern University</i>		5P50MH07492405		172,740	172,740
<i>Pass-Through from Oregon Research Institute</i>		R01 MH086582		151,115	151,115
<i>Pass-Through from Polaris Health Directions, Inc.</i>		5 R42 MH078432 03		31,886	31,886

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Research Foundation of the State University of New York</i>		47509/1073358		129,217	129,217
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR/06-1496.002		28,074	28,074
<i>Pass-Through from University of California - Los Angeles</i>		1653 G KB153		8,078	8,078
<i>Pass-Through from University of California - Los Angeles</i>		2000GJU938 / MINTZ		8,727	8,727
<i>Pass-Through from University of California - San Diego</i>		10297621		11,483	11,483
<i>Pass-Through from University of Illinois - Chicago</i>		1R01MH077862		8,289	8,289
<i>Pass-Through from University of Maryland - Baltimore</i>		5R01MH07785202A3		6,383	6,383
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		5R01MH069774-04		14,580	14,580
<i>Pass-Through from University of Pittsburgh</i>		5R01MH079082-03		3,785	3,785
<i>Pass-Through from University of South Florida</i>		HHSN26720080001		137,608	137,608
<i>Pass-Through from University of Washington</i>		586844		132,353	132,353
<i>Pass-Through from University of Washington</i>		671626		108,114	108,114
<i>Pass-Through from Washington University (NIH)</i>		4R33MH081281-04		125,255	125,255
<i>Pass-Through from Wayne State University</i>		R01MH078113		713	713
<i>Pass-Through from Yale University</i>		A07472/MH078143		85,363	85,363
<i>Pass-Through from Yale University</i>		A07474 (MO9A10255)		237,869	237,869
Total - CFDA 93.242				1,728,920	28,933,324
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243			335,681	894,592
<i>Pass-Through from BCFS Health and Human Services</i>		22603		35,391	35,391
<i>Pass-Through from El Paso Alliance</i>		UTA06-889		7,384	7,384
<i>Pass-Through from El Paso Alliance</i>		UTAA8-153		4,153	4,153
<i>Pass-Through from El Paso Alliance</i>		UTAA8-153 Renewal		12,442	12,442
<i>Pass-Through from Harris County</i>		Interlocal Contract P174631		54,684	54,684
<i>Pass-Through from Mercer University</i>		420622-UT-01 1		9,171	9,171
<i>Pass-Through from Mercer University</i>		420622-UT-02		13,892	13,892
<i>Pass-Through from University of Missouri - Kansas City</i>		0030770/00030382		1,683	1,683
Total - CFDA 93.243				335,681	1,369,073
Advanced Nursing Education Grant Program	93.247				651,240
Geriatric Academic Career Awards	93.250				179,490
Poison Center Support and Enhancement Grant Program	93.253				16,526
<i>Pass-Through from University of Utah</i>		10018783 PO# 0000145464			16,526
Infant Adoption Awareness Training	93.254				49,804
<i>Pass-Through from Adoption Exchange Association</i>		UTA09-001060			49,804
<i>Pass-Through from Adoption Exchange Association</i>		UTA10-001082			138,532
Total - CFDA 93.254				0	188,336
Occupational Safety and Health Program	93.262			614,014	1,697,624
<i>Pass-Through from Colorado State University</i>		5U50OH008085-07			51,718
<i>Pass-Through from Colorado State University</i>		846000545			6,176
Total - CFDA 93.262				614,014	1,755,518
Comprehensive Geriatric Education Program (CGEP)	93.265				74,463
Alcohol Research Programs	93.273			336,602	10,334,569
<i>Pass-Through from Alcohol Research Group</i>		1015639			36,066
<i>Pass-Through from Baylor College of Medicine</i>		101343174 PO# 5600599523			60,616

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		7R03AA016819-02		2,503	2,503
<i>Pass-Through from Phase 5, Inc.</i>		2R42AA016990-02		82,785	82,785
<i>Pass-Through from Public Health Institute</i>		1R01AA018119		342,709	342,709
<i>Pass-Through from Stanford University</i>		18303980-24776-A		100	100
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		UTHSCSA/1R01AA019691		40,392	40,392
<i>Pass-Through from University of Virginia</i>		1 R01 AA019720 01		49,438	49,438
<i>Pass-Through from University of Virginia</i>		GC11487-127303		63,704	63,704
<i>Pass-Through from University of Washington</i>		674621		11,605	11,605
<i>Pass-Through from University of Washington</i>		695854		13,333	13,333
Total - CFDA 93.273			336,602	10,701,218	11,037,820
Drug Abuse National Research Service Awards For Research Training	93.278			142	142
Drug Abuse and Addiction Research Programs	93.279		1,253,200	23,435,380	24,688,580
<i>Pass-Through from Baylor College of Medicine</i>		4 R33 DA026086 03		8,659	8,659
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 DA011723 10		8,712	8,712
<i>Pass-Through from Baylor College of Medicine</i>		5 R21 DA026086 02		(1,796)	(1,796)
<i>Pass-Through from Columbia University</i>		5R01DA02746002		301,914	301,914
<i>Pass-Through from Henry M. Jackson Foundation</i>		7 R01 DA020436 04		449	449
<i>Pass-Through from LC Sciences, LLC</i>		1R41DA029169-01UH		155,984	155,984
<i>Pass-Through from Majesteck Bioscience, LLC</i>		1R43DA02337401A1		16,050	16,050
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA00822719		341,450	341,450
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA00822720		553	553
<i>Pass-Through from Northeastern University</i>		504928PO0902311 14		262,541	262,541
<i>Pass-Through from Southern Research Institute</i>		1R01DA024675-01A2		112,682	112,682
<i>Pass-Through from Temple University</i>		5 R01 DA025566-03		181,204	181,204
<i>Pass-Through from The Miriam Hospital</i>		5R01DA03077802		54,287	54,287
<i>Pass-Through from University of California - San Diego</i>		5R01DA026452-02		71,561	71,561
<i>Pass-Through from University of Illinois - Chicago</i>		5R01DA02231702		(28,525)	(28,525)
<i>Pass-Through from University of Illinois - Chicago</i>		5R01DA02231703		176,648	176,648
<i>Pass-Through from University of Maryland - College Park</i>		q259302		7,719	7,719
<i>Pass-Through from University of Pennsylvania</i>		5 U01 DA020830 07		328,020	328,020
<i>Pass-Through from University of Pittsburgh</i>		0008871/DA026222		39,247	39,247
<i>Pass-Through from Washington University (NIH)</i>		WU11-3;1R01DA029840		23,431	23,431
<i>Pass-Through from Yale University</i>		5P30DA01834307		11,885	11,885
Total - CFDA 93.279			1,253,200	25,508,055	26,761,255
Mental Health Research Career/Scientist Development Awards	93.281			736,373	736,373
<i>Pass-Through from Johns Hopkins University</i>		5R01MH085554		22,883	22,883
Total - CFDA 93.281			0	759,256	759,256
Mental Health National Research Service Awards for Research Training	93.282			273,277	273,277
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		441,076	2,340,153	2,781,229
<i>Pass-Through from Association of Schools of Public Health</i>		H056-03/03		356	356
<i>Pass-Through from Association of Schools of Public Health</i>		S3933-28-28		25,488	25,488
<i>Pass-Through from City of Houston Health and Human Services</i>		REG 65-10		9,477	9,477
<i>Pass-Through from Dallas County Hospital District</i>		R01C1000037302		28,801	28,801
<i>Pass-Through from Massachusetts Department of Public Health</i>		UTA10-001134		102,686	102,686
<i>Pass-Through from Mid - Rio Grande Border Area Health Center</i>		420273		25,932	25,932
<i>Pass-Through from RTI International</i>		12-312-0208633		24,060	24,060
<i>Pass-Through from Stanford University</i>		27159540-50754-A		64,987	64,987

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Maryland - College Park</i>		Q072201/M00B8200498		6,500	6,500
Total - CFDA 93.283			441,076	2,628,440	3,069,516
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		530,188	7,199,018	7,729,206
<i>Pass-Through from Baylor College of Medicine</i>		101482562		3,812	3,812
<i>Pass-Through from Cedars-Sinai Medical Center</i>		537666-613129		31,269	31,269
<i>Pass-Through from Marval Therapeutics, Inc.</i>		2 R44EB004700		28,776	28,776
<i>Pass-Through from MicroTransponder, Inc.</i>		1 U44 NS065501 01 A1		11,543	11,543
<i>Pass-Through from Omega Optics</i>		UTA11-000031		35,570	35,570
<i>Pass-Through from OMM Scientific, Inc.</i>		1 R41 EB008614-01A1		67,423	67,423
<i>Pass-Through from Purdue University</i>		1R21EB00725601A1		(5,260)	(5,260)
<i>Pass-Through from Purdue University</i>		4102-34837 PRIME: R01EB008388		62,516	62,516
<i>Pass-Through from Purdue University</i>		7R01EB00838803		45,537	45,537
<i>Pass-Through from University of California - Santa Barbara</i>		KK8148		65,494	65,494
<i>Pass-Through from University of Maryland - Baltimore</i>		7 R01 EB004416-04		84,046	84,046
<i>Pass-Through from University of New Mexico</i>		3R58B		22,695	22,695
<i>Pass-Through from Vanderbilt University Medical Center</i>		5R01EB00046109		33,882	33,882
<i>Pass-Through from Yale University</i>		A06981, 3		40,539	40,539
Total - CFDA 93.286			530,188	7,726,860	8,257,048
Small Rural Hospital Improvement Grant Program	93.301			423,483	423,483
Minority Health and Health Disparities Research	93.307		29,101	5,978,639	6,007,740
<i>Pass-Through from San Diego State University</i>		56038C P3517 7803 211		64,757	64,757
<i>Pass-Through from University of Minnesota</i>		1 P60 MD003422 01		16,597	16,597
Total - CFDA 93.307			29,101	6,059,993	6,089,094
Trans-NIH Research Support	93.310		494,783	6,574,200	7,068,983
<i>Pass-Through from Baylor College of Medicine</i>		5R01GM090310-02		142,776	142,776
<i>Pass-Through from Baylor College of Medicine</i>		5R01HG004853-03		90,183	90,183
<i>Pass-Through from Duke University</i>		5 U19 AI067798 03		298	298
<i>Pass-Through from Indiana University School of Medicine</i>		IN486881UNTX		107,124	107,124
<i>Pass-Through from New York University</i>		F6498-02		109,048	109,048
<i>Pass-Through from Scripps Research Institute</i>		5DPIOD00066305		20,000	20,000
<i>Pass-Through from Stanford University</i>		5 R21 R21 DA025800 02		1,243	1,243
<i>Pass-Through from University of Michigan</i>		5U01NS056975-02		459,576	459,576
<i>Pass-Through from University of Michigan</i>		5U10NS058930		585	585
Total - CFDA 93.310			494,783	7,505,033	7,999,816
General Clinical Research Centers	93.333				
<i>Pass-Through from Vanderbilt University</i>		SUBK 20137-S1		20,679	20,679
Advanced Nursing Education Traineeships	93.358			28,583	28,583
Nursing Research	93.361		272,204	4,962,241	5,234,445
<i>Pass-Through from Boston College</i>		5001301-2 PO# 0000050577		19,563	19,563
<i>Pass-Through from Indiana University - Purdue University Indianapolis</i>		5R01NR00843404		39,142	39,142
<i>Pass-Through from Kent State University</i>		443169-UNT		57,256	57,256
<i>Pass-Through from Sabolich R&amp;D, Inc.</i>		2R44NR04663-02A		(6,155)	(6,155)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from University of Missouri - Columbia		C00028355-2		24,458	24,458
Pass-Through from Wake Forest University		5 R01 NR009675 02		11,252	11,252
Total - CFDA 93.361			272,204	5,107,757	5,379,961
National Center for Research Resources	93.389		541,650	40,344,155	40,885,805
Pass-Through from Cincinnati Children's Hospital Medical Center		31-0833936		2,537	2,537
Pass-Through from Feinstein Institute for Medical Research		LOA/RR018535		33	33
Pass-Through from Johns Hopkins University		5P40RR019995		6,066	6,066
Pass-Through from Johns Hopkins University		5U54RR02083907		156,059	156,059
Pass-Through from Mount Sinai School of Medicine		5U54RR01948406		(108,124)	(108,124)
Pass-Through from Rockefeller University		3UL1RR02414303S1		4,564	4,564
Pass-Through from Texas Biomedical Research Institute		07-1503.003/RR23345		6,064	6,064
Pass-Through from Texas Biomedical Research Institute		P51RR013986-13		10,894	10,894
Pass-Through from Texas Biomedical Research Institute		SFBR/NIH-09-2504.004		23,681	23,681
Pass-Through from University of Kansas Center for Research, Inc.		5P20RR01644311		19,516	19,516
Pass-Through from University of Oklahoma Health Sciences Center		5P40RR012317		89,159	89,159
Pass-Through from University of Puerto Rico - Medical Sciences Campus		5 P20 RR011126 15		12,640	12,640
Total - CFDA 93.389			541,650	40,567,244	41,108,894
Academic Research Enhancement Award	93.390			108,454	108,454
Cancer Cause and Prevention Research	93.393		6,879,520	34,401,344	41,280,864
Pass-Through from Baylor College of Medicine		1 R01 CA138836 01 A2		46,177	46,177
Pass-Through from Baylor College of Medicine		1 R21 CA150977 01		17,318	17,318
Pass-Through from Baylor College of Medicine		100474383		12,263	12,263
Pass-Through from Beckman Research Institute of City of Hope		22109.914987.6697		20,102	20,102
Pass-Through from Beth Israel Deaconess Medical Center		5 R01 CA5662-NCE2 06		6,472	6,472
Pass-Through from Digital Science Technologies, LLC		4 R41 CA139822 01 A1		9,970	9,970
Pass-Through from Digital Science Technologies, LLC		4 R42 CA139822 02		137,495	137,495
Pass-Through from Digital Science Technologies, LLC		4R42CA139822-03 / 0007874		22,834	22,834
Pass-Through from Digital Science Technologies, LLC		5 R42 CA123932 04		192,847	192,847
Pass-Through from Emory University		5 R56 CA114456 04		(15,658)	(15,658)
Pass-Through from Fred Hutchinson Cancer Research Center		5R01CA114467-05		26,528	26,528
Pass-Through from Georgetown University		5 R01 CA137625 02		74,796	74,796
Pass-Through from Georgetown University Medical Center		1 U01 CA152958 01		114,652	114,652
Pass-Through from Georgetown University Medical Center		5 U01 CA088283 08		(391)	(391)
Pass-Through from Indiana University		1R01CA136940		64,877	64,877
Pass-Through from Indiana University - Purdue University Indianapolis		5R01CA11598304		3,700	3,700
Pass-Through from Internet Solutions for Kids, Inc.		1R21CA135669-01A0		11,082	11,082
Pass-Through from Lawrence Berkeley National Laboratory		6815123		33,722	33,722
Pass-Through from Lynntech, Inc.		C08-00380, Amend		16,925	16,925
Pass-Through from Massachusetts General Hospital		3 U01 CA078285 S2		734	734
Pass-Through from Mayo Clinic		5 R01 CA097075 08		90,060	90,060
Pass-Through from Mayo Clinic		5 U01 CA118444 05		41,959	41,959
Pass-Through from Mayo Medical School		5R01CA09063608		18,112	18,112
Pass-Through from Mayo Medical School		5R01CA09063609		30,716	30,716

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Medical College of Wisconsin</i>		7 R01 CA134682 03		67,117	67,117
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		5 R01 CA129639 03		35,961	35,961
<i>Pass-Through from Northwestern University</i>		5 R01 CA104768 05		(2,019)	(2,019)
<i>Pass-Through from Northwestern University</i>		5 R01 CA118890 04		11,344	11,344
<i>Pass-Through from Portland State University</i>		200ROB235		16,452	16,452
<i>Pass-Through from Purdue University</i>		5 R01 CA129312 03		12,350	12,350
<i>Pass-Through from Radian Creative Group</i>		5 R42 CA126453 03		108,978	108,978
<i>Pass-Through from Rice University</i>		5 U01 CA097431 05		(7,470)	(7,470)
<i>Pass-Through from Rutgers University</i>		5R24AG02395805		956	956
<i>Pass-Through from Trustees of Dartmouth College</i>		5 R01 CA098286 07		(8,208)	(8,208)
<i>Pass-Through from University of Alabama - Birmingham</i>		5 R01 CA131653 02		23,705	23,705
<i>Pass-Through from University of Arizona</i>		5 P01 CA041108 22		(15,072)	(15,072)
<i>Pass-Through from University of California - Berkeley</i>		5P01CA09258410		206,608	206,608
<i>Pass-Through from University of Cincinnati</i>		5 U01 CA076293 10		38,736	38,736
<i>Pass-Through from University of Iowa</i>		5 R01 CA104825 05		(8,700)	(8,700)
<i>Pass-Through from University of Iowa</i>		5 R01 CA140933 03		84,193	84,193
<i>Pass-Through from University of Kentucky</i>		7R01CA10913605		23,057	23,057
<i>Pass-Through from University of Minnesota</i>		Q6437319103/CA11135		240	240
		5			
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		7 R01 CA098286 08		151,496	151,496
<i>Pass-Through from University of Southern California</i>		1 R01 CA134786 01		74,991	74,991
<i>Pass-Through from University of Southern California</i>		3R01CA132637-04S1		5,166	5,166
<i>Pass-Through from University of Southern California</i>		5 U01 CA136792 02		114,318	114,318
<i>Pass-Through from University of Virginia</i>		5 R01 CA 118386-05		2,313	2,313
<i>Pass-Through from University of Wisconsin - Madison</i>		5 R01 CA114539 04		4,108	4,108
<i>Pass-Through from Washington University - St. Louis</i>		1 R01 CA134682 01		1,441	1,441
		A2			
<i>Pass-Through from Yale University</i>		1 R01 CA151933 01		99,752	99,752
				6,879,520	36,420,449
Total - CFDA 93.393					43,299,969
Cancer Detection and Diagnosis Research					
	93.394			1,528,563	12,630,442
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 12		8,000	8,000
<i>Pass-Through from American College of Radiology</i>		SG/CA080098		13,461	13,461
<i>Pass-Through from Biofortis, Inc.</i>		1R41CA05217-01A1		56,740	56,740
<i>Pass-Through from Children's Hospital Boston</i>		HHSN268200536179C		11,482	11,482
<i>Pass-Through from Drexel University</i>		2 P01 CA082710 09		56,596	56,596
		A2			
<i>Pass-Through from Drexel University</i>		2P01CA082710-09		152,723	152,723
<i>Pass-Through from Drexel University</i>		2PO1CA082710-09A2		12,568	12,568
<i>Pass-Through from Duke Clinical Research Institute</i>		5R01CA082344		11	11
<i>Pass-Through from Duke University</i>		5 U10 CA076001 14		19,039	19,039
<i>Pass-Through from Fairway Medical Technologies</i>		1R44CA12819601		4,222	4,222
<i>Pass-Through from Fairway Medical Technologies</i>		R33CA095883		3,851	3,851
<i>Pass-Through from Institute for Systems Biology</i>		5 U24 CA143835 02		349,268	349,268
<i>Pass-Through from Marval Therapeutics, Inc.</i>		1R43CA141747-01		2,461	2,461
<i>Pass-Through from Nanomaterials and Nanofabrication Laboratories (NN-Labs, LLC)</i>		1 R43 CA141817 01		40,706	40,706
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		1 R01 CA151372 01		17,946	17,946
<i>Pass-Through from NeuroBioTex, Inc.</i>		2 R44 CA096354 02		(17,229)	(17,229)
		A2			
<i>Pass-Through from Purdue University</i>		4102-19026		781	781
<i>Pass-Through from Purdue University</i>		5 R21 CA125336 02		(57,492)	(57,492)
<i>Pass-Through from Rice University</i>		1 U01 CA151886 01		45,909	45,909
<i>Pass-Through from University of California - San Francisco</i>		5 U24 CA126477 05		(150,113)	(150,113)
<i>Pass-Through from University of Michigan</i>		2 U01 CA086400 11		7,145	7,145
<i>Pass-Through from University of Wisconsin - Madison</i>		5 R33 CA111933 03		(4,365)	(4,365)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Vanderbilt University		5 U24 CA126479 05		24,196	24,196
Pass-Through from Vanderbilt University		5 U01 CA114771 06		147,684	147,684
Pass-Through from Vanderbilt University Medical Center		SU01CA11477106		46,805	46,805
Pass-Through from Washington University - St. Louis		5 U01 CA114722 05		56	56
Pass-Through from Washington University - St. Louis		7 R01 CA106728 04		(2,376)	(2,376)
Total - CFDA 93.394			1,528,563	13,420,517	14,949,080
Cancer Treatment Research	93.395		1,702,994	36,979,610	38,682,604
Pass-Through from American College of Radiology		2 U10 CA021661 33		1,683	1,683
Pass-Through from American College of Radiology		5 U01 CA080098 06		89,962	89,962
Pass-Through from American College of Radiology		5 U01 CA080098 08		(300)	(300)
Pass-Through from American College of Radiology		5 U10 CA021661 27		59,934	59,934
Pass-Through from American College of Radiology		5 U10 CA021661 35		17,557	17,557
Pass-Through from American College of Radiology		U10 CA021661		2,614	2,614
Pass-Through from American College of Radiology		U10CA021661		286	286
Pass-Through from American College of Radiology		U10CA21661		87,125	87,125
Pass-Through from American College of Radiology		5U10CA76001		3,106	3,106
Pass-Through from American College of Surgeons		7 U10 CA076001 13		38,388	38,388
Pass-Through from American College of Surgeons		09-023, Email dtd. 6/26/11,		98,987	98,987
Pass-Through from Arizona State University					
Pass-Through from Baylor College of Medicine		1R01CA14067401A1		33,390	33,390
Pass-Through from Baylor College of Medicine		5 R01 CA132899 02		33	33
Pass-Through from Baylor College of Medicine		5R01CA13289903		404	404
Pass-Through from Cancer Therapy and Research Foundation		CON13299		(8)	(8)
Pass-Through from Children's Oncology Group		5 U10 CA098543 08		3,393	3,393
Pass-Through from Cincinnati Children's Hospital Medical Center		5R01CA11916204		115,603	115,603
Pass-Through from Dana-Farber Cancer Institute		5 R21 CA137645 02 A1		5,974	5,974
Pass-Through from Dana-Farber Cancer Institute		5 U19 CA100265 05		175,261	175,261
Pass-Through from Dana-Farber Cancer Institute		5R01CA10637006		125,562	125,562
Pass-Through from Duke Clinical Research Institute		5U10CA07600113		914	914
Pass-Through from Duke Clinical Research Institute		5U10CA07600115		50,445	50,445
Pass-Through from Duke University		2 U10 CA076001 09		21,746	21,746
Pass-Through from Duke University		5 P01 CA078673 03		29,834	29,834
Pass-Through from Duke University		5 R01 CA100835 08		13,798	13,798
Pass-Through from Duke University		5 U10 CA033601 31		11,837	11,837
Pass-Through from Duke University		5 U10 CA076001 14		4,318	4,318
Pass-Through from Duquesne University		CO650239		54,774	54,774
Pass-Through from Duquesne University		SG/1R01CA142868-01A1		16,533	16,533
Pass-Through from Eastern Cooperative Oncology Group		5U10CA0211505		98,021	98,021
Pass-Through from Eastern Cooperative Oncology Group		5U10CA0211536		10,425	10,425
Pass-Through from Emory University		5R01CA116804		61,017	61,017
Pass-Through from Fred Hutchinson Cancer Research Center		5 R21 CA115044 02		(46,050)	(46,050)
Pass-Through from Frontier Science and Technology Research Foundation		2 U10 CA021115 36		14,529	14,529
Pass-Through from Gynecologic Oncology Group		27469		900	9,639
Pass-Through from Gynecologic Oncology Group		27469-114		900	27,655
Pass-Through from Gynecologic Oncology Group		5 U10 CA027469 23		89,484	89,484
Pass-Through from Houston Pharmaceuticals		1 R43 CA130272 01		(32,951)	(32,951)
Pass-Through from Houston Pharmaceuticals		5 R41 CA109862 02		(2,347)	(2,347)
Pass-Through from Introgen Research Institute, Inc.		1 R43 CA 114924 01 A2		80	80
Pass-Through from Isotherapeutics Group, LLC		1 R43 CA150601 01-A1		17,109	17,109
Pass-Through from John Wayne Cancer Institute		5 P01 CA012582 35		923	923

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Louisiana State University Health Sciences Center - Shreveport		5 R01 RCA124758A 02		4,014	4,014
Pass-Through from MandalMed, Inc.		1R43CA135862		6,493	6,493
Pass-Through from Massachusetts General Hospital		5 P01 CA021239 31		2,008,320	2,008,320
Pass-Through from Mayo Clinic		5 U10 CA033601 33		34,155	34,155
Pass-Through from Mount Sinai School of Medicine		5 P01 CA108671 02		(26,731)	(26,731)
Pass-Through from National Childhood Cancer Foundation		18977/CA098543		21,719	21,719
Pass-Through from National Childhood Cancer Foundation		2U10CA09854306		59,728	59,728
Pass-Through from National Childhood Cancer Foundation		5 U01 CA097452 09		14,595	14,595
Pass-Through from National Childhood Cancer Foundation		5 U10 CA098543 03		9,484	9,484
Pass-Through from National Childhood Cancer Foundation		5U01CA09745209		27,768	27,768
Pass-Through from National Childhood Cancer Foundation		5U10CA09854308		69,310	69,310
Pass-Through from National Childhood Cancer Foundation		5U10CA09854308S2		136,997	136,997
Pass-Through from National Childhood Cancer Foundation		98543-1217/CA098543		44,349	44,349
Pass-Through from National Childhood Cancer Foundation		U01CA9745207		11,875	11,875
Pass-Through from National Childhood Cancer Foundation		U10CA98543		50,718	50,718
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		1 U10 CA012027 01		2,691	2,691
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		3 U10 CA012027 38 S1		24	24
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA012027 37		23	23
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA012027 41		21,622	21,622
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		TFED 36,37,38,39		54,349	54,349
Pass-Through from Northwestern University		5 R01 CA085915 09		22,517	22,517
Pass-Through from Purdue University		5 U01 CA060548 17		22,202	22,202
Pass-Through from Radiation Therapy Oncology Group		5 U10 CA021661 32		9,625	9,625
Pass-Through from Radiation Therapy Oncology Group		5 U10 CA021661 34		723	723
Pass-Through from Radiation Therapy Oncology Group		5 U10 CA021661 35		12,043	12,043
Pass-Through from Radiation Therapy Oncology Group		RTOG0920 01		13,070	13,070
Pass-Through from Receptor Logic		1R41CA132258		(8,910)	(8,910)
Pass-Through from Resonant Sensors, Inc.		1 R43 CA135960-01A1		23	23
Pass-Through from Rice University		5 R01 CA103830 04		(3,694)	(3,694)
Pass-Through from Rice University		5 R01 CA103830 05		(14,307)	(14,307)
Pass-Through from Southwest Oncology Group		01		3,990	3,990
Pass-Through from Southwest Oncology Group		5 U10 CA032102 30		1,425	1,425
Pass-Through from Southwest Oncology Group		CON19612		2,392	2,392
Pass-Through from Southwest Oncology Group		U10 CA105409		56	56
Pass-Through from St. Jude Children's Research Hospital		5 R01 CA129384 02		63,910	63,910
Pass-Through from St. Jude Children's Research Hospital		5 U24 CA055727 17		219,007	219,007
Pass-Through from St. Jude Children's Research Hospital		5U24CA05572716		5,341	5,341
Pass-Through from Standard Imaging, Inc.		1 R43 CA153824 01		77,512	77,512
Pass-Through from The Research Institute at Nationwide Children's Hospital		HHSN261201000001C		126,243	126,243
Pass-Through from Translational Genomics Research Institute		5 P01 CA109552 05		4,263	4,263
Pass-Through from Transpire, Inc.		5 R44 CA105806 03		75,692	75,692
Pass-Through from University of Arizona		5 P01 CA017094		1,544	1,544
Pass-Through from University of Arizona		5 P01 CA017094 (Core A) 31		11,924	11,924
Pass-Through from University of Arizona		5 P01 CA017094 31		428,626	428,626
Pass-Through from University of California - San Diego		5 P01 CA081534 06		(89,783)	(89,783)
Pass-Through from University of California - San Diego		5 P01 CA081534 06 S1		(8,077)	(8,077)
Pass-Through from University of California - San Diego		5 P01 CA081534 10		452	452
Pass-Through from University of California - San Diego		5 P01 CA081534 11		404,976	404,976

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of California - San Francisco</i>		5 U01 CA062399 14		(11,216)	(11,216)
<i>Pass-Through from University of Colorado - Denver</i>		5 R33 CA097710 04		(1,470)	(1,470)
<i>Pass-Through from University of Iowa</i>		5 R01 CA109208 04		18,455	18,455
<i>Pass-Through from University of Maryland - College Park</i>		504036		99,947	99,947
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5 R21 CA131611 03		94,780	94,780
<i>Pass-Through from University of Michigan</i>		2 U10 CA032102 31		4,222	4,222
<i>Pass-Through from University of Michigan</i>		2 U10 CA032102 32		112,825	112,825
<i>Pass-Through from University of Michigan</i>		5 U10 CA032102 29		12,659	12,659
<i>Pass-Through from University of Michigan</i>		5 U10 CA032102 30		7,296	7,296
<i>Pass-Through from University of Michigan</i>		5 U10 CA32102 32		98,903	98,903
<i>Pass-Through from University of Michigan</i>		CA32102		208,916	208,916
<i>Pass-Through from University of Michigan</i>		F205216/2		63,027	63,027
<i>Pass-Through from University of Michigan</i>		U10CA32102			
<i>Pass-Through from University of Michigan</i>		SWOG/CTEP,CA32102		2,260	2,260
<i>Pass-Through from University of Mississippi Medical Center</i>		95-51842		3,185	3,185
<i>Pass-Through from University of Pennsylvania</i>		552660		7,333	7,333
<i>Pass-Through from University of Pittsburgh</i>		0010723; 3		198,487	198,487
<i>Pass-Through from University of Pittsburgh</i>		5 R21 CA130241 02		(1,832)	(1,832)
<i>Pass-Through from University of Tennessee Health Science Center</i>		5 R01 CA092160 10		35,041	35,041
<i>Pass-Through from Vanderbilt University</i>		5 R01 CA011556 05		62,356	62,356
<i>Pass-Through from Virginia Commonwealth University</i>		5 R21 CA092950 03		(60,842)	(60,842)
<i>Pass-Through from Washington University - St. Louis</i>		5 U24 CA081647 12		79,893	79,893
Total - CFDA 93.395				1,704,794	43,258,810
					44,963,604
Cancer Biology Research	93.396			629,688	23,637,897
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA084243 10		(11,095)	(11,095)
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA105352 05		(20,579)	(20,579)
<i>Pass-Through from Boston University</i>		GC208071NGC		64,421	64,421
<i>Pass-Through from Boston University</i>		GC208072NGC		105,246	105,246
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5U56CA11864105		2,559	2,559
<i>Pass-Through from Mayo Clinic</i>		5 P50 CA116201 05		(8,084)	(8,084)
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA13854602		66,761	66,761
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA13854603		110,640	110,640
<i>Pass-Through from Oregon Health Sciences University</i>		APED10507_9006561		9,671	9,671
<i>Pass-Through from Rhode Island Hospital</i>		RIH 701-1461		51,155	51,155
<i>Pass-Through from Rice University</i>		1 R21 CA147912 01		35,114	35,114
<i>Pass-Through from Santa Clara University</i>		201101503		11,211	11,211
<i>Pass-Through from Tufts University</i>		5R01CA12503303		38,108	38,108
<i>Pass-Through from University of Massachusetts Medical School</i>		5 R01 CA118916 05		93,911	93,911
<i>Pass-Through from University of Pennsylvania</i>		5 R01 CA089202 08		(1,800)	(1,800)
<i>Pass-Through from Vanderbilt University</i>		2P01CA040035-18A1		229,120	229,120
Total - CFDA 93.396				629,688	23,784,568
					24,414,256
Cancer Centers Support Grants	93.397			2,686,291	42,512,087
<i>Pass-Through from Baylor College of Medicine</i>		5 P50 CA558183 17		29,254	29,254
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5 P50 CA101942 07		64,131	64,131
<i>Pass-Through from Brigham and Women's Hospital</i>		5 P50 CA093683 07		15,679	15,679
<i>Pass-Through from Dana-Farber Cancer Institute</i>		1U54CA15673201		24,734	24,734
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5P30CA0651645		261	261
<i>Pass-Through from Duke University</i>		3 P30 CA014236 35 S3		98,954	98,954
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		1U54CA153502-01		2,543	2,543
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		5 U54 CA112970 07		442,833	442,833
<i>Pass-Through from The Methodist Hospital Research Institute</i>		1U54CA149196-01		54,675	54,675

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from The Methodist Hospital Research Institute		6754		104,236	104,236
Pass-Through from University of Arizona		5 P50 CA095060 09		208,214	208,214
Pass-Through from University of California - Berkeley		3 U54 CA112970 05 S2		14,829	14,829
Pass-Through from University of Iowa		2 P50 CA097274 06		(36)	(36)
Pass-Through from University of Nebraska Medical Center		5P50CA12729703		119,035	119,035
Pass-Through from University of Southern California		U54CA143907-02		20,738	20,738
Pass-Through from Washington University - St. Louis		5 P50 CA134254 02		86,563	86,563
Pass-Through from Washington University - St. Louis		5P50CA13425402		17,099	17,099
Total - CFDA 93.397				2,686,291	43,815,829
Cancer Research Manpower	93.398		(2,265)	6,222,243	6,219,978
Pass-Through from Baylor College of Medicine		56005570696		12,784	12,784
Pass-Through from Mount Sinai School of Medicine		5 K07 CA124668 05		19,041	19,041
Pass-Through from Washington University - St. Louis		WU-09-167 PO# 2905577N		270	270
Total - CFDA 93.398			(2,265)	6,254,338	6,252,073
Cancer Control	93.399		2,420,071	5,805,965	8,226,036
Pass-Through from Baylor College of Medicine		5 R01 CA101211 05		(854)	(854)
Pass-Through from Baylor College of Medicine		5 U19 CA086809 06		(15,167)	(15,167)
Pass-Through from Black Hills Center for American Indian Health		1 P50 CA148110 01		16,854	16,854
Pass-Through from Dartmouth Medical School		5 R01 CA059005 15		(5,759)	(5,759)
Pass-Through from Duke University		5 R01 CA106919 04		(1,699)	(1,699)
Pass-Through from Eastern Cooperative Oncology Group		5 MDA520SH05-00		37,390	37,390
Pass-Through from Frontier Science and Technology Research Foundation		5 U10 CA037403 25		45,865	45,865
Pass-Through from Hope Foundation		UTHSCASWOG CA37429		10,270	10,270
Pass-Through from Johns Hopkins University		5U01CA084986		(15,570)	(15,570)
Pass-Through from National Childhood Cancer Foundation		18001/CA95861		36,100	36,100
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		2 U10 CA037377 22		26,747	26,747
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA037377 22		66,060	66,060
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA037377 25		441,942	441,942
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		NSABP PFED23A-TXS-01		29,069	29,069
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		PFED25UTS01		46,274	46,274
Pass-Through from Southwest Oncology Group		1 01		(31)	(31)
Pass-Through from Southwest Oncology Group		5 U10 CA037429 24		(1,082)	(1,082)
Pass-Through from Southwest Oncology Group		62259		4,539	4,539
Pass-Through from Southwest Oncology Group		7 U10 CA037429 24		8,196	8,196
Pass-Through from Southwest Oncology Group		CA37429		24,709	24,709
Pass-Through from Trustees of Dartmouth College		5 R01 CA098286 05		(7,369)	(7,369)
Pass-Through from University of Michigan		2 U01 CA086400 06		(953)	(953)
Pass-Through from University of Michigan		3001290177/U01CA084986		51,674	51,674
Pass-Through from University of Michigan		9			
Pass-Through from University of Michigan		5 U01 CA086400 10		58,082	58,082
Pass-Through from University of Michigan		5 U10 CA037429 26		47,611	47,611
Pass-Through from University of Michigan		F024731/SU10CA037429		8,880	8,880
Pass-Through from University of Michigan		U01CA084986		110,335	110,335

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Pennsylvania</i>		3P50CA10564105S2		3,323	3,323
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 05		(3,350)	(3,350)
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 08		188,567	188,567
<i>Pass-Through from Washington University - St. Louis</i>		WU-11-168		13,142	13,142
Total - CFDA 93.399			2,420,071	7,029,760	9,449,831
ARRA - Equipment to Enhance Training for Health Professionals	93.411			280,362	280,362
ARRA - State Primary Care Offices	93.414			30,624	30,624
Ruminant Feed Ban Support Project	93.449			267,059	267,059
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520			255	255
Promoting Safe and Stable Families	93.556				
<i>Pass-Through from Spaulding for Children</i>		100166		22,874	22,874
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596				
<i>Pass-Through from Upper Rio Grande Workforce Development Board</i>		10040C09		114,298	114,298
Head Start	93.600			200,034	200,034
<i>Pass-Through from Harris County Department of Education</i>		CATCH UP		61,820	61,820
Total - CFDA 93.600			0	261,854	261,854
Developmental Disabilities Basic Support and Advocacy Grants	93.630			147,032	147,032
Developmental Disabilities Projects of National Significance	93.631			237,648	237,648
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		39,996	966,897	1,006,893
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		2010-039		4,686	4,686
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		2011-075		10,986	10,986
Total - CFDA 93.632			39,996	982,569	1,022,565
Social Services Research and Demonstration	93.647			23,665	23,665
Adoption Opportunities	93.652			372,084	1,921,657
<i>Pass-Through from Adoption Exchange Association</i>		UTA09-001060		1,549,573	
<i>Pass-Through from Adoption Exchange Association</i>		UTA10-001186		6,640	6,640
Total - CFDA 93.652			372,084	209,032	209,032
Adoption Assistance	93.659				
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 U01 GM092666 02		134,080	134,080
Social Services Block Grant	93.667			33,902	33,902
Trans-NIH Recovery Act Research Support	93.701			(25,832)	(25,832)
<i>Pass-Through from Seton Hospital</i>		6058SC_UTAUS001		113,872	113,872
<i>Pass-Through from Tulane University Medical Center</i>		1R21AI076774		7,222	7,222
ARRA - Trans-NIH Recovery Act Research Support			16,520,014	93,113,173	109,633,187
<i>Pass-Through from American College of Radiology</i>		5 RC2 CA148190 02		523,450	523,450
<i>Pass-Through from Baylor College of Medicine</i>		3 P01 GM081627 03 S1		152,226	152,226

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-09S1		78,889	78,889
<i>Pass-Through from Baylor College of Medicine</i>		5P30HL101255-02		57,475	57,475
<i>Pass-Through from Baylor College of Medicine</i>		5R01EY01809002		57,195	57,195
<i>Pass-Through from Baylor College of Medicine</i>		5R01GM08880302		84,183	84,183
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL07092106		16,909	16,909
<i>Pass-Through from Baylor College of Medicine</i>		5R21NS065937-02		30,680	30,680
<i>Pass-Through from Baylor Research Institute</i>		5 RC2 CA148460 02		342,385	342,385
<i>Pass-Through from Boston University</i>		GC208193NGC		82,563	82,563
<i>Pass-Through from Charles Drew University of Medicine and Science</i>		09-10-KN-GR020000-UTEP		11,383	11,383
<i>Pass-Through from Charles Drew University of Medicine and Science</i>		10-11-KN-GR020000-UTEP-RA		20,484	20,484
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3U01DK066174-08S1		38,112	38,112
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3U01DK066174-08S2		16,234	16,234
<i>Pass-Through from Children's Oncology Group</i>		3 U10 CA098543 07 S6		11,303	11,303
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		5 U01 CA139275 02		(1,997)	(1,997)
<i>Pass-Through from Columbia University</i>		2 (5-38328)	80,794	141,477	222,271
<i>Pass-Through from Columbia University</i>		2 (Acct. #5-38328)	20,470	2,952	23,422
<i>Pass-Through from Drew University</i>		10-11-KN-GR0200		13,210	13,210
<i>Pass-Through from Emory University</i>		5RC1MD004563-02		43,639	43,639
<i>Pass-Through from George Washington University</i>		10-D31/U01DK061230-0		12,222	12,222
<i>Pass-Through from Georgia State University</i>		J3976-01		22,010	22,010
<i>Pass-Through from Group Health Cooperative</i>		5 RC2 CA148577 02		68,773	68,773
<i>Pass-Through from Illinois State University</i>		1R21DK083859		65,695	65,695
<i>Pass-Through from Immune Disease Research Institute</i>		1RC1DK087348		11,671	11,671
<i>Pass-Through from Indiana Nanotech</i>		ARRA/DE020998-01-UTH		41,942	41,942
<i>Pass-Through from Indiana University - Bloomington</i>		IUB-4624390-UTA		93,728	93,728
<i>Pass-Through from Indiana University School of Medicine</i>		3R01GM065414-06S1			
<i>Pass-Through from John Wayne Cancer Institute</i>		BL-4612415-UNT		86,329	86,329
<i>Pass-Through from Johns Hopkins University</i>		3P01CA01258235S2		4,499	4,499
<i>Pass-Through from Johns Hopkins University</i>		1R56DK084510101A1		60,530	60,530
<i>Pass-Through from Massachusetts General Hospital</i>		5R21DK07821802		32,221	32,221
<i>Pass-Through from Mayo Clinic</i>		1 RC4 CA156551 01		191,708	191,708
<i>Pass-Through from Mayo Clinic</i>		2 R56 AI067095 06 A1		134,345	134,345
<i>Pass-Through from Mayo Clinic</i>		2R01NS041558-07		317,349	317,349
<i>Pass-Through from Mayo Clinic</i>		3 U01 CA118444 04 S1		95,535	95,535
<i>Pass-Through from Medical College of Georgia</i>		3U24DK07616904S2		114,447	114,447
<i>Pass-Through from Medical College of Wisconsin</i>		1RC4CA155846-01		56,508	56,508
<i>Pass-Through from Medical University of South Carolina</i>		MUSC10-094		11,067	11,067
<i>Pass-Through from Michigan State University</i>		3R01A1068718-03S1		60,760	60,760
<i>Pass-Through from Missouri University of Science and Technology</i>		00028139-1		30,471	30,471
<i>Pass-Through from Mount Sinai School of Medicine</i>		1R56AI08954701		90,052	90,052
<i>Pass-Through from National Childhood Cancer Foundation</i>		3U01CA9745207S1		9,360	9,360
<i>Pass-Through from National Childhood Cancer Foundation</i>		3U01CA9745207S2		10,571	10,571
<i>Pass-Through from National Childhood Cancer Foundation</i>		3U10CA09854307S1		45,999	45,999
<i>Pass-Through from National Childhood Cancer Foundation</i>		ARRA - 19225		23,590	23,590
<i>Pass-Through from Nova Southeastern University</i>		5R21HL096357		34,624	34,624
<i>Pass-Through from Oklahoma Medical Research Foundation</i>		1RC2AR05895901		8,718	8,718
<i>Pass-Through from Oklahoma Medical Research Foundation</i>		5RC2AR05895902		921,208	921,208
<i>Pass-Through from Oregon Health Sciences University</i>		2R01LM006942-07A2		78,073	78,073
<i>Pass-Through from PharmaReview Corporation</i>		5R42AI051050-05		407,693	407,693
<i>Pass-Through from PLx Pharma, Inc.</i>		3R42DK063882-06S1		2,722	2,722
<i>Pass-Through from Regents of the University of Minnesota</i>		N001124303 02-1		180,942	180,942
<i>Pass-Through from Research Foundation of the State University of New York</i>		52186/1083278		29,996	29,996

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Research Foundation of the State <i>University of New York</i>		53466		13,733	13,733
Pass-Through from Rice University		- R2Z942		105,765	105,765
Pass-Through from Rice University		3R01GM08688502S1		191,432	191,432
Pass-Through from Rice University		3T15LM00709318		1,351	1,351
Pass-Through from Rice University		R2Z931		126,932	126,932
Pass-Through from Rice University		RC2DE020785		222,769	222,769
Pass-Through from Sanford-Burnham Medical Research Institute		1RC1HD06415901		286	286
Pass-Through from Sanford-Burnham Medical Research Institute		5RC1HD06415902		46,812	46,812
Pass-Through from Stanford University		1R56DC01064		20,021	20,021
Pass-Through from Stanford University		26346910-50316-C		36,789	36,789
Pass-Through from Texas Biomedical Research Institute		ARRA3R01HD0495010 5S1		6,052	6,052
Pass-Through from Texas Heart Institute		919-UH		251,787	251,787
Pass-Through from The Methodist Hospital Research Institute		RC2GM092599-03		23,799	23,799
Pass-Through from The Ohio State University Research Foundation		60017856		29,133	29,133
Pass-Through from Trustees of Indiana University		5RC1DK08655802		44,158	44,158
Pass-Through from Tufts University		C10-00750, 1		32,336	32,336
Pass-Through from Tulane University Medical Center		1R21AI076774	(2,267)	(2,267)	
Pass-Through from UC Davis School of Medicine		0900229-01/CA131386		104,082	104,082
Pass-Through from University of Akron		3R01GM08689502S1		6,924	6,924
Pass-Through from University of Alabama - Birmingham		3U01NS04268504S1		31	31
Pass-Through from University of Alabama - Birmingham		7 R01 CA133053 02		24,307	24,307
Pass-Through from University of Alabama - Birmingham		ARRA-000348386-002/R		129,220	129,220
Pass-Through from University of Arizona		Y562126		82,960	82,960
Pass-Through from University of California - Davis		09002161-01		34,211	34,211
Pass-Through from University of California - Irvine		HD047609		81,894	81,894
Pass-Through from University of California - Los Angeles		3R01NS05159103S1		22	22
Pass-Through from University of California - San Francisco		1RC2AG03653501		27,447	27,447
Pass-Through from University of Chicago		RC2DEC077901		13,012	13,012
Pass-Through from University of Chicago		42508		188,105	188,105
Pass-Through from University of Chicago		5 RC1 CA145799 02		28,019	28,019
Pass-Through from University of Colorado - Denver		1RC2CA14839401		7,162	7,162
Pass-Through from University of Colorado - Denver		5 RC1 HL100849 02		338,749	338,749
Pass-Through from University of Colorado - Denver		5 RC2 CA148394 02		46,503	46,503
Pass-Through from University of Georgia		5 P01 AI076514 02 A1		378,407	378,407
Pass-Through from University of Georgia		CON21021		58,001	58,001
Pass-Through from University of Iowa		5R21AI08240902		37,731	37,731
Pass-Through from University of Maryland - Baltimore		3 R01AG031535-01A2S1		41,167	41,167
Pass-Through from University of Michigan		1R01CA14027201		39,399	39,399
Pass-Through from University of Michigan		3001486209		7,646	7,646
Pass-Through from University of Michigan		U01NS062835		11,817	11,817
Pass-Through from University of North Carolina - Chapel Hill		3R01ES01268905S2		40,514	40,514
Pass-Through from University of North Carolina - Chapel Hill		3U01HG004803-02S1		196,237	196,237
Pass-Through from University of Pennsylvania		5 R01 CA089202 10		26,902	26,902
Pass-Through from University of Pennsylvania		5R01EY01947302		142,011	142,011
Pass-Through from University of Pittsburgh		0008749		55,694	55,694
Pass-Through from University of Pittsburgh		11861		26,303	26,303
Pass-Through from University of Pittsburgh		5R21AI07689403		85,246	85,246
Pass-Through from University of Rochester		5U54NS05906507		67,852	67,852
Pass-Through from University of Southern California		5 RC2 AA019392 02		336,947	336,947
Pass-Through from University of Utah		HHSN268200900046C		27,205	27,205
Pass-Through from University of Vermont		5 RC2 MH089995 02		151,187	151,187
Pass-Through from University of Virginia		ZC10075-136473		130,491	130,491

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Washington</i>		1RC2AG03653801		757	757
<i>Pass-Through from Vanderbilt University</i>		- R01DA014684		187,608	187,608
<i>Pass-Through from Virginia Commonwealth University</i>		5 RC2 CA148431 02		123,131	123,131
<i>Pass-Through from Washington University - St. Louis</i>		3U19AI07048904S2		171,958	171,958
<i>Pass-Through from Yale University</i>		1U19AI089992-1		167,190	167,190
Total - CFDA 93.701			16,621,278	103,061,482	119,682,760
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			236,173	236,173
ARRA - Head Start	93.708		92,861	96,393	189,254
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715		27,057	492,761	519,818
<i>Pass-Through from Massachusetts General Hospital</i>		217197/1R01HS01		163,186	163,186
<i>Pass-Through from University of California - San Francisco</i>		6522SC / R01HS019312-21		74,041	74,041
<i>Pass-Through from Vanderbilt University</i>		1 R01 HS019356 01		14,293	14,293
Total - CFDA 93.715			27,057	744,281	771,338
ARRA - Health Information Technology Professionals in Health Care	93.721			1,320,772	1,320,772
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723			339,321	339,321
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724				
<i>Pass-Through from City of Austin</i>		1U58DP002587-01		53,128	53,128
<i>Pass-Through from City of San Antonio</i>		1U58DP002453-01		156,549	156,549
<i>Pass-Through from City of San Antonio</i>		Food Security Analysis		11,725	11,725
Total - CFDA 93.724			0	221,402	221,402
ARRA - Strategic Health IT Advanced Research Projects (SHARP)	93.728		643,927	2,049,572	2,693,499
<i>Pass-Through from President and Fellows of Harvard College</i>		90TR0001/01		85,890	85,890
Total - CFDA 93.728			643,927	2,135,462	2,779,389
Demonstration to Maintain Independence and Employment	93.769			465,906	465,906
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			735,590	735,590
Cardiovascular Diseases Research	93.837		6,417,658	40,363,126	46,780,784
<i>Pass-Through from Axio Research Corporation</i>		N01HC55139		(36,260)	(36,260)
<i>Pass-Through from Baylor College of Medicine</i>		101401984		9,086	9,086
<i>Pass-Through from Baylor College of Medicine</i>		3R01HL09051403S1		127,187	127,187
<i>Pass-Through from Baylor College of Medicine</i>		5600481502		199,228	199,228
<i>Pass-Through from Baylor College of Medicine</i>		5N01HC55016-39		224,288	224,288
<i>Pass-Through from Baylor College of Medicine</i>		5U01HL084890-04		4,942	4,942
<i>Pass-Through from Baylor College of Medicine</i>		N01-HC-05268		123,866	123,866
<i>Pass-Through from Case Western Reserve University</i>		R01HL086718-04		11,552	11,552
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U01HL098153-02		77,027	77,027
<i>Pass-Through from Duke University</i>		1U01HL06901501		3,280	3,280

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Georgia Health Sciences University</i>		24039-1/PO1 HL095499		42,027	42,027
<i>Pass-Through from Georgia Health Sciences University</i>		24039-2/1 P01 HL0954		108,826	108,826
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL07292008		13,266	13,266
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL07292009		6,408	6,408
<i>Pass-Through from Medical College of Wisconsin</i>		5R37HL07431408		23,578	23,578
<i>Pass-Through from Medical College of Wisconsin</i>		5R37HL07431409		1,723	1,723
<i>Pass-Through from Medical University of Ohio</i>		NS 2006-048		1,549	1,549
<i>Pass-Through from Medical University of South Carolina</i>		5 R21 HL090598 02		3	3
<i>Pass-Through from Medical University of South Carolina</i>		5R21HL088654-02		17,383	17,383
<i>Pass-Through from Mount Sinai School of Medicine</i>		0255-3531-4609		(6,137)	(6,137)
<i>Pass-Through from New England Research Institutes</i>		U01HL06827010		63,680	63,680
<i>Pass-Through from New England Research Institutes</i>		U01HL68270		2	2
<i>Pass-Through from New York Medical College</i>		1R01HL6250901		858	858
<i>Pass-Through from Research Foundation of the State University of New York</i>		55684-1091124/R01HL0		113,013	113,013
<i>Pass-Through from RTI International</i>		5-312- 0212746/HHSN2682010 00048		138,961	138,961
<i>Pass-Through from RTI International</i>		HHSN268200648199C		12,408	12,408
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		R01HL095132		1,950	1,950
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR 06-1498.002		18,112	18,112
<i>Pass-Through from Texas Heart Institute</i>		5U01HL087318-04		18	18
<i>Pass-Through from The Ohio State University Research Foundation</i>		05LM050030FNL		(463)	(463)
<i>Pass-Through from Transonic Systems, Inc.</i>		SG/2R44HL082022-02		2,570	2,570
<i>Pass-Through from Tufts Medical Center</i>		5U01HL077821		(46,675)	(46,675)
<i>Pass-Through from Tulane University School of Public Health and Tropical Medicine</i>		5R01HL090682-03		158,900	158,900
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01HL072524-04		(2,571)	(2,571)
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01HL072524-06 (REVISED)		40,436	40,436
<i>Pass-Through from University of California - San Diego</i>		10259605		31,038	31,038
<i>Pass-Through from University of Cincinnati</i>		005724/R21 HL093532		144,328	144,328
<i>Pass-Through from University of Florida</i>		UF09056		42,332	42,332
<i>Pass-Through from University of Iowa</i>		5R01HL091841		6,682	6,682
<i>Pass-Through from University of Iowa</i>		BAZALDUA/R01HL0 91841		9,494	9,494
<i>Pass-Through from University of Iowa</i>		W000173614		34,998	34,998
<i>Pass-Through from University of Michigan</i>		3001750528		1,497	1,497
<i>Pass-Through from University of Michigan</i>		5R01HL096498		197	197
<i>Pass-Through from University of Michigan</i>		5R01HL096498-02		65,517	65,517
<i>Pass-Through from University of Michigan</i>		U01HL094345		32,555	32,555
<i>Pass-Through from University of Mississippi Medical Center</i>		67481- UTH01/1U01HL096917 -01		11,605	11,605
<i>Pass-Through from University of Missouri - Columbia</i>		C00026480-1, 1		12,808	12,808
<i>Pass-Through from University of Pittsburgh</i>		5R01HL07503804		125	125
<i>Pass-Through from University of the Incarnate Word</i>		UTHSCSA/SC2HL104 639		6,006	6,006
<i>Pass-Through from University of Toledo</i>		942536-03		13,658	13,658
<i>Pass-Through from University of Toledo</i>		U01HL071556		7,059	7,059
<i>Pass-Through from University of Washington</i>		1R01HL105756-01		2,513	2,513
<i>Pass-Through from University of Washington</i>		3U01HL07786306S1		50,930	95,094
<i>Pass-Through from University of Washington</i>		5R01HL08821402			146,024
<i>Pass-Through from University of Washington</i>		5U01HL07786305			2,682
<i>Pass-Through from University of Washington</i>		5U01HL07786307			251,573
<i>Pass-Through from University of Washington</i>				9,460	2,460
					11,920

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Washington</i>		681784/R01HL093146	51,963	98,869	150,832
<i>Pass-Through from University of Washington</i>		N01-HC-95159		25,990	25,990
<i>Pass-Through from University of Washington</i>		R01HL6562201		(1,040)	(1,040)
<i>Pass-Through from Wake Forest University</i>		UT 155030-11140		157,257	157,257
<i>Pass-Through from Washington University - St. Louis</i>		WU-11- 102/1R34HL1054		23,704	23,704
<i>Pass-Through from Yale University</i>		R01HL081153		4,314	4,314
Total - CFDA 93.837			6,530,011	42,900,462	49,430,473
Lung Diseases Research	93.838		48,100	5,985,215	6,033,315
<i>Pass-Through from Allegheny-Singer Research Institute</i>		5R01HL78946		(24)	(24)
<i>Pass-Through from Baylor College of Medicine</i>		100889371		243,301	243,301
<i>Pass-Through from Duke Clinical Research Institute</i>		1U10HL08041301		37,361	37,361
<i>Pass-Through from George Washington University</i>		U01HL098354		57,438	57,438
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL04929416		23,550	23,550
<i>Pass-Through from National Jewish Health</i>		24021001/HL089897		137,671	137,671
<i>Pass-Through from Regents of the University of Minnesota</i>		5 R01 HL094183 03		78,506	78,506
<i>Pass-Through from University of Alabama - Birmingham</i>		063690705		17,714	17,714
<i>Pass-Through from University of California - Los Angeles</i>		R01HL089901-03		84,001	84,001
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		1 R01 HL106788 01		10,350	10,350
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		5 R01 HL097000 02		199,943	199,943
Total - CFDA 93.838			48,100	6,875,026	6,923,126
Blood Diseases and Resources Research	93.839		30,243	2,086,464	2,116,707
<i>Pass-Through from Baylor College of Medicine</i>		5K23HL081539		472	472
<i>Pass-Through from BloodCenter of Wisconsin</i>		1R01HL10580901		24,067	24,067
<i>Pass-Through from National Marrow Donor Program</i>		2 U01 HL069334 06		244,301	244,301
<i>Pass-Through from National Marrow Donor Program</i>		BMTCTN0102		28,000	28,000
<i>Pass-Through from National Marrow Donor Program</i>		U01HL6929401		1,305	1,305
<i>Pass-Through from New England Research Institutes</i>		U01HL072268		1,932	1,932
<i>Pass-Through from Noninvasix Incorporated</i>		1R41HL10309501		71,128	71,128
<i>Pass-Through from Southwest Research Institute</i>		CHEN/1R21HL102775-01		85,363	85,363
<i>Pass-Through from St. Jude Children's Research Hospital</i>		1R01HL09564701		16,878	16,878
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5U01HL07878702		25,252	25,252
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5U01HL07878705		13,356	13,356
<i>Pass-Through from University of Alabama - Birmingham</i>		N01-HC-95095		128,532	128,532
<i>Pass-Through from University of Louisville</i>		040999		37	37
<i>Pass-Through from University of Miami</i>		5 R01 HL091749 04		111,760	111,760
<i>Pass-Through from University of Nevada - Reno</i>		502963		(4,172)	(4,172)
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5U01HL072283		49,617	49,617
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5U01HL07228307		(30,878)	(30,878)
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5U01HL07228308		7,079	7,079
<i>Pass-Through from University of Pittsburgh</i>		5R01HL6842904		738	738
Total - CFDA 93.839			30,243	2,861,231	2,891,474
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		1,422,170	12,331,124	13,753,294
<i>Pass-Through from Biochemanalysis Corporation</i>		1R43AR05499301A1		(2,820)	(2,820)
<i>Pass-Through from Duke University</i>		N01-AI05419		25,335	25,335
<i>Pass-Through from Duke University</i>		N01-AI-05419		26,370	26,370
<i>Pass-Through from Feinstein Institute for Medical Research</i>		5 R01 AR044422 12		231,172	231,172

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Pass-Through from Hospital For Joint Diseases Orthopaedic Institute		U01AR42540-01A2		695	695
Pass-Through from Johns Hopkins University		5R01AR04372712		7,731	7,731
Pass-Through from Maine Medical Center		0852-001		35,532	35,532
Pass-Through from Maine Medical Center		0942-001		37,986	37,986
Pass-Through from Maine Medical Center		2R01AR045433		16,946	16,946
Pass-Through from Northwestern University		1 R21 AR057579 01 A1		14,569	14,569
Pass-Through from Regents of the University of California - UCLA		5U01AR055057-03		6,682	6,682
Pass-Through from The Cooper Institute		5 R01 AR052459-05		14,766	14,766
Pass-Through from University of Alabama - Birmingham		31024-008/AR049084		82,770	82,770
Pass-Through from University of Alabama - Birmingham		5P01AR049084-08		30,023	30,023
Pass-Through from University of California - Irvine		1R01AR05643901A2		98,469	98,469
Pass-Through from University of Missouri - Kansas City		19057/00025154		98,088	98,088
Pass-Through from University of Missouri - Kansas City		8054 - P01 AR046798		30,523	30,523
Pass-Through from University of Missouri - Kansas City		UMKC 8058		105,839	105,839
Pass-Through from University of Tennessee - Memphis		N01 AR92242		1,842	1,842
Total - CFDA 93.846			1,422,170	13,193,642	14,615,812
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		2,744,614	41,779,039	44,523,653
Pass-Through from Baylor College of Medicine		5P30DK056338-09		3,437	3,437
Pass-Through from Baylor College of Medicine		5R01DK081553-03		29,224	29,224
Pass-Through from Baylor College of Medicine		5U19DK06243409		427,307	427,307
Pass-Through from Baylor College of Medicine		5U19DK06243410		29,040	29,040
Pass-Through from Baylor College of Medicine		P30DK07963803		15,371	15,371
Pass-Through from Children's Hospital of Philadelphia		U01DK066174		78,972	78,972
Pass-Through from Children's Hospital of Pittsburgh		2U01DK07214606		13,265	13,265
Pass-Through from Children's Hospital of Pittsburgh		7U01DK0721465		908	908
Pass-Through from Children's Mercy Hospital		U01DK06614306		270	270
Pass-Through from Cincinnati Children's Hospital Medical Center		5R01DK07695703		1,902	1,902
Pass-Through from Crinetics Pharmaceuticals, Inc.		1R43DK088501-01		32,109	32,109
Pass-Through from Duke Clinical Research Institute		U01DK083023		2,099	2,099
Pass-Through from Duke University Medical Center		5P01DK05839810		695,681	695,681
Pass-Through from George Washington University		09-D15		409,454	409,454
Pass-Through from George Washington University		09-D16/U01DK061230	5,662	7,048	12,710
Pass-Through from George Washington University		233012CCLS20127A		1,281	1,281
Pass-Through from George Washington University		SG/5U01DK061230-07		1,539	1,539
Pass-Through from Georgia Health Sciences University		5U24DK07616905		570,111	570,111
Pass-Through from Georgia Institute of Technology		RA982-G1		61,346	61,346
Pass-Through from Indiana University School of Medicine		IN-4686816-UNT		39,011	39,011
Pass-Through from Johns Hopkins University		U01DK074008		78,445	78,445
Pass-Through from Joslin Diabetes Center		5U01DK07455603		19,573	19,573
Pass-Through from Massachusetts General Hospital		5R21DK07771602		9,420	9,420
Pass-Through from Mayo Clinic		1R01DK083745-01A1		43,363	43,363
Pass-Through from Medical College of Georgia		5U24DK076169-02		(3,140)	(3,140)
		SUB20497-13			
		NIDDK00038			
Pass-Through from Medical University of South Carolina		5 R01 DK080234 03		6,967	6,967
Pass-Through from Mount Sinai School of Medicine		1U54DK08390901		1,757	1,757
Pass-Through from Mount Sinai School of Medicine		5U54DK08390902		224,816	224,816
Pass-Through from New England Research Institutes		U01DK58229		20,708	20,708
Pass-Through from New England Research Institutes		U01DK58234		27,939	27,939
Pass-Through from New England Research Institutes		UITN / U01DK58229		51,068	51,068

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Probetex, Inc.</i>		R42 DK077436		146,527	146,527
<i>Pass-Through from Spectros</i>		SPECTROS		7,059	7,059
<i>Pass-Through from Spire Corporation</i>		1R56DK09053			
<i>Pass-Through from Stony Brook University</i>		2R44DK074187		3,282	3,282
<i>Pass-Through from Texas Biomedical Research Institute</i>		5U01DK06338502		1,032	1,032
<i>Pass-Through from Texas Biomedical Research Institute</i>		10-4116.002		72,505	72,505
<i>Pass-Through from Texas Medical Center Digestive Disease Center</i>		SFBR 09-4193.002		110,749	110,749
<i>Pass-Through from University of Alabama - Birmingham</i>		DK56388 01		2,892	2,892
<i>Pass-Through from University of Cincinnati</i>		000372147-001		51,340	51,340
<i>Pass-Through from University of Pittsburgh</i>		5R01DK1784432		27,065	27,065
<i>Pass-Through from University of South Florida</i>		0006436/115965-5		13,960	13,960
<i>Pass-Through from University of Utah</i>		HHSN267200800019C		3,548	3,548
<i>Pass-Through from Vanderbilt University Medical Center</i>		1R01DK09293901		6,590	6,590
<i>Pass-Through from Vanderbilt University Medical Center</i>		1U01DK08952301		87,469	87,469
<i>Pass-Through from Vanderbilt University Medical Center</i>		1U01DK08957001		248,755	248,755
<i>Pass-Through from Vanderbilt University Medical Center</i>		5P01DK03822624		52,339	52,339
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01DK07247304		99,217	99,217
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U19DK042502		63,439	63,439
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U19DK04250219		196	196
<i>Pass-Through from Vanderbilt University Medical Center</i>		U01DK07247304		16,211	16,211
<i>Pass-Through from Virginia Technologies, Inc.</i>		2R44DK08121702A1		26,907	26,907
<i>Pass-Through from Wake Forest University</i>		7R01DK071100-05		26,045	26,045
<i>Pass-Through from Washington University - St. Louis</i>		5U01DK08231503		21,446	21,446
<i>Pass-Through from Wayne State University</i>		WSU10071		28,490	28,490
Total - CFDA 93.847				2,750,276	45,796,393
					48,546,669
Digestive Diseases and Nutrition Research	93.848			87,184	87,184
<i>Pass-Through from Baylor College of Medicine</i>		101206045		14,650	14,650
<i>Pass-Through from Baylor College of Medicine</i>		2 P30 DK056338 06		(527)	(527)
<i>Pass-Through from Baylor College of Medicine</i>		A2			
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-07		3,635	3,635
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-07REV		4,997	4,997
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-09		132,049	132,049
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5R01DK068598		(831)	(831)
<i>Pass-Through from PLx Pharma, Inc.</i>		5R42DK063882-06		22	22
<i>Pass-Through from University of California - Davis</i>		5 R01 DK056839 09		25,536	25,536
<i>Pass-Through from University of Chicago</i>		5 U01 GM061393 05		(120)	(120)
Total - CFDA 93.848				0	266,595
					266,595
Kidney Diseases, Urology and Hematology Research	93.849			471,552	471,552
<i>Pass-Through from Johns Hopkins University</i>		5U01DK066174-05		6,067	6,067
<i>Pass-Through from Medical City Dallas Hospital</i>		R01DK4936804		284	284
<i>Pass-Through from New England Research Institutes</i>		DK058229		8,152	8,152
<i>Pass-Through from New England Research Institutes</i>		E-TOMUS/DK058229		3,868	3,868
<i>Pass-Through from New England Research Institutes</i>		SG/DK058229		2,342	2,342
Total - CFDA 93.849				0	492,265
					492,265
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			1,774,690	33,759,228
<i>Pass-Through from APT Therapeutics, Inc.</i>		1R43NS071655-01		64,321	64,321
<i>Pass-Through from APT Therapeutics, Inc.</i>		2R44NS060175-02		141,369	141,369
<i>Pass-Through from Baylor College of Medicine</i>		1R21AI088329-01A1		21,385	21,385
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-10S1		3,439	3,439
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-10S1		116,121	116,121

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		5600358500		1,294	1,294
<i>Pass-Through from Baylor College of Medicine</i>		5600593229		127,009	127,009
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS038660-10		24,507	24,507
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS021889-27		28,929	28,929
<i>Pass-Through from Baylor College of Medicine</i>		N01-HB-37163-05		8	8
<i>Pass-Through from Baylor Research Institute</i>		5R01NS03845508		186	186
<i>Pass-Through from Brigham and Women's Hospital</i>		5R01NS04963903		10,854	10,854
<i>Pass-Through from Brigham and Women's Hospital</i>		5U24NS049339-05		18,769	18,769
<i>Pass-Through from Cedars-Sinai Medical Center</i>		1R21DK08455401		1,764	1,764
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5R01NS05048803		3,339	3,339
<i>Pass-Through from Christopher and Dana Reeve Foundation</i>		CTN4-2011 (DC)		93,410	93,410
<i>Pass-Through from Cleveland Clinic Foundation</i>		1R01NS070896-01		5,452	5,452
<i>Pass-Through from Columbia University</i>		5R01NS04529403		1,942	1,942
<i>Pass-Through from Columbia University</i>		8 (Acct#5-38057)		21,024	21,024
<i>Pass-Through from Georgia Health Sciences University</i>		23497-1/R01NS050730		68,348	68,348
<i>Pass-Through from Johns Hopkins University</i>		2000725876		10,198	10,198
<i>Pass-Through from Johns Hopkins University</i>		2000794694		11,074	11,074
<i>Pass-Through from Johns Hopkins University</i>		5R01NS055648		8,134	8,134
<i>Pass-Through from Johns Hopkins University</i>		5U01NS06285102		1,447	1,447
<i>Pass-Through from Johns Hopkins University</i>		R01MH087233		16,117	16,117
<i>Pass-Through from Massachusetts General Hospital</i>		5U01NS05259205		3,406	3,406
<i>Pass-Through from Maxwell Sensors</i>		2R44NS058066-02		86,942	86,942
<i>Pass-Through from Mayo Foundation</i>		5R01NS03998710		729	729
<i>Pass-Through from Medical University of South Carolina</i>		5U01NS05872804		32,028	32,028
<i>Pass-Through from Mount Sinai Medical Center</i>		1U01NS045719		123,530	123,530
<i>Pass-Through from Mount Sinai Medical Center</i>		5U01NS045719-07		309,359	309,359
<i>Pass-Through from Northwestern University</i>		0600 370 J005 U		10,774	10,774
		TEXAS AUSTIN 00			
<i>Pass-Through from Northwestern University</i>		0600 370 S554		(3,235)	(3,235)
<i>Pass-Through from Northwestern University</i>		0600 370 S555/600212		197,001	197,001
<i>Pass-Through from Provid Pharmaceuticals, Inc.</i>		3R343NS04873-01S1		115,178	115,178
<i>Pass-Through from Robert Wood Johnson Medical</i>		5R21NS058329		13,456	13,456
<i>Pass-Through from Stanford University</i>		26737110-45526D		64,395	64,395
<i>Pass-Through from Thomas Jefferson University</i>		5R01NS05059705		28,399	28,399
<i>Pass-Through from University of Alabama - Birmingham</i>		2U01NS04268506		74,061	74,061
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01NS04268505		330	330
<i>Pass-Through from University of Alabama - Birmingham</i>		SG/U01NS042685		574	574
<i>Pass-Through from University of Arizona</i>		2R01NS00039951-09A1		18,416	18,416
<i>Pass-Through from University of British Columbia</i>		2U01NS03852909		34,115	34,115
<i>Pass-Through from University of British Columbia</i>		F09- 05408/U01NS03852		165,128	165,128
<i>Pass-Through from University of British Columbia</i>		F09- 05964/U01NS03852		262,195	262,195
<i>Pass-Through from University of California - Los Angeles</i>		1653GNA008		22,253	22,253
<i>Pass-Through from University of California - Los Angeles</i>		P50NS044378-06		14,119	14,119
<i>Pass-Through from University of California - San Diego</i>		5P50NS044148-04		6,475	6,475
<i>Pass-Through from University of California - San Diego</i>		PO#10292647003 03-U- 01-NS058030-044		25,230	25,230
<i>Pass-Through from University of California - San Francisco</i>		U01NS053998		65,289	65,289
<i>Pass-Through from University of Cincinnati</i>		1U01NS06976301		59,041	59,041
<i>Pass-Through from University of Cincinnati</i>		1U01NS069763-01		202,321	202,321
<i>Pass-Through from University of Cincinnati</i>		5R01NS047603-07		157,555	157,555
<i>Pass-Through from University of Cincinnati</i>		5R01NS05489003		1	1
<i>Pass-Through from University of Cincinnati</i>		5U01NS052220-02		7,759	7,759
<i>Pass-Through from University of Cincinnati</i>		6883/1U01NS069763-01		103,524	103,524
<i>Pass-Through from University of Florida</i>		UF10144		84,188	84,188
<i>Pass-Through from University of Iowa</i>		1R01NS38554		2,257	2,257

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Iowa</i>		5R01NS040068-10		90,698	90,698
<i>Pass-Through from University of Maryland - Baltimore</i>		1U01NS069208-01		5,753	5,753
<i>Pass-Through from University of Maryland - Baltimore</i>		5 R01 NS055126 05		71,510	71,510
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01NS03838406		48,591	48,591
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01NS05986903		11,268	11,268
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		R01NS38384		9,207	9,207
<i>Pass-Through from University of Michigan</i>		1U0NS062778-01		29,168	29,168
<i>Pass-Through from University of Michigan</i>		1U0NS062778-01		115,364	115,364
<i>Pass-Through from University of Michigan</i>		3000911237, 3		135,797	135,797
<i>Pass-Through from University of Michigan</i>		U01NS040406		78,770	78,770
<i>Pass-Through from University of Minnesota</i>		5 R21 NS067324 02		61,242	61,242
<i>Pass-Through from University of Missouri - St. Louis</i>		U of Missouri/ R01NS		3,129	3,129
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		5U01NS042167		181	181
<i>Pass-Through from University of Pittsburgh</i>		1U01NS05247801A2		6,956	6,956
<i>Pass-Through from University of Rochester</i>		5R01NS04568605		3,558	3,558
<i>Pass-Through from University of Rochester</i>		5R01NS3716705		427	427
<i>Pass-Through from University of Rochester</i>		5R01NS3716710		224	224
<i>Pass-Through from University of Virginia</i>		5 R01 NS049065 03		1,743	1,743
<i>Pass-Through from University of Virginia</i>		5R01NS037666-07		12,168	12,168
<i>Pass-Through from Vanderbilt University Medical Center</i>		3U54NS06573602S1		11,144	11,144
<i>Pass-Through from Washington University - St. Louis</i>		3P50NS05597703S1A		258,608	258,608
<i>Pass-Through from Washington University - St. Louis</i>		5P01NS03263615		234,777	234,777
<i>Pass-Through from Washington University - St. Louis</i>		5U01NS032228-12		4,323	4,323
<i>Pass-Through from Washington University - St. Louis</i>		5U01NS04280407		17,452	17,452
<i>Pass-Through from Wayne State University</i>		5U01NS06126402		34,061	34,061
<i>Pass-Through from Yale University</i>		3 R01 NS056206 04 S1		16,530	16,530
<i>Pass-Through from Yale University</i>		A05648		(1)	(1)
<i>Pass-Through from Yale University</i>		SG/U01NS044876-06		603	603
<i>Pass-Through from Yale University School of Medicine</i>		5U01NS04487604		485	485
<i>Pass-Through from Yale University School of Medicine</i>		5U01NS04487607		6,083	6,083
Total - CFDA 93.853				1,774,690	38,116,280
					39,890,970
Allergy, Immunology and Transplantation Research	93.855		8,653,573	78,777,932	87,431,505
<i>Pass-Through from Albert Einstein College of Medicine</i>		1U19AI09117501		58,630	58,630
<i>Pass-Through from Albert Einstein College of Medicine</i>		503600		(1,701)	(1,701)
<i>Pass-Through from Altravax Incorporated</i>		5R43AI09134202		5,099	5,099
<i>Pass-Through from Baylor College of Medicine</i>		2P30AI036211-16		241,874	241,874
<i>Pass-Through from Baylor College of Medicine</i>		SU19AI070973-05		59,043	59,043
		REV-NCE			
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-25465		6,433	6,433
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-800002		102,112	102,112
<i>Pass-Through from Biotex, Inc.</i>		NIH 2R44AI066425-02		21,024	21,024
<i>Pass-Through from California Polytechnic State University</i>		C10-00051, 1		6,153	6,153
<i>Pass-Through from Center for AIDS Research</i>		2 P30 AI036211 16		5,463	5,463
<i>Pass-Through from Children's Hospital Boston</i>		1R01AI08401101A1		1,977	1,977
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		HHSN272200800006C		335,501	335,501
<i>Pass-Through from Colorado State University</i>		5R01AI08048602		90,365	90,365
<i>Pass-Through from Columbia University</i>		5R25AI08056602		21,468	21,468
<i>Pass-Through from Covalent Immunology Products, Inc.</i>		1R41AI087527-01		64,503	64,503
<i>Pass-Through from Duke University Medical Center</i>		5U19AI05636307		1,638	1,638
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5R01AI041721-13		6,649	6,649
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5U01AI06861405		676,265	676,265

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from George Washington University</i>		U01AI069503-05		337,358	337,358
<i>Pass-Through from Harvard University</i>		2U54AI05715908		63,022	63,022
<i>Pass-Through from Hawaii Biotech Incorporated</i>		5R44AI05522504		153,989	153,989
<i>Pass-Through from Ibis Biosciences, Inc.</i>		1R41AI07285901A2		17,155	17,155
<i>Pass-Through from Imperial College of Science and Technology</i>		DD/2134001 DDDH P10552		(7,475)	(7,475)
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		U01-AI068641		94,454	94,454
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		U01-AI068641 M06- HO-024-0704-1		16,951	16,951
<i>Pass-Through from Johns Hopkins University</i>		2001012790		11,182	11,182
<i>Pass-Through from Johns Hopkins University</i>		2R56AI050217		37,879	37,879
<i>Pass-Through from Louisiana State University Health Sciences Center</i>		5R01AI07232704		41,594	41,594
<i>Pass-Through from Marshfield Clinic Research Foundation</i>		R01AI061385		(638)	(638)
<i>Pass-Through from Massachusetts General Hospital</i>		1U01AI067693-02		2,842	2,842
<i>Pass-Through from Maxygen Incorporated</i>		5R43AI06824802		17,064	17,064
<i>Pass-Through from Medicines for Malaria Venture</i>		1U01AI07559401		25,280	25,280
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559403		170	170
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559404		267,447	267,447
<i>Pass-Through from Mount Sinai School of Medicine</i>		2R01AI05953606A1		54,402	54,402
<i>Pass-Through from Nanotherapeutics, Inc.</i>		504241		77,500	77,500
<i>Pass-Through from Norwell Incorporated</i>		5R43AI07163402		92,419	92,419
<i>Pass-Through from Oklahoma State University</i>		AB-5- 81170.UTHSCSA		47,532	47,532
<i>Pass-Through from Oregon Health Sciences University</i>		HHSN2662005000027C		30,592	30,592
<i>Pass-Through from Pan Thera Biopharma, LLC</i>		5U01AI07806704		9,593	9,593
<i>Pass-Through from Planet Biotech Ltd</i>		5U01AI08216102		94,873	94,873
<i>Pass-Through from Pulmotect, LLC</i>		1 R43 AI092904 01		21,839	21,839
<i>Pass-Through from Radix Therapeutics</i>		1R41AI09303201A1		4,731	4,731
<i>Pass-Through from Radix Therapeutics</i>		1R43AI08613501		51,466	51,466
<i>Pass-Through from Rice University</i>		5R25AI06276205		33,129	33,129
<i>Pass-Through from Rice University</i>		R21732		68,041	68,041
<i>Pass-Through from Sanford-Burnham Medical Research Institute</i>		5R01AI05914605		1,283	1,283
<i>Pass-Through from Seattle Biomedical Research Institute</i>		5R01AI07896202		369,840	369,840
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		PROTOCOL A5257		158,939	158,939
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		07-4045.002 /LOVERDE		(594)	(594)
<i>Pass-Through from Starpharma Holdings Limited</i>		5U19AI06059804		(2,905)	(2,905)
<i>Pass-Through from Starpharma Holdings Limited</i>		5U19AI06059805		36,952	36,952
<i>Pass-Through from Texas Biomedical Research Institute</i>		4017		10,846	10,846
<i>Pass-Through from University of Alabama - Birmingham</i>		5 K23 AI064613 03		(634)	(634)
<i>Pass-Through from University of Alabama - Birmingham</i>		5R01AI073521-03		85,867	85,867
<i>Pass-Through from University of California - Berkeley</i>		SA5641-11595		84,374	84,374
<i>Pass-Through from University of California - Davis</i>		503943		133,182	133,182
<i>Pass-Through from University of California - Irvine</i>		5U01AI078214		29,418	29,418
<i>Pass-Through from University of California - Los Angeles</i>		5U01AI070495		5,064	5,064
<i>Pass-Through from University of California - Los Angeles</i>		5U01AI08210003		230,143	230,143
<i>Pass-Through from University of California - San Diego</i>		SG: 1P01AI074621-01		28,737	28,737
<i>Pass-Through from University of California - San Francisco</i>		4943SC/1P01AI071713		23,119	23,119
<i>Pass-Through from University of Cincinnati</i>		5R01AI07204003		37,298	37,298
<i>Pass-Through from University of Colorado - Denver</i>		5U19AI050864		76,982	76,982
<i>Pass-Through from University of Georgia</i>		R01AI06890801		16,434	16,434
		RR374-037/3501588			
<i>Pass-Through from University of Iowa</i>		1R01AI07751901A2		17,794	17,794
<i>Pass-Through from University of Maryland - Baltimore</i>		1U19AI090873-01		145,320	145,320
<i>Pass-Through from University of Massachusetts - Worcester</i>		2P01A1046629		84,586	84,586

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Minnesota</i>		1R01AI081690-01A2		43,706	43,706
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		R01AI090672		182,314	182,314
<i>Pass-Through from University of Pittsburgh</i>		1R21AI08108401A2		29,785	29,785
<i>Pass-Through from University of Pittsburgh</i>		5U19AI082623		23,786	23,786
<i>Pass-Through from University of South Alabama</i>		2R56AI02038427		48,500	48,500
<i>Pass-Through from University of Washington</i>		1R01AI08944101		135,365	135,365
<i>Pass-Through from University of Washington</i>		5U54A105716008		7,200	7,200
<i>Pass-Through from Vaxart Incorporated</i>		5R43AI07725402		41,380	41,380
<i>Pass-Through from VaxInnate</i>		1R43AI07416201		(12)	(12)
<i>Pass-Through from Vical Incorporated</i>		5R42AI06501503		118,314	118,314
<i>Pass-Through from Washington University - St. Louis</i>		2U54AI05716006		(48)	(48)
<i>Pass-Through from Washington University - St. Louis</i>		5U01AI07037404		28,663	28,663
<i>Pass-Through from Washington University - St. Louis</i>		5U01AI07037405		288,445	288,445
<i>Pass-Through from Washington University - St. Louis</i>		5U19A107048903		(16,518)	(16,518)
<i>Pass-Through from Washington University - St. Louis</i>		5U19A107048904		384	384
<i>Pass-Through from Washington University - St. Louis</i>		5U54A105716008		27,984	27,984
<i>Pass-Through from Washington University - St. Louis</i>		5U54AI05716007		24,159	24,159
<i>Pass-Through from Washington University School of Medicine</i>		U01 A1070374-01		(2,742)	(2,742)
<i>Pass-Through from Zirus Incorporated</i>		1R43AI08470501		(887)	(887)
Total - CFDA 93.855				8,653,573	84,696,642
					93,350,215
Microbiology and Infectious Diseases Research	93.856				
<i>Pass-Through from Battelle</i>		HHSN2722007000161		1,625,056	1,625,056
<i>Pass-Through from Baylor College of Medicine</i>		5 P30 AIO36211 15 RE		16,705	16,705
		5 P30 AI036211 14		29,203	29,203
<i>Pass-Through from Center for AIDS Research</i>		K12HD000850			
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>				20,428	20,428
<i>Pass-Through from Cytogenix, Inc.</i>		1R43AI080000-01		107,363	107,363
<i>Pass-Through from Drexel University</i>		U01AI06144105		1,859	1,859
<i>Pass-Through from Indiana University School of Medicine</i>		IN-4685522-UNT		12,895	12,895
<i>Pass-Through from Indiana University School of Medicine</i>		IUPUI4687918UNT		87,429	87,429
<i>Pass-Through from Institute for Genomic Research</i>		1 R21 AI052236 01		(3,570)	(3,570)
<i>Pass-Through from Intercell AG</i>		5U01AI06124203		(80,927)	(80,927)
<i>Pass-Through from Louisiana State University Health Sciences Center</i>		SU19AI06197205		83,709	83,709
<i>Pass-Through from Molecular Express, Inc.</i>		5R43AI06662103		67,386	67,386
<i>Pass-Through from Starpharma Holdings Limited</i>		1U19AI6059801		20,922	20,922
<i>Pass-Through from Utah State University</i>		1U54AI06535701		44,880	44,880
<i>Pass-Through from Yale University School of Medicine</i>		5K12HD00085024		7,650	7,650
Total - CFDA 93.856				296	296
				0	2,041,284
					2,041,284
Biomedical Research and Research Training	93.859				
<i>Pass-Through from Accacia International</i>		1,317,676		60,977,872	
<i>Pass-Through from American Society for Cell Biology</i>		UTA08-217		(2,047)	(2,047)
		J Marshall 2009 Visiting Prof		1,980	1,980
<i>Pass-Through from American Society for Cell Biology</i>		J Marshall 2010 Visiting Prof		3,894	3,894
<i>Pass-Through from American Society for Cell Biology</i>		T Porter 2010 Visiting Prof		1,871	1,871
<i>Pass-Through from Atactic Technologies, Inc.</i>		2R44GM076941-03-UH		104,309	104,309
<i>Pass-Through from Baylor College of Medicine</i>		2 T32 GM008280 21 A1		9,438	9,438

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		2T32GM00828021A1		(10,248)	(10,248)
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 02		(64)	(64)
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 03		18,728	18,728
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 04		232,730	232,730
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828020S1		(1,640)	(1,640)
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828022		14,823	14,823
<i>Pass-Through from California Institute of Technology</i>		U54GM094610		25,297	25,297
<i>Pass-Through from Cornell University</i>		49238 8402		84,936	84,936
<i>Pass-Through from Cornell University</i>		55038-9031		70,205	70,205
<i>Pass-Through from Cyntellect Incorporated</i>		1 R41 GM074436-01A1		(10,492)	(10,492)
<i>Pass-Through from East Central University</i>		2011-AR-UTEP		859	859
<i>Pass-Through from Hunter College</i>		5 R01 GM088530 02		94,045	94,045
<i>Pass-Through from Indiana University</i>		PO 853832		50,672	50,672
<i>Pass-Through from Indiana University - Bloomington</i>		567583		113,742	113,742
		2R01GM065414- 05A1_OR 09-376			
<i>Pass-Through from Massachusetts General Hospital</i>		5U54GM06211910		55,021	55,021
<i>Pass-Through from Mayo Clinic</i>		2 U19 GM061388 11		54,140	54,140
<i>Pass-Through from Mayo Clinic</i>		5 U01 GM061388 10		(15,253)	(15,253)
<i>Pass-Through from Michigan State University</i>		R01AI06871801_61- 0822 UT		201,170	201,170
<i>Pass-Through from Monterey Bay Aquarium Research Institute</i>		PO# 0911094		84,365	84,365
<i>Pass-Through from New York Structural Biology Center</i>		1U54GM094598-01		146,859	146,859
<i>Pass-Through from PharmaReview Corporation</i>		5R42GM079810-04		192,119	192,119
<i>Pass-Through from Rice University</i>		1 R01 GM096189 01		14,766	14,766
<i>Pass-Through from Rice University</i>		5R01GM086885		75,245	75,245
<i>Pass-Through from Rice University</i>		R01GM080575		11,517	11,517
<i>Pass-Through from Robert Wood Johnson Foundation</i>		P01-3 / P0537539		35,110	35,110
<i>Pass-Through from Sunnybrook Health Sciences Centre</i>		1R01GM08728501		2,069	2,069
<i>Pass-Through from Tufts University</i>		B1130		13,164	13,164
<i>Pass-Through from University of Arizona</i>		5 R01 GM070890 04		(53,372)	(53,372)
<i>Pass-Through from University of California - Davis</i>		5R01GM07938303		500	500
<i>Pass-Through from University of California - Davis</i>		5R01GM07938304		66,714	66,714
<i>Pass-Through from University of California - San Diego</i>		5U54GM06933809		19,433	19,433
<i>Pass-Through from University of California - San Francisco</i>		3816SC		100	100
<i>Pass-Through from University of California - San Francisco</i>		5U54GM06933808		477,922	477,922
<i>Pass-Through from University of Florida</i>		U01GM074492		262,647	262,647
<i>Pass-Through from University of Florida</i>		U01GM074492-05		26,143	26,143
<i>Pass-Through from University of Michigan</i>		5P50GM065509-09		680,553	680,553
<i>Pass-Through from University of Nebraska - Lincoln</i>		503898		71,357	71,357
<i>Pass-Through from University of New Mexico</i>		5 R01 GM079381 04		69,957	69,957
<i>Pass-Through from University of Utah</i>		10004657-01		58,208	58,208
<i>Pass-Through from University of Washington</i>		5R01GM04272519		211,933	211,933
<i>Pass-Through from Washington University - St. Louis</i>		5R01GM08059102		117,078	117,078
<i>Pass-Through from Wayne State University</i>		WSU11055		11,915	11,915
<i>Pass-Through from Yale University</i>		A07883 (M09A10314)		81,405	81,405
<i>ARRA - Biomedical Research and Research Training</i>		R2Z98G		36,339	36,339
<i>Total - CFDA 93.859</i>				1,317,676	63,472,358
					64,790,034
<i>Cellular and Molecular Basis of Disease Research</i>	93.863				
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS056202-03		19,482	19,482
<i>Population Research</i>	93.864				
<i>Pass-Through from Baylor College of Medicine</i>		101134694		35,997	35,997
<i>Pass-Through from RTI International</i>		2-312-0211545		25,140	25,140
<i>Pass-Through from Yale University</i>		A07330 (M09A10243)		(6,880)	(6,880)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Yale University</i>		A07751/U10HD055925		71,998	71,998
Total - CFDA 93.864			0	126,255	126,255
Child Health and Human Development Extramural Research	93.865		2,977,642	25,026,553	28,004,195
<i>Pass-Through from Agnes Scott College</i>		5 R01 HD056232 04		105,223	105,223
<i>Pass-Through from Baylor College of Medicine</i>		101261444		21,571	21,571
<i>Pass-Through from Baylor College of Medicine</i>		101318513		21,683	21,683
<i>Pass-Through from Baylor College of Medicine</i>		5600450000		23,943	23,943
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD04460905		3,859	3,859
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD044609-05		4,983	4,983
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD051437-04		112,503	112,503
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C		102,023	102,023
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-30039		92,117	92,117
<i>Pass-Through from Baylor College of Medicine</i>		NO1-HD-80020		126,894	126,894
<i>Pass-Through from Boston Biomedical Research Institute</i>		1U54HD06084805		150,336	150,336
<i>Pass-Through from Boston Biomedical Research Institute</i>		U54HD06084803		37,227	37,227
<i>Pass-Through from Boston University</i>		5R01HD051804-05		126,741	126,741
<i>Pass-Through from Boston University Medical Campus</i>		5U10HD05920702		21,299	21,299
<i>Pass-Through from Center for Applied Linguistics</i>		5P01 HD-039530-09		168,191	168,191
<i>Pass-Through from Children's Research Institute</i>		N01HD43393		234,166	234,166
<i>Pass-Through from Duke Clinical Research Institute</i>		1R01HD05795601		2,026	2,026
<i>Pass-Through from Duke University</i>		1R01HD05795601		21,087	21,087
<i>Pass-Through from Duke University</i>		1R01HD057956-01 / SITE 121		15,773	15,773
<i>Pass-Through from EMMES Corporation</i>		HHSN267200603425C		6,960	6,960
<i>Pass-Through from George Washington University</i>		5U10HD03680113		40,039	40,039
<i>Pass-Through from George Washington University</i>		U10HD036801		1,166,432	1,166,432
<i>Pass-Through from George Washington University</i>		U10HD036801/U01- HL098354		566,822	566,822
<i>Pass-Through from Kansas State University</i>		FY2011 028		11,944	11,944
<i>Pass-Through from Max Mobility, LLC</i>		1 R01HD053732-01A1		42,984	42,984
<i>Pass-Through from Oregon Research Institute</i>		R01HD064870		12,006	12,006
<i>Pass-Through from PLx Pharma, Inc.</i>		1R43HD061132-01A1		54,305	54,305
<i>Pass-Through from Purdue University</i>		5P01HD05211204		24,586	24,586
<i>Pass-Through from Research Foundation of the State University of New York</i>		5R03HD05756602		277	277
<i>Pass-Through from RTI International</i>		2U10HD04068911		27,747	27,747
<i>Pass-Through from RTI International</i>		5U10HD0406891008		80,235	80,235
<i>Pass-Through from RTI International</i>		RFA-HD-04-010		73,715	73,715
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 R21 HD061296 02		35,258	35,258
<i>Pass-Through from Synthecon, Inc.</i>		2R44HD0583941-02		68,620	68,620
<i>Pass-Through from Texas Biomedical Research Institute</i>		SG HALE HD049051		(23,555)	(23,555)
<i>Pass-Through from University of Alabama</i>		1R01HD06472901		83,253	83,253
<i>Pass-Through from University of Alabama</i>		5R01HD05914202		(327)	(327)
<i>Pass-Through from University of Alabama</i>		5R01HD06472902		70,525	70,525
<i>Pass-Through from University of Alabama - Birmingham</i>		2U01HD04053311		45,086	45,086
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01HD04053310		77,313	77,313
<i>Pass-Through from University of California - Irvine</i>		P01HD047609		1	1
<i>Pass-Through from University of California - Los Angeles</i>		5R01HD05176404		54,470	54,470
<i>Pass-Through from University of Colorado - Denver</i>		3-5-35256		12,315	12,315
		FY11.546.001			
<i>Pass-Through from University of Colorado - Denver</i>		7R03HD057507-03		11,604	11,604
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		5R01HD048628-05		24,669	24,669
<i>Pass-Through from University of Kansas Medical Center</i>		QL847160 / 5R03 HD05		11,434	11,434

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Michigan</i>		5U01HD04124908		138,125	138,125
<i>Pass-Through from University of Michigan</i>		U01HD041249		17,774	17,774
<i>Pass-Through from University of Nevada - Reno</i>		UNR-11-12		173,247	173,247
<i>Pass-Through from University of New Mexico</i>		5 R01 HD064655 02		86,485	86,485
<i>Pass-Through from University of Utah</i>		10019598		4,982	4,982
<i>Pass-Through from Yale University</i>		K12HD000850-25		1,220	1,220
Total - CFDA 93.865			2,977,642	29,418,749	32,396,391
Aging Research	93.866		2,324,217	21,642,720	23,966,937
<i>Pass-Through from Boston University</i>		5R01AG033193-03		37,994	37,994
<i>Pass-Through from Case Western Reserve University</i>		P01AG014359		376,652	376,652
<i>Pass-Through from Case Western Reserve University</i>		RES503597		10,342	10,342
<i>Pass-Through from Columbia University</i>		5U24AG02639505		50,881	50,881
<i>Pass-Through from Drexel University</i>		232263/R01AG022443		(88)	(88)
<i>Pass-Through from Einstein Medical College</i>		9-526-3726		306,456	306,456
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		1U01AG02982401A2		96,449	96,449
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		ASPREE/U01AG02982 4		79,845	79,845
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		PARCHMAN		88,511	88,511
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9890-4609		47,701	47,701
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9891-4609		78,503	78,503
<i>Pass-Through from Mount Sinai School of Medicine</i>		5 R01 AG030141 03		5,891	5,891
<i>Pass-Through from National Bureau of Economic Research</i>		33 4112 TTU 1		44,421	44,421
<i>Pass-Through from Scripps Research Institute</i>		5U54GM06211610		33,360	33,360
<i>Pass-Through from Southern Illinois University</i>		520317		235,489	235,489
<i>Pass-Through from University of California - San Diego</i>		2U01AG02490406		26,817	26,817
<i>Pass-Through from University of Maryland - Baltimore</i>		1 R01 AG031535-01A2		131,797	131,797
<i>Pass-Through from University of Maryland - Baltimore</i>		5 R21 AG033791 02		(1,373)	(1,373)
<i>Pass-Through from University of Maryland - College Park</i>		1R21AG031387-01A2		64,026	64,026
<i>Pass-Through from University of Michigan</i>		3001000435		417,396	417,396
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		SG/1R01AG038747-01		3,294	3,294
<i>Pass-Through from University of Washington</i>		5U01AG01697612		22,591	22,591
<i>Pass-Through from University of Washington</i>		5U01AG01697613		697	697
Total - CFDA 93.866			2,324,217	23,800,372	26,124,589
Vision Research	93.867		484,547	18,606,724	19,091,271
<i>Pass-Through from Aeon Imaging, LLC</i>		4R44EY020017-02		29,063	29,063
<i>Pass-Through from Baylor College of Medicine</i>		2 PN2 EY016525 07		163,780	163,780
<i>Pass-Through from Baylor College of Medicine</i>		5 PN2 EY016525 06		50,890	50,890
<i>Pass-Through from Baylor College of Medicine</i>		5 T32 EY007102 18		25,494	25,494
<i>Pass-Through from Children's Hospital of Philadelphia</i>		950858RSUB/1U10EY0 17		20,005	20,005
<i>Pass-Through from EMMES Corporation</i>		HHS-N-260-2007-00001-C		164,053	164,053
<i>Pass-Through from Emory University</i>		5U10EY01327207		6,182	6,182
<i>Pass-Through from Georgia Institute of Technology</i>		5PN2EY01824402		29,157	29,157
<i>Pass-Through from Johns Hopkins University</i>		EY08057-10		9	9
<i>Pass-Through from New York University</i>		F6330-02 P113955		59,095	59,095
<i>Pass-Through from Nordic</i>		1 U10 EY017281-01A1		43,062	43,062
<i>Pass-Through from St. Luke's Roosevelt Institute of Health Science</i>		NORDIC - U10EY017281 M125759		2,480	2,480
<i>Pass-Through from University of Miami</i>				27,270	27,270
Total - CFDA 93.867			484,547	19,227,264	19,711,811

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Medical Library Assistance	93.879		81,113	692,328	773,441
<i>Pass-Through from Kaiser Foundation Research Institute</i>		5R21LM009728-02		26,683	26,683
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		S/G R01LM009362		19,856	19,856
<i>Pass-Through from Rice University</i>		5T15LM0709317		(6,097)	(6,097)
<i>Pass-Through from Rice University</i>		5T15LM0709318		14,313	14,313
<i>Pass-Through from Rice University</i>		R21683		15,003	15,003
<i>Pass-Through from Rice University</i>		R21853-ROJAS		12,586	12,586
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01LM009239-04		60,402	60,402
ARRA - Medical Library Assistance					
<i>Pass-Through from Arizona State University</i>		HHSN276201000031C		19,885	19,885
Total - CFDA 93.879			81,113	854,959	936,072
Health Care and Other Facilities	93.887			1,607,818	1,607,818
Specially Selected Health Projects	93.888			517,410	517,410
Grants to States for Operation of Offices of Rural Health	93.913				
<i>Pass-Through from Medical College of Wisconsin</i>		7R01AT005522-02	72,969	175,769	248,738
<i>Pass-Through from Washington University - St. Louis</i>		WU-10-165	51,403	2,388	53,791
Total - CFDA 93.913			124,372	178,157	302,529
HIV Care Formula Grants	93.917			96,491	96,491
Special Projects of National Significance	93.928				
<i>Pass-Through from Rural Policy Research Institute</i>		203101		6,871	6,871
<i>Pass-Through from Special Health Resources for Texas, Inc.</i>		200801		3,324	3,324
<i>Pass-Through from Special Health Resources for Texas, Inc.</i>		201801		29,649	29,649
Total - CFDA 93.928			0	39,844	39,844
HIV Prevention Activities_Non-Governmental Organization Based	93.939			10,128	10,128
HIV Prevention Activities_Health Department Based	93.940			685,421	685,421
<i>Pass-Through from CHT Resource Group</i>		HHPMP1101013-01-00		26,375	26,375
<i>Pass-Through from City of Houston Health and Human Services</i>		SUB 1082010			
Total - CFDA 93.940		U62/CCU606238		300,625	300,625
			0	1,012,421	1,012,421
HIV Demonstration, Research, Public and Professional Education Projects	93.941				
<i>Pass-Through from City of Houston Health and Human Services</i>		B11-001-5 / 4600008431		131,980	131,980
<i>Pass-Through from RTI International</i>		200-2003-02489, 2		(1)	(1)
<i>Pass-Through from University of California - San Francisco</i>		3UR6PS00033404S1		34,353	34,353
<i>Pass-Through from University of California - San Francisco</i>		444918-29945		23,890	23,890
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		5-		10,349	10,349
Total - CFDA 93.941		53073/1UR6PS000670			
			0	200,571	200,571
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			427,747	427,747
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			46,547	46,547

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Block Grants for Prevention and Treatment of Substance Abuse	93.959			193,928	193,928
Coal Miners Respiratory Impairment Treatment Clinics and Services	93.965			324,526	324,526
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978			26,489	26,489
International Research and Research Training <i>Pass-Through from Health Related Information Dissemination Amongst Youth</i>	93.989	5R01TW007933-04	8,000	383,319 81,956	391,319 81,956
Total - CFDA 93.989			8,000	465,275	473,275
Maternal and Child Health Services Block Grant to the States <i>Pass-Through from Community Council of Greater Dallas</i>	93.994	2010-034874-001	24,814	367,925 4,514	392,739 4,514
Total - CFDA 93.994			24,814	372,439	397,253
Adolescent Family Life_Demonstration Projects <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from University of Arkansas</i>	93.995	1APHPA006069-01-00 5 APHPA006046-02-00 SUB#SA1007020		12,853 2,048	12,853 2,048
Total - CFDA 93.995			0	14,901	14,901
Test for Suppression Effects of Advanced Energy <i>Pass-Through from University of Washington</i> <i>Pass-Through from University of Washington</i>	93.999	5U01HL077863-07 U01HL077863-07	179,153	454,679 1,530,372	179,153 454,679 1,530,372
Total - CFDA 93.999			179,153	1,985,051	2,164,204
Total - U.S. Department of Health and Human Services			77,873,732	886,315,725	964,189,457
<b>Corporation for National and Community Service</b>					
State Commissions <i>Pass-Through from OneStar Foundation</i>	94.003	UTA11-000475		7,982	7,982
Learn and Serve America_Higher Education <i>Pass-Through from Learn and Serve Texas</i>	94.005	14ESC2009-2012		70,313	70,313
AmeriCorps <i>Pass-Through from OneStar Foundation</i>	94.006	UTA10-000890		59,477	59,477
Total - Corporation for National and Community Service			0	137,772	137,772
<b>Social Security Administration</b>					
Social Security Administration <i>Pass-Through from Dartmouth College</i>	96.XXX	5-37206.570		92,574	92,574
Total - CFDA 96.XXX			0	92,574	92,574
Total - Social Security Administration			0	92,574	92,574

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Homeland Security</b>					
U.S. Department of Homeland Security	97.XXX	HSHQDC-08-C-00119 HSHQDC-09-C-00112 UTA09-000841	14,981	(1,648) 8,798	(1,648) 23,779
<i>Pass-Through from Johns Hopkins University</i>		HSHQDC 09 C 00135		3,135	3,135
<i>Pass-Through from Midwest Research Institute</i>		537 110721 1		21,997	21,997
Total - CFDA 97.XXX			14,981	32,282	47,263
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			39,949	39,949
Assistance to Firefighters Grant	97.044			28,993	28,993
<i>Pass-Through from National Development and Research Institute</i>		EMW-2009-FP-01971		75,202	75,202
Total - CFDA 97.044			0	104,195	104,195
Centers for Homeland Security	97.061		1,790,332	4,130,926	5,921,258
<i>Pass-Through from Louisiana State University</i>		5-36435		7,833	7,833
<i>Pass-Through from Purdue University</i>		4112-31809		33,732	33,732
<i>Pass-Through from Purdue University</i>		4112-40988		16,311	16,311
<i>Pass-Through from University of Maryland - College Park</i>		Z934002	132	988	1,120
<i>Pass-Through from University of Minnesota</i>		503685		10,766	10,766
<i>Pass-Through from University of Minnesota</i>		570428	33,102		33,102
<i>Pass-Through from University of North Carolina – Chapel Hill</i>		UNC-CH-5-36340		46,411	46,411
Total - CFDA 97.061			1,823,566	4,246,967	6,070,533
Scholars and Fellows, and Educational Programs	97.062			36,145	36,145
Homeland Security Advanced Research Projects Agency	97.065			241,021	241,021
<i>Pass-Through from Abraxas Energy Consulting, LLC</i>		C11-00784, 1		4,177	4,177
<i>Pass-Through from Synkera Technologies, Inc.</i>		A9270		60,601	60,601
Total - CFDA 97.065			0	305,799	305,799
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066			3,286,272	3,286,272
Aviation Research Grants	97.069			118,123	118,123
<i>Pass-Through from Systems Research and Applications Corporation</i>		S3600001		2,348	2,348
Total - CFDA 97.069			0	120,471	120,471
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077			1,982,227	1,982,227
<i>Pass-Through from Rutgers University</i>		8000001002		469	469
Total - CFDA 97.077			0	1,982,696	1,982,696
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080			892,187	892,187
Homeland Security Biowatch Program	97.091	232543		2,133	2,133
<i>Pass-Through from Battelle</i>					
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104		108,863	330,969	439,832

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Homeland Security (continued)</b>					
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108		43,967	187,266	231,233
<i>Pass-Through from Truestone, LLC</i>		CC20000247		9,275	9,275
Total - CFDA 97.108			<u>43,967</u>	<u>196,541</u>	<u>240,508</u>
Total - U.S. Department of Homeland Security			<u>1,991,377</u>	<u>11,576,606</u>	<u>13,567,983</u>
<b>U. S. Agency for International Development</b>					
USAID Foreign Assistance for Programs Overseas	98.001		463,268	4,697,852	5,161,120
<i>Pass-Through from AECOM International Development, Inc.</i>		503921		21,406	21,406
<i>Pass-Through from Agrilogic</i>		503729		1,934	1,934
<i>Pass-Through from Colorado State University</i>		504218		279,352	279,352
<i>Pass-Through from Colorado State University</i>		570684	248,030	6,500	254,530
<i>Pass-Through from Colorado State University</i>		570688	56,836	6,500	63,336
<i>Pass-Through from Colorado State University</i>		570689	22,151	5,759	27,910
<i>Pass-Through from Colorado State University</i>		570690	81,135	6,500	87,635
<i>Pass-Through from Colorado State University</i>		570691	86,104	17,238	103,342
<i>Pass-Through from Colorado State University</i>		570692	133,317	6,500	139,817
<i>Pass-Through from Tetra Tech, Inc.</i>		US0366-10S-0003: TO 001-PO-11-0946		19,975	19,975
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503589		100,390	100,390
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503686		369,759	369,759
<i>Pass-Through from University of California - Davis</i>		503668		(191)	(191)
Total - CFDA 98.001			<u>1,090,841</u>	<u>5,539,474</u>	<u>6,630,315</u>
USAID Development Partnerships for University Cooperation and Development	98.012		75,000	105,998	180,998
<i>Pass-Through from American Council on Education</i>		523-A-00-06-00009-00: UTAA8-057		30,572	30,572
<i>Pass-Through from Higher Education for Development</i>		523-A-00-06-00009-00		360,025	360,025
<i>Pass-Through from University of California - San Diego</i>		10311918-SUB		19,571	19,571
<i>Pass-Through from University of Georgia</i>		RC7100253842248		8,829	8,829
<i>Pass-Through from Western Michigan University</i>		PGA-7251-07-007		7,784	7,784
Total - CFDA 98.012			<u>75,000</u>	<u>532,779</u>	<u>607,779</u>
Total - U. S. Agency for International Development			<u>1,165,841</u>	<u>6,072,253</u>	<u>7,238,094</u>
<b>Total Research and Development Cluster</b>			<u>130,782,944</u>	<u>1,557,346,598</u>	<u>1,688,129,542</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	84.007			16,493,329	16,493,329
Federal Family Education Loans	84.032			1,633,226	1,633,226
Federal Work-Study Program	84.033			22,865,869	22,865,869
Federal Perkins Loan Program_Federal Capital Contributions	84.038			15,519,329	15,519,329
Federal Pell Grant Program	84.063			917,157,923	917,157,923
ARRA - Federal Pell Grant Program				(3,900)	(3,900)
Total - CFDA 84.063			<u>0</u>	<u>917,154,023</u>	<u>917,154,023</u>

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Federal Direct Student Loans	84.268			3,028,611,390	3,028,611,390
Academic Competitiveness Grants	84.375			19,981,188	19,981,188
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376			14,537,621	14,537,621
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			5,943,605	5,943,605
Postsecondary Education Scholarships for Veteran's Dependents	84.408			5,550	5,550
Total - U.S. Department of Education			0	4,042,745,130	4,042,745,130
<b>U.S. Department of Health and Human Services</b>					
Nurse Faculty Loan Program (NFLP)	93.264			204,091	204,091
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			2,014,975	2,014,975
Nursing Student Loans	93.364			713,569	713,569
ARRA - Scholarships for Disadvantaged Students	93.407			1,674,113	1,674,113
ARRA - Nurse Faculty Loan Program	93.408			301,360	301,360
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			4,717,959	4,717,959
ARRA - Scholarships for Health Professions Students from Disadvantaged Backgrounds				288	288
Total - CFDA 93.925			0	4,718,247	4,718,247
Total - U.S. Department of Health and Human Services			0	9,626,355	9,626,355
<b>Total Student Financial Assistance Cluster</b>			0	4,052,371,485	4,052,371,485
<b>AGING CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044			23,771,522	942,976
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045			36,986,656	836,892
Nutrition Services Incentive Program	93.053			8,779,997	2,593,953
ARRA - Aging Home-Delivered Nutrition Services for States	93.705			74,959	74,959
Total - U.S. Department of Health and Human Services				69,613,134	4,373,821
<b>Total Aging Cluster</b>			69,613,134	4,373,821	73,986,955

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>CCDF CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Child Care and Development Block Grant	93.575		195,780,058	44,477,293	240,257,351
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		206,454,788	12,307,537	218,762,325
ARRA - Child Care And Development Block Grant <i>Pass-Through from Upper Rio Grande Workforce Development Board</i> <i>Pass-Through from Workforce Solutions Deep East Texas</i>	93.713	PY10-260-505	110,674,979	11,454 102,537	110,686,433 102,537
Total - CFDA 93.713		2R1711		351,824	351,824
			110,674,979	465,815	111,140,794
Total - U.S. Department of Health and Human Services			512,909,825	57,250,645	570,160,470
<b>Total CCDF Cluster</b>			<u>512,909,825</u>	<u>57,250,645</u>	<u>570,160,470</u>
<b>CDBG - STATE-ADMINISTERED CDBG CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		333,474,959	127,368,618	460,843,577
ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.255		10,595,925	504,227	11,100,152
Total - U.S. Department of Housing and Urban Development			344,070,884	127,872,845	471,943,729
<b>Total CDBG - State-Administered CDBG Cluster</b>			<u>344,070,884</u>	<u>127,872,845</u>	<u>471,943,729</u>
<b>CENTERS FOR INDEPENDENT LIVING CLUSTER</b>					
<b>U.S. Department of Education</b>					
Centers for Independent Living <i>Pass-Through from Memorial Hermann TIRR</i>	84.132	H133B070003		9,326	9,326
ARRA - Centers for Independent Living, Recovery Act. <i>Pass-Through from Memorial Hermann TIRR</i>	84.400	H400B100003		10,751	10,751
Total - U.S. Department of Education			0	20,077	20,077
<b>Total Centers for Independent Living Cluster</b>			<u>0</u>	<u>20,077</u>	<u>20,077</u>
<b>CHILD NUTRITION CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
School Breakfast Program	10.553		447,082,601	1,375,768	448,458,369
National School Lunch Program	10.555		1,401,610,701	2,539,100	1,404,149,801
Special Milk Program for Children	10.556		48,838		48,838

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>CHILD NUTRITION CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Summer Food Service Program for Children	10.559		45,652,800	1,804,589	47,457,389
Total - U.S. Department of Agriculture			1,894,394,940	5,719,457	1,900,114,397
<b>Total Child Nutrition Cluster</b>			<u>1,894,394,940</u>	<u>5,719,457</u>	<u>1,900,114,397</u>
<b>CSBG CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Community Services Block Grant	93.569		29,959,348	1,441,753	31,401,101
ARRA - Community Services Block Grant	93.710		4,879,360	481,481	5,360,841
<i>Pass-Through from Project Bravo</i>		11090000547	828	828	
<i>Pass-Through from City of San Antonio</i>		4600009241	36,882	36,882	
<i>Pass-Through from Gulf Coast Community Services</i>		11090000551	6,074	6,074	
<i>Pass-Through from Gulf Coast Community Services</i>		GCCSA 101909	745	745	
<i>Pass-Through from Gulf Coast Community Services</i>		GCCSA102010	4,400	4,400	
<i>Pass-Through from Gulf Coast Community Services</i>		GCCSA140CT09	1,787	1,787	
<i>Pass-Through from Gulf Coast Community Services</i>		GCCSA140CT09DTP	10,946	10,946	
Total - CFDA 93.710			<u>4,879,360</u>	<u>543,143</u>	<u>5,422,503</u>
Total - U.S. Department of Health and Human Services			<u>34,838,708</u>	<u>1,984,896</u>	<u>36,823,604</u>
<b>Total CSBG Cluster</b>			<u>34,838,708</u>	<u>1,984,896</u>	<u>36,823,604</u>
<b>DISABILITY INSURANCE/SSI CLUSTER</b>					
<b>Social Security Administration</b>					
Social Security_Disability Insurance	96.001			157,877,270	157,877,270
Total - Social Security Administration			0	157,877,270	157,877,270
<b>Total Disability Insurance/SSI Cluster</b>			<u>0</u>	<u>157,877,270</u>	<u>157,877,270</u>
<b>EARLY INTERVENTION SERVICES (IDEA) CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education-Grants for Infants and Families	84.181		41,604,265	5,085,047	46,689,312
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393		(97,994)	97,994	0
Total - U.S. Department of Education			<u>41,506,271</u>	<u>5,183,041</u>	<u>46,689,312</u>
<b>Total Early Intervention Services (IDEA) Cluster</b>			<u>41,506,271</u>	<u>5,183,041</u>	<u>46,689,312</u>

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>ECONOMIC DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Commerce</b>					
Investments for Public Works and Economic Development Facilities	11.300			1,618,462	1,618,462
Economic Adjustment Assistance	11.307			2,802,606	2,802,606
Total - U.S. Department of Commerce			0	4,421,068	4,421,068
<b>Total Economic Development Cluster</b>			0	4,421,068	4,421,068
<b>EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER</b>					
<b>U.S. Department of Education</b>					
Education for Homeless Children and Youth	84.196		5,339,135	5,339,135	
<i>Pass-Through from Education Service Center - Region X</i>		UTA09-000912	4,247	823	5,070
<i>Pass-Through from Education Service Center - Region X</i>		UTA10-001075	58,068	649,937	708,005
Total - CFDA 84.196			5,401,450	650,760	6,052,210
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387		2,742,438		2,742,438
Total - U.S. Department of Education			8,143,888	650,760	8,794,648
<b>Total Education of Homeless Children and Youth Cluster</b>			8,143,888	650,760	8,794,648
<b>EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Education Technology State Grants	84.318		9,872,112	243,832	10,115,944
ARRA - Education Technology State Grants, Recovery Act	84.386		23,006,876	355,088	23,361,964
<i>Pass-Through from Abilene Independent School District</i>		GN0003487		30,153	30,153
<i>Pass-Through from Agua Dulce Independent School District</i>		Agua Dulce ISD 10-0106	2,382		2,382
<i>Pass-Through from Agua Dulce Independent School District</i>		Driscoll ISD 10-0105	1,419		1,419
<i>Pass-Through from Agua Dulce Independent School District</i>		L0553002711002		241,407	241,407
<i>Pass-Through from Coleman Independent School District</i>		TTU 2010 10006 01		39,733	39,733
<i>Pass-Through from Education Service Center - Region XV</i>		ESC XV		30,354	30,354
<i>Pass-Through from Education Service Center - Region XX</i>		004304		27,065	27,065
<i>Pass-Through from Learn Regional Education Service Center</i>		12060-29063-2009-11-82079-170003		23,144	23,144
<i>Pass-Through from Pflugerville Independent School District</i>		UTES - 803		14,226	14,226
Total - CFDA 84.386			23,010,677	761,170	23,771,847
Total - U.S. Department of Education			32,882,789	1,005,002	33,887,791
<b>Total Educational Technology State Grants Cluster</b>			32,882,789	1,005,002	33,887,791

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>EMERGENCY FOOD ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Emergency Food Assistance Program (Administrative Costs)	10.568		6,573,992	26,262	6,600,254
ARRA - Emergency Food Assistance Program (Administrative Costs)			2,435,679		2,435,679
<b>Total - CFDA 10.568</b>			<b>9,009,671</b>	<b>26,262</b>	<b>9,035,933</b>
Emergency Food Assistance Program (Food Commodities)	10.569		43,646,354		43,646,354
<b>Total - U.S. Department of Agriculture</b>			<b>52,656,025</b>	<b>26,262</b>	<b>52,682,287</b>
<b>Total Emergency Food Assistance Cluster</b>			<b>52,656,025</b>	<b>26,262</b>	<b>52,682,287</b>
<b>EMPLOYMENT SERVICE CLUSTER</b>					
<b>U.S. Department of Labor</b>					
Employment Service/Wagner-Peyser Funded Activities	17.207		12,563,911	46,639,021	59,202,932
ARRA - Employment Service/Wagner-Peyser Funded Activities			1,385,598	1,247,532	2,633,130
<b>Total - CFDA 17.207</b>			<b>13,949,509</b>	<b>47,886,553</b>	<b>61,836,062</b>
Disabled Veterans' Outreach Program (DVOP)	17.801			6,232,934	6,232,934
Local Veterans' Employment Representative Program	17.804			5,606,950	5,606,950
<b>Total - U.S. Department of Labor</b>			<b>13,949,509</b>	<b>59,726,437</b>	<b>73,675,946</b>
<b>Total Employment Service Cluster</b>			<b>13,949,509</b>	<b>59,726,437</b>	<b>73,675,946</b>
<b>FEDERAL TRANSIT CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Federal Transit_Capital Investment Grants	20.500		1,888,705		1,888,705
Federal Transit_Formula Grants	20.507		180,258		180,258
<b>Total - U.S. Department of Transportation</b>			<b>2,068,963</b>	<b>0</b>	<b>2,068,963</b>
<b>Total Federal Transit Cluster</b>			<b>2,068,963</b>	<b>0</b>	<b>2,068,963</b>
<b>FISH AND WILDLIFE CLUSTER</b>					
<b>U.S. Department of the Interior</b>					
Sport Fish Restoration Program <i>Pass-Through from Oklahoma State University</i>	15.605	P148237	1,535,666	14,960,518	16,496,184
<b>Total - CFDA 15.605</b>			<b>1,535,666</b>	<b>8,544</b>	<b>8,544</b>
Wildlife Restoration and Basic Hunter Education	15.611			14,969,062	16,504,728
<b>Total - U.S. Department of the Interior</b>			<b>1,535,666</b>	<b>17,790,202</b>	<b>17,790,202</b>
<b>Total Fish and Wildlife Cluster</b>			<b>1,535,666</b>	<b>32,759,264</b>	<b>34,294,930</b>
			<b>1,535,666</b>	<b>32,759,264</b>	<b>34,294,930</b>

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER</b>					
<b>Corporation for National and Community Service</b>					
Foster Grandparent Program	94.011			1,623,023	1,623,023
Senior Companion Program	94.016			4,377	4,377
Total - Corporation for National and Community Service			0	1,627,400	1,627,400
<b>Total Foster Grandparent/Senior Companion Cluster</b>			0	1,627,400	1,627,400
<b>HEAD START CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Head Start	93.600			1,054,780	1,054,780
<i>Pass-Through from City of San Antonio</i>		46000011192		4,200	4,200
<i>Pass-Through from Gulf Coast Community Services</i>		06H5061		8,200	8,200
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH0016		1,367	1,367
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH-5061		119	119
<i>Pass-Through from Harris County Department of Education</i>		06H6998		7,517	7,517
Total - CFDA 93.600			0	1,076,183	1,076,183
ARRA - Head Start	93.708			1,089,108	1,089,108
Total - U.S. Department of Health and Human Services			0	2,165,291	2,165,291
<b>Total Head Start Cluster</b>			0	2,165,291	2,165,291
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction	20.205			152,067,489	1,885,143,714
<i>Pass-Through from Missouri University of Science and Technology</i>		00022938-01		1,221	2,037,211,203
<i>Pass-Through from North Central Texas Council of Government</i>		S080033 476660-00060			2,398
<i>Pass-Through from Ohio Dept of Transportation</i>		21741	15,047	21,846	36,893
ARRA - Highway Planning and Construction			119,577,779	658,649,574	778,227,353
<i>Pass-Through from Houston - Galveston Area Council</i>		1 TS 5103-02 01		16,543	16,543
Total - CFDA 20.205			271,660,315	2,543,835,296	2,815,495,611
Recreational Trails Program	20.219			2,405,030	2,148,452
Total - U.S. Department of Transportation			274,065,345	2,545,983,748	2,820,049,093
<b>Total Highway Planning and Construction Cluster</b>			274,065,345	2,545,983,748	2,820,049,093

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<b>HIGHWAY SAFETY CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
State and Community Highway Safety	20.600		9,450,924	4,255,528	13,706,452
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		8,953,062	1,853,600	10,806,662
Occupant Protection Incentive Grants	20.602		1,337,998	465,712	1,803,710
Safety Belt Performance Grants	20.609		215,677	5,100	220,777
State Traffic Safety Information System Improvement Grants	20.610		856,514	305,553	1,162,067
Incentive Grant Program to Increase Motorcyclist Safety	20.612		970,606		970,606
Child Safety and Child Booster Seats Incentive Grants	20.613		1,110,620		1,110,620
Total - U.S. Department of Transportation			<u>22,895,401</u>	<u>6,885,493</u>	<u>29,780,894</u>
<b>Total Highway Safety Cluster</b>			<u>22,895,401</u>	<u>6,885,493</u>	<u>29,780,894</u>
<b>HOMELAND SECURITY CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Homeland Security Grant Program	97.067		154,250,016	11,299,038	165,549,054
Total - U.S. Department of Homeland Security			<u>154,250,016</u>	<u>11,299,038</u>	<u>165,549,054</u>
<b>Total Homeland Security Cluster</b>			<u>154,250,016</u>	<u>11,299,038</u>	<u>165,549,054</u>
<b>HOUSING VOUCHER CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Section 8 Housing Choice Vouchers	14.871			6,080,299	6,080,299
Total - U.S. Department of Housing and Urban Development			<u>0</u>	<u>6,080,299</u>	<u>6,080,299</u>
<b>Total Housing Voucher Cluster</b>			<u>0</u>	<u>6,080,299</u>	<u>6,080,299</u>
<b>IMMUNIZATION CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Immunization Grants	93.268		10,574,593	365,318,727	375,893,320
ARRA - Immunization	93.712		1,108,192	3,874,508	4,982,700
Total - U.S. Department of Health and Human Services			<u>11,682,785</u>	<u>369,193,235</u>	<u>380,876,020</u>
<b>Total Immunization Cluster</b>			<u>11,682,785</u>	<u>369,193,235</u>	<u>380,876,020</u>
<b>INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER</b>					
<b>U.S. Department of Education</b>					
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177			1,914,501	1,914,501

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<b>INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	84.399			1,064,679	1,064,679
Total - U.S. Department of Education			0	2,979,180	2,979,180
<b>Total Independent Living Services for Older Individuals Who Are Blind Cluster</b>			<b>0</b>	<b>2,979,180</b>	<b>2,979,180</b>
<b>INDEPENDENT LIVING STATE GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Independent Living_State Grants	84.169		308,307	902,876	1,211,183
ARRA - Independent Living State Grants, Recovery Act	84.398			557,962	557,962
Total - U.S. Department of Education			308,307	1,460,838	1,769,145
<b>Total Independent Living State Grants Cluster</b>			<b>308,307</b>	<b>1,460,838</b>	<b>1,769,145</b>
<b>JAG PROGRAM CLUSTER</b>					
<b>U.S. Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		14,527,840	3,634,062	18,161,902
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803		18,881,124	7,260,079	26,141,203
Total - U.S. Department of Justice			33,408,964	10,894,141	44,303,105
<b>Total JAG Program Cluster</b>			<b>33,408,964</b>	<b>10,894,141</b>	<b>44,303,105</b>
<b>MEDICAID CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative	93.720			74,944	74,944
State Medicaid Fraud Control Units	93.775			12,134,793	12,134,793
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			61,083,099	61,083,099
Medical Assistance Program	93.778		64,179,942	17,515,906,824	17,580,086,766
ARRA - Medical Assistance Program			6,020,908	1,971,313,491	1,977,334,399
Total - CFDA 93.778			70,200,850	19,487,220,315	19,557,421,165
Total - U.S. Department of Health and Human Services			70,200,850	19,560,513,151	19,630,714,001
<b>Total Medicaid Cluster</b>			<b>70,200,850</b>	<b>19,560,513,151</b>	<b>19,630,714,001</b>

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<b>SCHOOL IMPROVEMENT GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
School Improvement Grants	84.377		1,731,855	1,212,944	2,944,799
ARRA - School Improvement Grants, Recovery Act	84.388		39,691,880		39,691,880
<i>Pass-Through from Belton Independent School District</i>		GN0004086		5,804	5,804
<i>Pass-Through from Providence Public School District</i>		UTA10-000646 PO# 2103566		475,808	475,808
Total - CFDA 84.388			<hr/> 39,691,880	<hr/> 481,612	<hr/> 40,173,492
Total - U.S. Department of Education			<hr/> 41,423,735	<hr/> 1,694,556	<hr/> 43,118,291
<b>Total School Improvement Grants Cluster</b>			<hr/> 41,423,735	<hr/> 1,694,556	<hr/> 43,118,291
<b>SNAP CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Supplemental Nutrition Assistance Program	10.551			5,959,337,382	5,959,337,382
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		14,946,876	270,192,420	285,139,296
Total - U.S. Department of Agriculture			<hr/> 14,946,876	<hr/> 6,229,529,802	<hr/> 6,244,476,678
<b>Total SNAP Cluster</b>			<hr/> 14,946,876	<hr/> 6,229,529,802	<hr/> 6,244,476,678
<b>SPECIAL EDUCATION (IDEA) CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education_Grants to States	84.027		951,280,410	44,310,892	995,591,302
<i>Pass-Through from Clear Creek Independent School District</i>		CCISD-G-23		28,120	28,120
<i>Pass-Through from Education Service Center - Region XI</i>		Stwd Services		287,259	287,259
<i>Pass-Through from Pasadena Independent School District</i>		PISD-G2-00002		42,180	42,180
<i>Pass-Through from Pearland Independent School District</i>		PEARISDG-13		37,245	37,245
Total - CFDA 84.027			<hr/> 951,280,410	<hr/> 44,705,696	<hr/> 995,986,106
Special Education_Preschool Grants	84.173		21,902,935	43,635	21,946,570
ARRA - Special Education Grants to States, Recovery Act	84.391		423,055,655	471,006	423,526,661
<i>Pass-Through from Providence Public School District</i>		UTA09-001016 PO 2102584-0-PO		(172)	(172)
<i>Pass-Through from Providence Public School District</i>		UTA10-000646 2103446-0-PO		49,998	49,998
Total - CFDA 84.391			<hr/> 423,055,655	<hr/> 520,832	<hr/> 423,576,487
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		10,808,862	2,559	10,811,421
Total - U.S. Department of Education			<hr/> 1,407,047,862	<hr/> 45,272,722	<hr/> 1,452,320,584
<b>Total Special Education (IDEA) Cluster</b>			<hr/> 1,407,047,862	<hr/> 45,272,722	<hr/> 1,452,320,584

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>STATE FISCAL STABILIZATION FUND CLUSTER</b>					
<b>U.S. Department of Education</b>					
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		1,633,165,827	418,786	1,633,584,613
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397		10,360,540	117,486,156	127,846,696
<i>Pass-Through from Temple College</i>		3633		532,326	532,326
Total - CFDA 84.397			<u>10,360,540</u>	<u>118,018,482</u>	<u>128,379,022</u>
Total - U.S. Department of Education			<u>1,643,526,367</u>	<u>118,437,268</u>	<u>1,761,963,635</u>
<b>Total State Fiscal Stabilization Fund Cluster</b>			<b><u>1,643,526,367</u></b>	<b><u>118,437,268</u></b>	<b><u>1,761,963,635</u></b>
<b>STATEWIDE DATA SYSTEMS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Statewide Data Systems	84.372		1,220,240	765,298	1,985,538
<i>Pass-Through from Texas Southmost College</i>		107293		811	811
Total - CFDA 84.372			<u>1,220,240</u>	<u>766,109</u>	<u>1,986,349</u>
ARRA - Statewide Data Systems, Recovery Act	84.384			1,200,785	1,200,785
Total - U.S. Department of Education			<u>1,220,240</u>	<u>1,966,894</u>	<u>3,187,134</u>
<b>Total Statewide Data Systems Cluster</b>			<b><u>1,220,240</u></b>	<b><u>1,966,894</u></b>	<b><u>3,187,134</u></b>
<b>TANF CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Temporary Assistance for Needy Families	93.558		105,029,996	426,646,486	531,676,482
ARRA - Emergency Contingency Fund For Temporary Assistance For Needy Families (TANF) State Programs	93.714		15,593,711	23,571,695	39,165,406
ARRA -Temporary Assistance For Needy Families (TANF) Supplemental Grants	93.716			2,133,369	2,133,369
Total - U.S. Department of Health and Human Services			<u>120,623,707</u>	<u>452,351,550</u>	<u>572,975,257</u>
<b>Total TANF Cluster</b>			<b><u>120,623,707</u></b>	<b><u>452,351,550</u></b>	<b><u>572,975,257</u></b>
<b>TEACHER INCENTIVE FUND CLUSTER</b>					
<b>U.S. Department of Education</b>					
Teacher Incentive Fund	84.374			545,939	545,939
Total - U.S. Department of Education			0	545,939	545,939
<b>Total Teacher Incentive Fund Cluster</b>			<b><u>0</u></b>	<b><u>545,939</u></b>	<b><u>545,939</u></b>

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>TEACHER QUALITY PARTNERSHIP GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Teacher Quality Partnership Grants	84.336		13,748	1,211,710	1,225,458
Total - U.S. Department of Education			13,748	1,211,710	1,225,458
<b>Total Teacher Quality Partnership Grants Cluster</b>			13,748	1,211,710	1,225,458
<b>TITLE I, PART A CLUSTER</b>					
<b>U.S. Department of Education</b>					
Title I Grants to Local Educational Agencies	84.010		1,314,124,087	12,420,283	1,326,544,370
<i>Pass-Through from Austin Independent School District</i>		DC-AM46	144,988	144,988	
<i>Pass-Through from Providence Public School District</i>		2102900-0-PO	(3,037)	(3,037)	
Total - CFDA 84.010			1,314,124,087	12,562,234	1,326,686,321
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		373,089,587	1,058,708	374,148,295
<i>Pass-Through from Kingsville Independent School District</i>		SUB11-0106	118,830	118,830	
<i>Pass-Through from Providence Public School District</i>		UTA09-001016 PO 2102585-0	(224)	(224)	
<i>Pass-Through from Providence Public School District</i>		UTA10-000646 2103445-0-PO	548,106	548,106	
Total - CFDA 84.389			373,089,587	1,725,420	374,815,007
Total - U.S. Department of Education			1,687,213,674	14,287,654	1,701,501,328
<b>Total Title I, Part A Cluster</b>			1,687,213,674	14,287,654	1,701,501,328
<b>TRANSIT SERVICES PROGRAMS CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		7,277,405	547,762	7,825,167
Job Access_Reverse Commute	20.516		4,253,259	86,801	4,340,060
New Freedom Program	20.521		2,557,068	763,799	3,320,867
Total - U.S. Department of Transportation			14,087,732	1,398,362	15,486,094
<b>Total Transit Services Programs Cluster</b>			14,087,732	1,398,362	15,486,094
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education</b>					
TRIO_Student Support Services	84.042			3,806,516	3,806,516
TRIO_Talent Search	84.044			4,912,222	4,912,222
TRIO_Upward Bound	84.047			11,225,993	11,225,993

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>TRIO CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
TRIO_Educational Opportunity Centers	84.066			1,265,931	1,265,931
TRIO_McNair Post-Baccalaureate Achievement	84.217			2,300,674	2,300,674
Total - U.S. Department of Education			0	23,511,336	23,511,336
<b>Total TRIO Cluster</b>			0	23,511,336	23,511,336
<b>VOCATIONAL REHABILITATION CLUSTER</b>					
<b>U.S. Department of Education</b>					
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126			1,493,492	219,098,453
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390			28,003,318	28,003,318
Total - U.S. Department of Education			1,493,492	247,101,771	248,595,263
<b>Total Vocational Rehabilitation Cluster</b>			1,493,492	247,101,771	248,595,263
<b>WIA CLUSTER</b>					
<b>U.S. Department of Labor</b>					
WIA Adult Program	17.258			44,860,761	53,909,384
<i>Pass-Through from Southwest Texas Junior College</i>		UTA11-000581		34,128	34,128
ARRA - WIA Adult Program			6,656,798	858,202	7,515,000
Total - CFDA 17.258			51,517,559	9,940,953	61,458,512
WIA Youth Activities	17.259			49,209,713	57,548,898
ARRA - WIA Youth Activities			8,676,493	353,413	9,029,906
<i>Pass-Through from Austin Community College</i>		1410xsw001		56,318	56,318
<i>Pass-Through from Cameron County Workforce</i>		TSTC2409SIT		47,303	47,303
Total - CFDA 17.259			57,886,206	8,796,219	66,682,425
WIA Dislocated Workers	17.260			13,891,920	16,269,125
ARRA - WIA Dislocated Workers			14,024,816	2,377,205	16,289,158
Total - CFDA 17.260			27,916,736	2,264,342	32,558,283
Workforce Investment Act (WIA) National Emergency Grants	17.277			7,799,528	17,828
WIA Dislocated Worker Formula Grants	17.278			45,905,875	120,477
Total - U.S. Department of Labor			191,025,904	23,517,024	214,542,928
<b>Total WIA Cluster</b>			<b>191,025,904</b>	<b>23,517,024</b>	<b>214,542,928</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$12,068,629,602</b>	<b>\$45,433,356,825</b>	<b>\$57,501,986,427</b>

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

### (1) Summary of Significant Accounting Policies

#### a) *Reporting Entity*

The state of Texas Schedule of Expenditures of Federal Awards (Schedule) includes the activity of all federal award programs administered by the primary government except for the federal activity of the Texas A&M Research Foundation (TAMRF), a blended component unit of the Texas A&M University System. TAMRF is excluded from the Schedule and is subject to a separate audit in compliance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

The Schedule does not include the federal activity of discrete component units. These entities are legally separate from the state and are responsible for undergoing separate audits as needed to comply with OMB Circular A-133. The federal activity of the following discrete component units is excluded from the Schedule:

OneStar National Service Commission  
Texas Guaranteed Student Loan Corporation  
Texas Health Insurance Risk Pool  
Texas Boll Weevil Eradication Foundation Inc.  
Texas State Affordable Housing Corporation  
Teacher Retirement System of Texas

#### b) *Basis of Presentation*

The Schedule presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the CFDA are identified by federal agency number followed by (.XXX). Federal award programs include expenditures, pass-throughs to non-state agencies (i.e., payments to subrecipients), non-monetary assistance and loan programs.

#### c) *Basis of Accounting*

The expenditures for each of the federal financial assistance programs are presented in the Schedule on the accounting basis as presented on the fund financial statements. For entities with governmental funds, expenditures are presented on a modified accrual basis. For entities with proprietary or fiduciary funds, expenditures are presented on the accrual basis.

Both the modified accrual and accrual basis of accounting incorporate an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. Thus, those federal programs presenting negative amounts on the Schedule are the result of prior year estimates being overstated and/or reimbursements due back to the grantor.

#### d) *Matching Costs*

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule, except for the state's share of unemployment insurance (See Note 4).

### (2) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1(c).

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

### (3) Relations to Revenues in the State of Texas' Fund Financial Statements

The following is a reconciliation of total federal awards expended as reported in the Schedule to federal revenues reported in the fund financial statements.

#### **Federal Revenues**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, Federal Revenue	\$ 44,907,149,066
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Federal Revenue	6,962,889,004
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Capital Contributions- Federal	2,126,615
Statement of Changes in Fiduciary Net Position	<u>219,265,501</u>
Total Federal Revenue per Fund Financial Statements	52,091,430,186

#### **Reconciling Items**

Non-Cash Federal Commodities/Vaccines/Surplus Property/Other (Note 6)	554,747,459
Various Loans Processed by Universities and Agencies (Note 5)	3,048,285,469
State Unemployment Funds (Note 4)	2,544,950,247
Cash rebates to participants in the Special Supplemental Food Program for Women, Infants and Children (WIC) (Note 7)	195,188,162
Programs Not Subject to OMB A-133 Reporting Requirements (Note 8)	(759,188,348)
Other *	9,178,876
Blended Component Unit not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(182,605,624)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 57,501,986,427</u>

\* This amount includes deductions of \$2,710,767 for fixed fee contracts; deductions of \$5,082,237 for vendor transactions; additions of \$11,334,526 for Credit Enhancement for Charter School Facilities; and, additions of \$5,637,188 for other transactions. An addition of \$166 is also included for rounding in the Schedule.

### (4) Unemployment Insurance Funds

State unemployment tax revenues and the government and non-profit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

well as federal funds are reported in the Schedule under CFDA 17.225. The state portion in the amount of \$2.5 billion is a reconciling item in the reconciliation of the Schedule to revenues in the fund financial statements (See Note 3).

### (5) Federally Funded Loan/Credit Enhancement Programs

The state participates in various federally funded loan and credit enhancement programs. The programs can be grouped into three broad categories:

- Federally Funded Student Loan Programs
- Other Federally Funded Loan Programs
- Federally Funded Credit Enhancement Program

#### a) *Federally Funded Student Loan Programs*

The state participates in student loan programs on which the federal government imposes continuing compliance requirements. Additionally, the state participates in other student loan programs that do not require continuing compliance. The charts below summarize activity by the state for federally funded student loan programs:

#### Student Loan Programs with Continuing Compliance Requirements

CFDA Number	Program Name	Ending Balances of Previous Year's Loans	New Loans Processed
84.038	Federal Perkins Loan Program (Perkins)	\$ 134,894,058	\$ 14,806,860
93.264	Nursing Faculty Loan Program	932,411	204,091
93.342	Health Professions Student Loans (HPSL)	18,472,013	2,014,975
93.364	Nursing Student Loans	652,471	713,569
93.408	ARRA - Nursing Faculty Loan Program	243,072	301,360
		<u>\$ 155,194,025</u>	<u>\$ 18,040,855</u>

#### Other Student Loan Programs

CFDA Number	Program Name	New Loans Processed
84.032	Federal Family Education Loans	\$ 1,633,226
84.268	Federal Direct Student Loans (Direct Loans)	3,028,611,388
		<u>\$ 3,030,244,614</u>

New student loans processed totaling \$3.0 billion are included in the Schedule and are part of a reconciling item on Note 3.

The Federal Family Education Loan Program (FFELP, CFDA 84.032) and the Federal Direct Student Loans Program (Direct Loans, CFDA 84.268) do not require universities to disburse funds. The proceeds are disbursed by lending institutions for FFELP and by the federal government for Direct Loans. For both programs, loan guarantees are issued by the Texas Guaranteed Student Loan Corporation or other guarantee agencies. The federal government reinsures these guarantee agencies.

The Texas Higher Education Coordinating Board (THECB) participates in the Federal Family Education Loan Program (FFELP, CFDA 84.032L) as a servicer of the loans. During fiscal 2011,

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

THECB received \$203.2 thousand in net interest subsidy payments that are included in the Schedule. As of Aug. 31, 2011, THECB services approximately \$46.6 million of FFELP loans. During fiscal 2011, zero new loans were processed by THECB under the FFELP.

**b) Other Federally Funded Loan Programs**

**Clean Water State Revolving Funds (CWSRF, CFDA 66.458)**

The Texas Water Development Board receives capitalization grants to create and maintain Clean Water State Revolving Funds programs (CWSRF, CFDA 66.458). The state can use capitalization grant funds to provide a long-term source of state financing for construction of wastewater treatment facilities and implementation of other water quality management activities.

The CWSRF provides loans at interest rates lower than what can be obtained through commercial markets. Mainstream funds offer a net long-term fixed interest rate of 1.30 percent below market rate for those applicants financing the origination fee. The maximum repayment period for most CWSRF loans is 30 years from completion of construction. Capitalization loans processed for CWSRF for the year ended Aug. 31, 2011, were approximately \$1.6 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2011, were approximately \$2.7 billion. Capitalization loans processed under American Recovery and Reinvestment Act (ARRA) funding for CWSRF for the year ended Aug. 31, 2011 were approximately \$95.3 million and are included in the Schedule. For the year ended Aug. 31, 2011, outstanding CWSRF loan balances utilizing ARRA funding were approximately \$18.4 million.

**Drinking Water State Revolving Funds (DWSRF, CFDA 66.468)**

The Texas Water Development Board receives capitalization grants to create and maintain Drinking Water State Revolving Funds programs (DWSRF, CFDA 66.468). The state can use capitalization grant funds to establish a revolving loan fund. The revolving loan fund can assist public water systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act. These compliance requirements ensure the public health objectives of the Safe Drinking Water Act.

The DWSRF can provide loans at interest rates lower than the market or provide other types of financial assistance for qualified communities, local agencies and private entities. Mainstream funds offer a net long-term fixed interest rate of 1.25 percent below market rate for those applicants financing the origination fee. The maximum repayment period for most DWSRF loans is 20 years from the completion of construction. Capitalization loans processed for DWSRF for the year ended Aug. 31, 2011, were approximately \$48.3 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2011, were approximately \$420.6 million. Capitalization loans processed under ARRA funding for DWSRF for the year ended Aug. 31, 2011 were approximately \$76.7 million and are included in the Schedule. For the year ended Aug. 31, 2011, outstanding DWSRF loan balances utilizing ARRA funding were approximately \$18.2 million.

The chart below summarizes activity by the state for the two revolving loan programs.

CFDA Number	Program Name	New Loans Processed
66.458	Clean Water State Revolving Funds (CWSRF)	\$ 1,645,453
66.458 - ARRA	Clean Water State Revolving Funds (CWSRF)	95,280,361
66.468	Drinking Water State Revolving Funds (DWSRF)	48,347,663
66.468 - ARRA	Drinking Water State Revolving Funds (DWSRF)	76,650,485
	Total New Loans Processed	\$ 221,923,962

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

### ***Transportation Infrastructure Finance and Innovation Act (TIFIA, CFDA 20.223)***

The United States Department of Transportation has agreed to lend the Texas Department of Transportation up to \$916.8 million under a secured loan agreement to pay or reimburse a portion of the costs of the Central Texas Turnpike System. The secured loan agreement was entered into pursuant to the provisions of TIFIA. As of Aug. 31, 2011, \$1.0 billion of the TIFIA note payable was outstanding. This TIFIA loan program is not subject to OMB A-133 reporting and is not included in the Schedule since the TIFIA loan was drawn in 2007 and 2008, prior to TIFIA loans being subject to OMB A-133.

#### **c) Federally Funded Credit Enhancement Program**

##### ***Credit Enhancement for Charter School Facilities (CFDA 84.354)***

In 2005, the Texas Public Finance Authority Charter School Finance Corporation formed a consortium with the Texas Education Agency and the Texas Charter School Resource Center to apply for a federal grant to assist charter schools. In November 2006, the consortium received \$10.1 million in federal grants to establish the Texas Credit Enhancement Program ("TCEP"). The \$11.3 million of federal grants received are subject to continuing audit requirements and are included in the Schedule. In addition, approximately \$99.9 thousand of interest earned on the federal grant monies drawn down in fiscal 2011 is also included in the Schedule.

The TCEP provides credit enhancement to eligible charter schools by funding debt service reserve funds for bonds issued on behalf of the schools to finance education facilities. As of Aug. 31, 2011, \$10.6 million of the federal grant funds had been allocated to various charter schools.

#### **(6) Non-Monetary Assistance**

The state is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements and are therefore not recorded in the state's fund financial statements. Awards received by the state which includes cash and non-cash amounts are included in the Schedule as follows:

<b>CFDA Number</b>	<b>Program Name</b>	<b>Grant Awards</b>
10.555	National School Lunch Program	\$ 131,752,237
10.565	Commodity Supplemental Food Program	8,039,925
10.569	Emergency Food Assistance Program	43,646,354
39.003	Donation of Federal Surplus Personal Property	12,126,358
93.268	Immunization Grants	<u>359,182,585</u>
	Total	\$ <u>554,747,459</u>

#### **(7) Rebates from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

During fiscal 2011, the state received cash rebates from infant formula manufacturers in the amount of approximately \$195.2 million on sales of formula to participants in the WIC program (CFDA 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Chapter II, Subchapter A, Part 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the state to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

## STATE OF TEXAS

### Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2011

#### **(8) Programs Not Subject to OMB A-133 Reporting Requirements**

The fund financial statements include federal funding received from certain programs which are not subject to continuing compliance requirements. For the year ended Aug. 31, 2011, the fund financial statements include \$759.2 million of federal funds which are not subject to the continuing compliance requirements of OMB A-133, and are not included in the Schedule.

The Medicare portion of Part D is not subject to OMB A-133 because it does not include any Medicaid funds. Reimbursements of \$118.7 million were received related to the Medicare Part D program by the administrators of postemployment health care plans. Administrators include the Teacher Retirement System, Employee Retirement System, University of Texas and Texas A&M University Systems.

The Early Retirement Reinsurance Program (ERRP) provides reimbursement to sponsors of participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses, and dependents. The state recognized \$107.5 million of federal revenue related to the EERP.

The State Small Business Credit Initiative (SSBCI) provides federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs. The state recognized \$15.4 million of federal revenue related to the SSBCI.

Certain programs of the American Recovery and Reinvestment Act of 2009 are not subject to OMB A-133. The Tax Credit Exchange Program (TCEP) allows state housing credit agencies the option of exchanging eligible portions of the state's housing credit ceiling for cash grants. Grants can then be used by the agency to make sub-awards to qualified projects, specifically for the construction or acquisition and rehabilitation of qualified low income buildings. The state recognized \$419.2 million of federal revenue related to the TCEP. Additionally, the Build America Bond and COBRA programs are excluded from the Schedule. The state recognized federal revenues of \$96.2 million and \$2.2 million related to the Build America Bond and COBRA programs, respectively.

#### **(9) Depository Libraries for Government Publications**

Several state agencies and universities participate as depository libraries in the Government Printing Office's Depository Libraries for Government Publications program (CFDA 40.001). The state agencies and universities are the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned value by the Government Printing Office.

#### **(10) Supplemental Nutrition Assistance Program (SNAP)**

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 16.55 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.

## **Schedule of Findings and Questioned Costs**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2011

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Section 1:

### **Summary of Auditors' Results**

#### **Financial Statements**

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2011 Statewide Single Audit Report dated February 21, 2012.

#### **Federal Awards**

1. Internal Control over major programs:
  - a. Material weakness (es) identified? Yes
  - b. Significant deficiency (ies) identified not considered to be material weaknesses? Yes

#### **Major Programs with Material Weaknesses:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
93.667	Social Services Block Grant
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant Program
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Medicaid (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	SNAP (with ARRA)
Cluster	TANF (with ARRA)

#### **Major Programs with Significant Deficiencies:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
11.555	Public Safety Interoperable Communications Grant Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects (with ARRA)
20.106	Airport Improvement Program (with ARRA)
20.509	Formula Grants for Other than Urbanized Areas (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
84.032L	Federal Family Education Loans – Lenders
84.048	Career and Technical Education – Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund
93.563	Child Support Enforcement (with ARRA)
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant Program
Cluster	CCDF (with ARRA)
Cluster	Highway Planning and Construction (with ARRA)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
Cluster	Homeland Security
Cluster	Medicaid (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	SNAP (with ARRA)
Cluster	Special Education (IDEA) (with ARRA)
Cluster	State-Administered CDBG
Cluster	State Fiscal Stabilization Fund (with ARRA)
Cluster	Student Financial Assistance
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (with ARRA)
Cluster	WIA (with ARRA)

2. Type of auditors' report issued on compliance for major programs? See below

**Disclaimer:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
81.041	State Energy Program (with ARRA)

**Scope limitation:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.667	Social Services Block Grant

**Adverse:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
Cluster	Medicaid (with ARRA)
Cluster	SNAP (with ARRA)

**Qualification:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.767	Children's Health Insurance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
Cluster	Highway Planning and Construction (with ARRA)
Cluster	State-Administered CDBG (with ARRA)
Cluster	TANF (with ARRA)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**No Qualification:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
11.555	Public Safety Interoperable Communications Grant Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects (with ARRA)
14.257	Homelessness Prevention and Rapid Re-Housing Program (HPRP) (with ARRA)
14.258	Tax Credit Assistance Program (TCAP) (with ARRA)
20.106	Airport Improvement Program (with ARRA)
20.509	Formula Grants for Other than Urbanized Areas (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
81.042	Weatherization Assistance for Low-Income Persons (with ARRA)
84.032L	Federal Family Education Loans – Lenders
84.048	Career and Technical Education - Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund
93.563	Child Support Enforcement
93.658	Foster Care - Title IV-E (with ARRA)
93.659	Adoption Assistance (with ARRA)
Cluster	CCDF (with ARRA)
Cluster	Disability Insurance/SSI
Cluster	Homeland Security
Cluster	JAG Program (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	Special Education (IDEA) (with ARRA)
Cluster	State Fiscal Stabilization Fund (with ARRA)
Cluster	Student Financial Assistance
Cluster	Title I, Part A (with ARRA)
Cluster	Vocational Rehabilitation (with ARRA)
Cluster	WIA (with ARRA)

3. Any audit findings disclosed that are required to be reported in accordance with *OMB Circular A-133*, Section 510(a)? Yes
4. Dollar threshold used to distinguish between Type A and Type B programs: \$86,555,601
5. Auditee qualified as low-risk auditee? No
6. Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
11.555	Public Safety Interoperable Communications Grant Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects (with ARRA)
14.257	Homelessness Prevention and Rapid Re-Housing Program (HPRP) (with ARRA)
14.258	Tax Credit Assistance Program (TCAP) (with ARRA)
20.106	Airport Improvement Program (with ARRA)
20.509	Formula Grants for Other than Urbanized Areas (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
81.041	State Energy Program (with ARRA)
81.042	Weatherization Assistance for Low-Income Persons (with ARRA)

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
84.032L	Federal Family Education Loans – Lenders
84.048	Career and Technical Education - Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund
93.563	Child Support Enforcement (with ARRA)
93.658	Foster Care - Title IV-E (with ARRA)
93.659	Adoption Assistance – Title IV-E (with ARRA)
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
Cluster	CCDF (with ARRA)
Cluster	Disability Insurance/SSI
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Homeland Security
Cluster	Medicaid (with ARRA)
Cluster	JAG Program (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	SNAP (with ARRA)
Cluster	State-Administered CDBG (with ARRA)
Cluster	Special Education (IDEA) (with ARRA)
Cluster	State Fiscal Stabilization Fund (with ARRA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (with ARRA)
Cluster	Vocational Rehabilitation (with ARRA)
Cluster	WIA (with ARRA)

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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Section 2:

### **Financial Statement Findings**

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2011 Statewide Single Audit Report dated February 21, 2012.

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Section 3a:

## **Federal Award Findings and Questioned Costs - KPMG**

This section identifies significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, as required to be reported by *Office of Management and Budget Circular A-133*, Section .510(a). This section is organized by state agency.

### **Department of Aging and Disability Services Health and Human Services Commission**

Reference No. 12-01

#### **Allowable Costs/Cost Principles**

(Prior Audit Issue - 11-02)

##### **CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2010 to September 30, 2012, October 1, 2009 to September 30, 2011, and October 1, 2008 to September 30, 2010**

**Award numbers - G1101TXSOSR, G1001TXSOSR, and G0901TXSOSR**

##### **CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 1105TX5021 and 1005TX5021**

#### **Medicaid Cluster**

**Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009**

**Award numbers - 1105TX5ADM, 1105TX5MAP, 1005TX5ADM, 1005TX5MAP, 0905TX5028, and 0905TX5048**

#### **Medicaid Cluster - ARRA**

**Award years - January 1, 2011 to June 30, 2011, October 1, 2010 to December 31, 2010, October 1, 2009 to September 30, 2010, and October 1, 2008 to December 31, 2009**

**Award numbers - 1105TXEXTN, 1105TXARRA, 1005TXARRA, and 0905TXARRA**

#### **SNAP Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 6TX430155, 6TX430145, and 6TX400105**

#### **TANF Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - G1102TXTANF and G1002TXTANF**

#### **Type of finding - Significant Deficiency**

In accordance with OMB Circular A-87, Attachment B, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency.

Questioned Cost:	\$ 0
U.S. Department of Health and Human Services	
U.S. Department of Agriculture	

The Health and Human Services Commission (HHSC) and Department of Aging and Disability Services (DADS) utilize Random Moment Time Sampling, which is an approved substitute system. The Random Moment Sampling (RMS) web application service for HHSC and DADS is provided by Applied Computer Services (ACS). The application is running on the Windows server and resides on an SQL database. Access controls are inappropriately designed for the RMS application as two programmers have full administrative access in the production environment. In addition, policies and procedural documents do not exist for the change management process, and authorization, testing, and approval of system changes have not been documented.

The job functions for the two programmers include migration of system changes to the production environment.

**AGING AND DISABILITY SERVICES, DEPARTMENT OF**

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Programmer access on the operating system allows administrative access to both the production and development environments. With the ability to develop and migrate changes, the programmers can develop and migrate code changes into the production environment that have not gone through the appropriate change management procedures.

As of December 7, 2010, management implemented change management policies and procedures and developer's access to the production environment was restricted. No compliance exceptions were noted for the major programs noted above.

**Recommendation:**

Corrective action was taken as of December 7, 2010 as noted above.

**Management Response and Corrective Action Plan:**

*Corrective action was taken as of December 7, 2010. There are no outstanding corrective action items.*

*Implementation Date: December 7, 2010*

*Responsible Person: Tammy Callaway and Paula Reed*

## **Health and Human Services Commission**

Reference No. 12-02

### **Eligibility**

#### **Special Tests and Provisions - ADP System for SNAP**

#### **Special Tests and Provisions - Income Eligibility and Verification System**

(Prior Audit Issues - 11-09, 10-12, 09-17, 08-12, and 07-13)

### **Medicaid Cluster**

**Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009**

**Award numbers - 1105TX5ADM, 1105TX5MAP, 1005TX5ADM, 1005TX5MAP, 0905TX5028, and 0905TX5048**

### **Medicaid Cluster - ARRA**

**Award years - January 1, 2011 to June 30, 2011, October 1, 2010 to December 31, 2010, October 1, 2009 to September 30, 2010, and October 1, 2008 to December 31, 2009**

**Award numbers - 1105TXEXTN, 1105TXARRA, 1005TXARRA, and 0905TXARRA**

### **SNAP Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 6TX430155, 6TX430145, and 6TX400105**

### **SNAP Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award number - 6TX440105**

### **TANF Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - G1102TXTANF and G1002TXTANF**

### **TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1001TXTAN2 and G0901TXTAN2**

**Type of finding - Material Weakness and Material Non-Compliance**

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Medicaid, Temporary Assistance for Needy Families (TANF) and SNAP - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Reporting System (TIERS).

Per review of the regulations and State Plan documents for Medicaid, TANF, and SNAP benefits, individuals must generally meet the following criteria to be eligible for any of the three forms of aid, and the information is required to be verified per a third-party source of information. Any exceptions are noted below:

- Completed and signed an application for benefits with eligibility determined at least every twelve months for Medicaid (42 CFR 435.916(a)), TANF (per State Plan), and SNAP (7 CFR 273.10(f)). In some situations, Medicaid cases are not required to be redetermined, such as for earned income transitional coverage.
- Be a Texas resident. Verification of residency is not required for Medicaid recipients. Verification is required for TANF, per State Policy, and SNAP per 7 CFR 273.2(f)(1)(vi).
- Be a U.S. citizen or non-citizen in certain recognized categories. Verification is not required for non-cash TANF recipients. Verification is required for Medicaid by State Policy and federal regulations; cash TANF by State Policy; and SNAP if receiving cash TANF benefits based on TANF State Policy.
- Meet certain resource and income limits, which vary by eligibility group, including proof of unemployment. Verification is required for all programs by State Policy and additionally SNAP verification of "gross non-exempt income" is required by 7 CFR 273.2(f)(i).
- Social security number. Verification of social security numbers is required for Medicaid by 42 CFR 435.910(g); TANF by State Policy; and SNAP by State Policy and 7 CFR 273.2(f)(1)(v).

Questioned Cost: \$14,155  
U.S. Department of Health and Human Services  
U.S. Department of Agriculture

**TIERS**

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

- The URL for the TIERS login screen is available on the Internet and while a user ID and password are required, it does not require authentication through a VPN to the HHSC network. In addition, improvements were noted for the administration and configuration of the firewall.
- Periodic reviews of operating system access are not being performed by Northrop Grumman.
- Password lifetime, complexity, and minimum length are not enforced at the database level.
- Maximum password expiration is not enforced on operating system accounts on three application servers.

In addition, the eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

- Consistent with current HHSC policy, TIERS is not designed to enforce third-party verification for residency, social security number, or U.S. citizenship. HHSC's process should be improved by implementing automated controls to enforce third-party verifications. For example, a field for each is required to be populated; however, one of the choices is "client statement" which does not constitute third-party verification. Selection of self declaration through "client statement" allows the respective case file to proceed to the next step toward benefit issuance with no third-party verification. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these three elements are required to be verified with a third party. Currently, state eligibility workers assess the validity and accuracy of the client's statement. Eligibility policy should be modified to enable TIERS to prohibit case workers from continuing towards benefit issuance until verification is obtained. A manual system override by a supervisor would be necessary in the limited circumstances where self-declaration is acceptable.
- TIERS interfaces with the Social Security Administration (SSA) to verify social security numbers. TIERS is designed so that a correct match of a client's social security number will populate a field noting the respective social security number has been verified. For social security numbers where a match is not successful, an alert is sent to the file for the case worker to investigate. However, TIERS is not designed nor are there manual controls to restrict benefits from being issued if the social security number has not been verified before the first recertification. HHSC's policy is to deny benefits after one year unless efforts are underway to obtain a social security number.
- Certain fields are noted as required on various screens within TIERS. Within a set of "logical unit of work" screens, a case worker is not able to advance to the next input screen without entering information into all the required fields. The system design requires case workers to pend from the "questions" page that precedes the logical unit of work when all of the required detail information is not available. However, once the case worker unpends the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the caseworker has obtained. If the caseworker does not have the information for these required fields, "placeholder" information can be entered in order to advance to the screens. TIERS is not designed to pend these "place holder" inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client's file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.
- The design of TIERS did not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process. Instead, the Mass Update only processes requests with active EDGs. A case needs to be in "ongoing mode" versus "change mode" for changes to be implemented.

## HEALTH AND HUMAN SERVICES COMMISSION

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Forty files processed through TIERS were reviewed for TANF and fifty files were reviewed for the SNAP and Medicaid programs. For each of the files, an initial month and recertification month, if available, was selected for test work. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Number of files reviewed	50	40	50
Benefits paid to/on behalf of households reviewed for selected months	\$ 36,679	11,175	5,495
Number of files with over (under) payments**	4	-	NA
Total calculated overpayments	\$ 7	-	NA
Total calculated (underpayments)	\$ (46)	-	NA
Number of files with insufficient documentation**	6	-	9
Benefits associated with files with insufficient documentation for selected months*	\$ 3,792	-	930

\* Eligibility and/or accuracy of benefits received could not be verified due to lacking supporting documentation.

\*\* Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.

For fifty files reviewed receiving SNAP, ten files were found to be incomplete or the benefits were calculated in error as noted below. The ten files paid benefits of \$6,115 for the selected months of which \$3,753 resulted in net questioned costs.

- For four files, the income was calculated incorrectly. The benefit amount paid to these households during the selected months was \$2,323.
- For one file, the income amount was not properly supported. The benefit amount paid to this household during the selected months was \$734.
- For one file, net income was calculated incorrectly. Additionally, support for certain income amounts was not available. The benefit amount paid to this household during the selected months was \$670.
- For three files, the support for certain income amounts was not available. The benefit amount paid to these households during the selected months was \$1,660.
- For one file, support for income was not available for the sample month and recertification month. The benefit amount paid to this household during the selected months was \$728.

For fifty files reviewed receiving Medicaid, eligibility support for nine files was found to be incomplete or had benefits calculated in error as noted below. The nine files paid benefits of \$930 on behalf of the households for the selected months which resulted in questioned costs.

- For seven files, the income used in determining eligibility was not properly supported for the sample and/or recertification month. The benefit amount paid on behalf of these households during the selected months was \$604.
- For two files, total income used in determining eligibility was calculated incorrectly. Benefits paid on behalf of these households during the selected months were \$326.

**SAVERR**

Audit procedures included review of certain general and application level controls designed for SAVERR along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

Access controls are inappropriately designed for the SAVERR database. User identification numbers with production update access have not been limited to the database based on the principle of least access. Seventy user IDs have full demand access to update both the production and development SAVERR databases on the Unisys mainframe. These IDs belong to developers, IT support staff, and contractors. Also, Team for Texas did not perform periodic access review for the SAVERR mainframe users within the fiscal year.

With full update access, the user ID can be used to provide system access to add, update, or delete data such as pricing data or eligibility data in SAVERR. The complexity of the databases and associated systems is such that personnel without in-depth knowledge of specific applications and schema could not perform changes without detection through either end-user identification of errors or problems occurring in operation. However, sophisticated users or contractors, especially those with broad HHSC enterprise skills and experience, might have the knowledge to violate the requirement for appropriate segregation of duties. Users or contractors with excessive rights to modify pricing, eligibility, and other tables across the enterprise create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

SAVERR interfaces with the SSA to verify social security numbers. SAVERR is designed so that a correct match of a client's social security number will populate a field noting the respective social security number has been verified. However, SAVERR is not designed nor are there manual controls to restrict benefits from being issued if the social security number has not been verified before the first recertification. HHSC's policy is to deny benefits after one year unless efforts are underway to obtain a social security number.

Qualified aliens, as defined by 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for Medicaid for a period of five years. At the application level of SAVERR, the five-year wait period is not automatically enforced. Each case worker is required to make the appropriate determination for aid.

Forty files processed through SAVERR were reviewed for TANF and fifty files were reviewed for the Medicaid and SNAP program. For each of the files an initial month and a recertification month, if available, were reviewed. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table:

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Number of files reviewed	50	40	50
Benefits paid to/on behalf of households reviewed for selected months	\$ 35,854	8,739	3,797
Number of files with over (under) payments**	1	-	NA
Total calculated overpayments	\$ -	-	NA
Total calculated (underpayments)	\$ -	-	NA
Number of files with insufficient documentation**	7	6	14
Benefits associated with files with insufficient documentation for selected months*	\$ 6,262	945	2,265

\* Eligibility and/or accuracy of benefits received could not be verified due to lack of supporting documentation.

\*\* Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.

## HEALTH AND HUMAN SERVICES COMMISSION

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For fifty files reviewed receiving SNAP benefits, eight files were found to be incomplete or the benefits calculated in error as noted below. The eight files paid benefits of \$6,523 for the selected months of which \$6,262 resulted in net questioned costs.

- For one file, the income used in determining eligibility was not sufficiently supported. The benefit amount paid to this household during the selected months was \$212.
- For one file, the income and net income amount used in determining eligibility were not properly supported for the sample and redetermination month. The benefit amount paid to this household during the selected months was \$777.
- For one file, the net income used in determining eligibility was calculated incorrectly. The benefit amount paid to this household during the selected months was \$261.
- For one file, the income used in determining eligibility was not properly supported. The benefit amount paid to this household during the selected months was \$859.
- For one file, the net income used in determining eligibility was not properly supported. The benefit amount paid to this household during the selected months was \$2,841.
- For three files, the eligibility file was not provided for review for the sample and/or redetermination month. Therefore, eligibility could not be verified. The benefit amount paid to these households during the selected months was \$1,573.

For forty files reviewed receiving TANF, six files were found to be incomplete. The six files paid benefits of \$945 for the selected months of which \$945 resulted in net questioned costs.

- For all six files, information supporting income and/or the application and other supporting documentation were not available for review. Therefore, eligibility could not be verified. The benefit amount paid to these households during the selected months was \$945.

For fifty files reviewed receiving Medicaid, eligibility documentation for fourteen files was found to be incomplete.

- For all fourteen files, information supporting income and/or the application and other supporting documentation were not available for review. The benefit amount paid on behalf of these households during the selected months was \$2,265.

### **Summary**

The following analysis provides perspective for the above three programs:

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Approximate amount of benefits paid for clients processed through TIERS for fiscal year 2011	\$ 3,165,465,482	60,672,530	4,216,455,607
Approximate amount of benefits paid for clients processed through SAVERR for fiscal year 2011	\$ 2,793,871,899	37,114,275	11,281,888,883
Approximate amount of benefits paid for clients processed through non-HHSC eligibility system for Emergency Assistance (EA) and Kinship for fiscal year 2011	\$ -	91,192,603	-
Approximate DSH, UPL, and other non-administrative expenditures for fiscal year 2011	\$ -	-	3,374,879,751
Approximate administrative expenditures for fiscal year 2011	\$ 285,139,297	383,995,849	757,489,759
Approximate total expenditures per 2011 Federal Schedule	\$ 6,244,476,678	572,975,257	19,630,714,000
Approximate total number of clients served in August 2011, excluding EA	4,219,887	126,152	3,537,123

Recommendation:

As the final transition is made from SAVER to TIERS in the first quarter of fiscal year 2012, HHSC should implement procedures to transfer the supporting documentation to TIERS and HHSC should retain all required documentation supporting the verification of eligibility in TIERS. In addition, as HHSC tracks the nature of file discrepancies through their quality control process and supervisory case review, HHSC should consider the need for additional “refresher” training of the case workers in order to reinforce the execution of HHSC policies and procedures.

HHSC should also continue to address the requirement issues as defined by the eligibility process supported by TIERS for (1) the automated control functions and interfaces; (2) the consideration of additional data validation and/or eligibility rules in TIERS; and (3) the consideration of additional manual compensating controls for the eligibility process.

Management Response and Corrective Action Plan:

Retaining Documentation for TIERS and Training - *The transition of active cases from SAVER to TIERS was completed in December 2011. HHSC has a process in place for imaging and associating supporting documentation to TIERS cases. The supporting documentation that was not located during the audit was from the time the cases were in SAVER. At the next review following conversion of case from SAVER to TIERS, HHSC images all information required for the review eligibility determination as well as supporting documentation of all individual demographic information.*

*As part of the current case reading activity, HHSC reviews the availability of supporting documentation in TIERS case records. Eligibility supervisors are required to review five cases per eligibility worker per month. The Office of Eligibility Services (OES) state office staff will meet with the regional directors to reinforce the case reading requirement and will monitor reports in this area on a monthly basis.*

*In staff trainings, HHSC will continue to place emphasis on proper documentation of required verifications and on correctly calculating income to improve benefit accuracy.*

*Implementation Date:* March 31, 2012 with continued monthly monitoring

*Responsible Person:* Kirsten Jumper

Quality Control Policies, Procedures and Reporting - *HHSC quality control reporting is provided on data collected in accordance with federal quality control review procedures, which do not evaluate quality of documentation. Beginning with the October 2010 sample month, HHSC expanded the quality control process and management reporting to include a review of documentation and verification supporting the eligibility decision. On a quarterly basis, findings are shared with Office of Family Services Texas Works Policy for evaluation.*

*The Office of Family Services Texas Works Policy staff complete an annual evaluation of documentation requirements to ensure the policy remains updated to meet the agency’s needs and that training and case reading remains in alignment. This evaluation is based on feedback from field staff, regional case reading, QC reviews, and QA management evaluations and corrective action plans.*

*Implementation Date:* October 31, 2010 with ongoing monitoring of additional quality control data collected regarding documentation and verification

*Responsible Person:* Todd Byrnes and Dee Church

Documentation Policies and Procedures - To provide clear guidance to case workers regarding required documentation to support an eligibility decision, the HHSC Office of Family Services released a Texas Works Documentation Guide for TIERS Users on September 9, 2010, which became effective on October 1, 2010. The documentation guide was revised and released in the January 2012 Texas Works Handbook revision. HHSC will conduct periodic reviews of the documentation requirements and release updates, as appropriate, with the quarterly handbook revisions.

*Implementation Date:*      Review documentation guide - Ongoing  
*Release of Texas Works Handbook revisions* - Quarterly (January, April, July, and October)

*Responsible Person:*      Dee Church

TIERS Automated Controls - HHSC will take the following actions to further strengthen eligibility system controls:

- Procedures to review user account privileged access to operating systems will be established, and a review of operating system user accounts will be performed periodically. Accounts that no longer require access will be revoked.
- Database password configuration settings will be implemented to meet established HHSC password standards for lifetime, complexity, and minimum length.
- Maximum password age for operating system user accounts on TIERS application servers is controlled and enforced by an automated process (LDAP). The LDAP password configuration setting will be changed from 80 days to 60 days to meet HHSC password standards for maximum age by March 1, 2012.
- HHSC has examined the feasibility of using VPN access for external TIERS users and determined that this method is too costly and is not practical or efficient. Alternatively, automated access control software has been implemented to provide web-based entry into TIERS. This service facilitates statewide access by authorized parties who are not part of the HHSC network, such as HHSC's trading partners. A number of compensating controls to offset potential vulnerabilities associated with placing the TIERS portal on the public Internet are in place, including: (a) logging and storing for six years all unauthorized attempts to log in to the TIERS portal; (b) monitoring for evidence of any brute force password attacks; (c) encrypting all Internet traffic data through the use of Secure Socket Layer (SSL) protection; and (d) automatically disabling access for all HHS employees and Maximus vendor staff on the day they end employment. Other users are disabled when their accounts have been inactive in excess of ninety days.
- HHSC policy does not require a valid SSN on file prior to the recertification of benefits. There is a requirement that clients follow-up to clear discrepancies in SSA records. Currently, SSNs failing the validation process produce an alert for action by eligibility staff. This process was evaluated by reviewing clients whose Medicaid was recertified without a validated SSN in TIERS. This process was determined to be working effectively as only fourteen of the clients listed were TIERS-created clients. HHSC will trigger the validation interface for all invalidated clients several times over the next twelve-month period. TIERS does require many data elements to be entered to ensure complete information in the determination of eligibility. TIERS allows sections to remain pending until complete information is obtained. A TIERS case history report has been developed to support case worker ability to view case details for any previous case disposition. Case Data Change screens were deployed in August 2010. TIERS is a real-time application that will place a case in a mode other than ongoing (e.g., change action, complete action, etc.) when a case worker is updating the case record. TIERS does not allow automated disposition to these case records while the case is in process since the system cannot determine the completeness of the changes being made. Automatically disposing these cases could result in inappropriate benefits to be issued or an inaccurate denial of benefits.

*Implementation Date:*      April 30, 2012

*Responsible Person:*      David Pustka

Reference No. 12-03

**Eligibility**

(Prior Audit Issues - 11-11, 10-15, 09-16, 08-11, and 07-12)

**CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 1105TX5021 and 1005TX5021**

**Type of finding - Significant Deficiency and Material Non-Compliance**

States have flexibility in determining eligibility levels for individuals for whom the state will receive enhanced matching funds within the guidelines established under the Social Security Act. Generally, a state may not cover children with higher family income without covering children with a lower family income, nor deny eligibility based on a child having a preexisting medical condition. States are required to include in their state plans a description of the standards used to determine eligibility of targeted low-income children. State plans should be consulted for specific information concerning individual eligibility requirements (42 USC 1397bb(b)).

Questioned Cost: \$3,793

U.S. Department of Health and Human Services

Specifically, per the Texas Children's Health Insurance Program (CHIP) Administrator Business Rules 370.42, *Eligibility Applicant Children*, CHIP children are eligible if they are: birth through age eighteen, live in a household with a Federal Poverty Level (FPL) of at or below 200%, and are not otherwise eligible for Medicaid, citizens or legal immigrants, and are uninsured for at least ninety days. Additionally, families with gross income above 150% FPL and less than or equal to 200% FPL must pass a resource test to qualify for CHIP. Resource limit is \$10,000 or less in countable liquid value plus excess vehicle value.

For forty files reviewed receiving CHIP, five files were found with the following:

- For three file, the cases were transferred to CHIP from Medicaid (i.e., deemed cases) and the associated eligibility file could not be located. Therefore, the signed application and required eligibility documentation were not available. The benefits paid for these children for the fiscal year were approximately \$2,988.
- For two files, the case was transferred to CHIP from Medicaid and the Medicaid income used in MAXe did not agree to the proof of income in the CHIP eligibility file. The Medicaid application supporting the income used in the calculation could not be located. Using the CHIP proof of income amounts, the children remained eligible. One of these files required citizenship documentation which was also not provided. Total benefits paid for the children for the fiscal year were approximately \$805.

Recommendation:

HHSC should ensure that a completed application and other supporting documentation is transferred from Medicaid to CHIP for every deemed case. HHSC should also ensure that the income used in the MAXe system agrees to the proof of income in the eligibility file.

Management Response and Corrective Action Plan:

*HHSC has a process in place for imaging and associating supporting documentation to TIERS cases. The supporting documentation that was not located during the audit was from the time the cases were in SAVERR. At the next review, following conversion of cases from SAVERR to TIERS, HHSC images all information required for the review eligibility determination as well as supporting documentation of all individual demographic information.*

*As part of the current case reading activity, HHSC reviews the availability of supporting documentation, including the application for assistance. This includes TIERS case records. Eligibility supervisors are required to review five cases per eligibility worker per month. The Office of Eligibility Services state office staff will meet with the regional directors to reinforce the case reading requirement and will monitor reports in this area on a monthly basis.*

## HEALTH AND HUMAN SERVICES COMMISSION

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*Implementation Date:* March 31, 2012

*Responsible Person:* Kirsten Jumper

Reference No. 12-04

### **Allowable Costs/Cost Principles**

#### **Program Income**

(Prior Audit Issues - 11-13, 10-22, 09-14, 08-09, and 07-11)

#### **CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 1105TX5021 and 1005TX5021**

#### **Medicaid Cluster**

**Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009**

**Award numbers - 1105TX5ADM, 1105TX5MAP, 1005TX5ADM, 1005TX5MAP, 0905TX5028, and 0905TX5048**

#### **Medicaid Cluster - ARRA**

**Award years - January 1, 2011 to June 30, 2011, October 1, 2010 to December 31, 2010, October 1, 2009 to September 30, 2010, and October 1, 2008 to December 31, 2009**

**Award numbers - 1105TXEXTN, 1105TXARRA, 1005TXARRA, and 0905TXARRA**

#### **Type of finding - Significant Deficiency**

Funds can only be used for Medicaid benefit payments (as specified in the State plan, Federal regulations, or an approved waiver), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180). Also, states must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought (42 CFR sections 433.135 through 433.154).

Questioned Cost:	\$ 0
U.S. Department of Health and Human Services	

The Health and Human Services Commission (HHSC) utilizes the Affiliated Computer Services (ACS) DRAMS application to validate and bill drug manufacturers for rebates and the OS+ application to construct drug coverage rules related to payment for pharmacy services. Prior to November 2010, HHSC utilized the Magellan Medicaid Administration (MMA) First Rebate Application to validate and bill drug manufacturers for rebates.

For the period September 1, 2010 to November 22, 2010, it was noted access to the First Rebate production servers was not restricted appropriately as an excessive number of accounts (fifty-one generic/system accounts and twenty-two user accounts) existed on the MBH domain. In addition, fifteen generic/system accounts and five user accounts with administrative access exist on RICNTDOM0 domain. At the database level, duplicate user accounts existed on First Rebate SQL database, which were left over after the transition from Coventry to Magellan. Upon notification, the duplicate SQL database user accounts were removed. A periodic review of the database and operating system accounts was not conducted during the audit period.

With full update access, user IDs can be used to provide system access to add, update, or delete data. Sophisticated users with broad enterprise skills and experience might have the knowledge to violate the requirement for appropriate segregation of duties. Users with inappropriate rights to modify application code or data create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing. For ACS, a service auditor's report covering the period November 22, 2010 through August 31, 2011 was performed and issued under the Statement on Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization* (SOC1), for the vendor drug services provided. A qualified opinion was issued on the following control objective:

*Controls provide reasonable assurance that authorized information, once entered into the system is protected from unauthorized or unintentional access. Specifically for this control objective, the following exceptions were noted:*

- *An additional login is required to access OS+ however, eight of seventeen accounts were not authorized for access per a review of the Role Based Spreadsheet. Thus, unauthorized access to specific pharmacy data and processes could have occurred.* Per KPMG follow-up inspection of these eight users in November 2011, it was noted two of the eight users were programmers, and one of those programmers still had access as of November 2011.
- *An additional login is required to access DRAMS; however fifteen of thirty-seven accounts were authorized for access to DRAMS per a review of the Role Based Spreadsheet. Thus, unauthorized access to specific pharmacy data and processes could have occurred.* Per KPMG follow-up inspection of these fifteen users in November 2011, it was noted that six of these users had administrative access and one of the six users was a programmer. One of the six users was considered appropriate, though not formally authorized. The access for the remaining five users with administrative access was disabled.
- *MoveIT user account review documentation did not indicate resolution of active stale accounts. Therefore, these active stale accounts could still be available for use to gain unauthorized access to the Texas Pharmacy files or data.* Per KPMG follow-up inquiry, no periodic review is performed for OS+ or DRAMS applications.

General controls over the information technology environment should be operating effectively to help ensure the proper functioning of the pharmacy systems. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles and program income related to the major programs noted above.

**Recommendation:**

HHSC management should work with ACS to ensure information technology general controls are operating effectively. Access to administrative IDs should be restricted to a limited number of authorized employees and programmer access to the production environment should be restricted to read-only capability. User access and privileges should be periodically reviewed and approved by management.

**Management Response and Corrective Action Plan:**

*As a result of the exceptions noted in the SSAE 16 review, the Vendor Drug Program has initiated the process to place ACS on a corrective action plan. The Vendor Drug Program will work with the vendor to ensure the general controls related to information technology are operating effectively.*

*Implementation Date: April 1, 2012*

*Responsible Person: Andy Vasquez*

Reference No. 12-05

**Subrecipient Monitoring**

(Prior Audit Issues - 11-16 and 10-19)

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2010 to September 30, 2012, October 1, 2009 to September 30, 2011, and October 1, 2008 to September 30, 20102**

**Award numbers - G1101TXSOSR, G1001TXSOSR, and G0901TXSOSR**

**Type of finding - Significant Deficiency and Non-Compliance**

The Health and Human Services Commission (HHSC) is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, HHSC must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to HHSC within nine months of the subrecipient's fiscal year. HHSC is to review the report and to issue a management decision within six months, if applicable. All 2011 contracts utilized by HHSC for Family Violence included CFDA numbers and amounts but did not associate the amount with each CFDA number.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

Per title 2 of the Code of Federal Regulation (CFR) part 25, an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). The requirement is effective October 1, 2010. HHSC did not obtain the DUNS numbers for all the Family Violence and Council of Governments (COGs) subrecipients until October 2011 when they became aware of the requirement.

Recommendation:

For fiscal year 2012, HHSC should associate the CFDA numbers with the individual award amounts so the subrecipient can accurately prepare their Schedule of Expenditures of Federal Awards (SEFA). Also, DUNS numbers should be obtained and verified during the contracting process.

Management Response and Corrective Action Plan:

*The fiscal year 2012 Family Violence Program contract amendment cover letters included language that associated the specific portion of the award with the appropriate CFDA number. The contract amendments, which began on September 1, 2011, were executed in September and October, so letters were sent to service providers throughout this two-month period.*

*HHSC Administrative Services Development (ASD) initiated discussions regarding the Federal Funding and Accountability and Transparency Act (FFATA) requirements and collection of DUNS numbers with Family and Community Services (FACS) in May 2011. At that time, FACS staff began to work with ASD to develop a process for collecting the information. This process included a FFATA packet to be distributed to service providers. The FFATA packet was revised again in August 2011 per ASD. In August 2011, ASD informed FACS that all sub-recipient contracts must have DUNS numbers and the numbers must be provided when FACS forwarded contracts for execution for fiscal year 2012. In compliance with FFATA and HHSC requirements, as of November 1, 2011, all DUNS numbers have been collected for Family Violence Program sub-recipients.*

**Implementation Date:** November 1, 2011

**Responsible Person:** Chan McDermott

Reference No. 12-06

**Special Tests and Provisions - Provider Eligibility**

(Prior Audit Issues - 11-17, 10-13, 09-22, and 08-19)

**Medicaid Cluster**

**Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009**

**Award numbers - 1105TX5ADM, 1105TX5MAP, 1005TX5ADM, 1005TX5MAP, 0905TX5028, and 0905TX5048**

**Type of finding - Significant Deficiency and Material Non-Compliance**

Per 42 CFR Section 431.107, in order to receive Medicaid payments, providers of medical services must be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program. Per 42 CFR Section 455.106(a) before the Medicaid agency enters into or renews a provider agreement, the provider must disclose to the Medicaid agency the identity of any person who (1) has ownership or control interest in the provider, or is an agent or managing employee of the provider, and (2) has been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the Title XX services program since the inception of those programs. Additionally, per 42 CFR Section 455.103, a State plan must provide that the requirements of 455.106 are met. Per review of the State plan, a search should be conducted to ensure that the provider is not included on the Medicaid exclusion list.

Questioned Cost:	\$ 0
U.S. Department of Health and Human Services	

A sample of fifty providers receiving Medicaid payments during fiscal year 2011 was selected for review and twenty-four files were noted to have the following exceptions. All twenty-four files were enrolled prior to fiscal year 2004 when the Health and Human Services Commission (HHSC) contracted with their current vendor who operates under current HHSC policies and procedures.

- For twenty-four providers, a search to ensure the provider was not on the Medicaid exclusion list was not conducted at the time of enrollment.
- For seventeen providers, the file had a Provider Agreement available for review but a signed and notarized copy of the Provider Information Form was not available.
- For eight providers, there was no evidence of a completed Provider Agreement signed by the provider.
- For eleven providers, there was no signed disclosure of ownership and control interest statement available for review.
- For ten providers, there was no evidence that HHSC verified suspension and debarment. Upon review of the Excluded Parties List System (EPLS), the provider was not suspended or debarred.
- For one provider, there was no evidence the provider met criteria for an Out-of-State provider.

**Recommendation:**

HHSC should implement procedures to ensure federal requirements and State plan requirements regarding provider eligibility are met. As noted above, the majority of the exceptions relate to older provider agreements. HHSC could consider reissuing and/or amending the older agreements to conform to current regulations and policies and/or implementing a periodic renewal process of two to five years.

**Management Response and Corrective Action Plan:**

*The records that were reviewed during the audit date back to 1977 and many changes have occurred since that time. The contracted Medicaid claims administrator implemented new policies and procedures, beginning in 2004, to ensure proper enrollment and eligibility requirements are met prior to enrollment into the Texas Medicaid Program. Other improvements were made as recently as September 2007.*

*In the current process, all applications are checked against HHSC and the HHSC Office of Inspector General (OIG) exclusion lists (performed since January 2004) and are screened by OIG against its Open Investigations List (performed since January 2006). These processes were automated in September 2007.*

*The process includes a two-tier quality analysis process for provider enrollment applications. First, files requiring OIG review undergo 100 percent quality review for S3 checks prior to enrollment. Second, the TMHP Quality Division performs daily and monthly post-enrollment reviews on a sample of provider applications finalized for enrollment.*

*In addition, TMHP accesses all appropriate licensure boards via the Internet to confirm valid licensure prior to enrollment of new providers and to review licenses set to expire within sixty days for all currently enrolled providers. For enrolled providers, if a current license cannot be located or obtained from the website, a payment denial code (PDC) is placed on the provider's file to ensure no payments are made to the provider after the license expires.*

*Using this process, the monthly quality rating has averaged around 99 percent since May 2008 and has remained at that level to date.*

*TMHP currently receives updated HHSC OIG exclusion lists on a monthly basis. These files are loaded into the S3 System, an application with a suite of interactive portals and customized reports developed for TMHP that assists with the verification required to enroll or re-enroll providers in the Texas Medicaid Program. The Provider Enrollment Specialist interactively matches a provider's information against the TMHP Master File, the Federal Provider Exclusion List, the Texas State Provider Exclusion List, the Texas Medicaid Do Not Enroll List, and the Open Investigations List so the user can determine if the provider is eligible to be enrolled. An application that is submitted is reviewed against the HHSC and HHSC OIG exclusion lists. Should a provider appear on an exclusion list, TMHP Provider Enrollment staff document those findings within the comments section of the provider record transferred to HHSC OIG for further review. If a provider, who is currently enrolled, is added to the exclusion list after their initial or re-enrollment, TMHP Provider Enrollment receives notification via a State Action Request Memo (SAR) from HHSC directing TMHP to modify the provider's current enrollment profile. This is accomplished by placing a PDC on the provider's enrollment profile, restricting current enrollment and future payments.*

*In response to the audit findings, 24 of the 24 providers listed in the detailed exceptions were enrolled prior to 2004 under the previous claims administrator. TMHP rendered a replacement TPI for one provider to correct the specialty issued by NHIC from pediatrics to multi-specialty. For all twenty-four providers, TMHP has confirmed that they performed an S3 (exclusion check) match on these providers in October 2011 and have noted this in the provider's file as well. Additionally, that information was provided to KPMG as well. HHSC and TMHP consider these twenty-four providers to be in good standing at the time of enrollment.*

*HHSC is currently analyzing the requirements of Section 6401 of the Patient Protection and Affordable Care Act (ACA) and the impact to the Medicaid Program, which will require additional provider screening, enrollment and re-enrollment requirements. Provider re-enrollment will be required every three to five years dependent on provider type. Once these new requirements are implemented and providers are re-enrolled in the Medicaid Program, HHSC will be able to ensure that all providers have met federal and state requirements for enrollment.*

*Implementation Date:*      March 2013

*Responsible Person:*      Jennifer Stansbury

Reference No. 12-07

**Special Tests and Provisions - EBT Card Security**

(Prior Audit Issues - 11-19, 10-14, 09-19, 08-16, and 07-16)

**SNAP Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 6TX430155, 6TX430145, and 6TX400105**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The State is required to maintain adequate security over, and documentation/records for, Electronic Benefits Transfer (EBT) cards (7 CFR section 274.12(h)(3)) to prevent their: theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR sections 274.7(b) and 274.11(c)).

Questioned Cost:	\$ 0
U.S. Department of Agriculture	

The Health and Human Services Commission (HHSC) maintains segregation of duties between case worker access to dispose cases in the eligibility systems and EBT clerk access to the EBT card issuance system to issue cards. Based on a review of all Texas intake offices, ten employees were noted as having access to both dispose cases in the eligibility systems and to issue cards in the EBT card issuance system.

Security over EBT cards (i.e., Lone Star cards) was reviewed for forty local intake offices. HHSC policy is that logs are maintained at each office to denote receipt, issuance, and destruction of EBT cards. Daily reconciliations are prepared of EBT cards (Form 1173) issued (including the recipient's name) between cards issued to clients and cards remaining. In addition, monthly inventories of the EBT cards (Form 1174) are required to be conducted by management of the office and reconciled to the daily logs. HHSC regional offices perform reviews of selected offices for which the office must respond with a corrective action plan. HHSC policy is to perform these audits once every three years. Per review of forty sites, eighteen sites were identified with the following exceptions:

- For one site, the on-site security review and corrective action plan could not be located. Additionally, the voided card log lacked proper signatures.
- For one site, no corrective action plan could be located related to the on-site security review. Additionally, form 1173 lacked the proper signoff by the client and/or the EBT clerk.
- For one site, there was no on-site security review and/or corrective action plan.
- For five sites, form 1173 lacked the proper signoff by the client and/or the EBT clerk.
- For two sites, the daily reconciliation was missing the signature indicating review by management.
- For one site, no corrective action plan could be located related to the on-site security review.
- For one site, the on-site security review and corrective action plan could not be located. Additionally, the voided card log lacked proper signatures, form 1174 lacked the signature of the employee issuing the EBT cards as well as the signature of the person receiving them for certain days, the mailed card log was missing the supervisor signature, and the daily reconciliation was missing the signature indicating review by management.
- For one site, form 1174 lacked the supervisor signature, one of two voided card logs tested could not be located, and two of two mailed card logs could not be located.
- For one site, form 1174 lacked the signature of the employee issuing the EBT cards as well as the signature of the person receiving them for certain days, the mailed card log was missing a supervisor signature, and the daily reconciliation was missing the signature indicating review by management.
- For one site, form 1173 lacked proper sign-off by the client and/or the EBT clerk, form 1174 lacked the signature of the management employee responsible for conducting the monthly inventory, and the daily reconciliation was missing the signature indicating review by management.
- For one site, form 1173 lacked proper sign-off by the client and/or the EBT clerk and form 1174 lacked the signature of the management employee responsible for conducting the monthly inventory.
- For one site, form 1173 lacked the proper signoff by the client and/or the EBT clerk, the voided card log had several lines with no case numbers, and the daily reconciliation was missing the signature indicating review by management.
- For one site, the voided card log lacked proper signatures.

**Recommendation:**

HHSC should enforce existing procedures at the various in-take offices to ensure compliance with federal regulations. Additionally, HHSC should periodically review access to the eligibility systems and the EBT card system of the intake offices to ensure proper segregation of duties.

**Management Response and Corrective Action Plan:**

*To address reconciliation and logging issues, HHSC will implement a reporting requirement for local office site coordinators to record all discrepancies found during the daily reconciliation and on the voided and mailed card logs. These reports will be submitted to the Regional EBT coordinators on a monthly basis. The implementation of this report will provide validation that existing policies and procedures are enforced. In addition, HHSC will conduct a semi-annual review of EBT/TIERS system access to ensure staff with EBT card issuance access have appropriate justification and controls in place if their role requires them to have TIERS case disposition access.*

*To address issues found in specific regions, HHSC plans the following activities:*

- *Region 2/9 lost EBT site review documentation with the retirement of the EBT regional coordinator. Because of this loss, the region is in the process of reviewing all offices again. A regional coordinator from a neighboring region will assist region 2/9 in completing reviews for all offices in the coming months. The region will then set a review schedule for ongoing reviews every three years. In addition, the region will implement a plan to maintain EBT site review records in multiple locations to prevent this type of loss from reoccurring.*
- *Region 6 had multiple findings in multiple offices. To address these findings, a regional coordinator from another region will provide assistance to region 6 to identify issues and address them through training. The assisting regional coordinator will conduct an independent review of several offices in Region 6 to make an independent assessment of EBT issues within the offices. This includes a review of local office security plans, reconciliation, accounting and reporting. The purpose of these reviews is to identify and address issues and not to conduct the on-site review that is mandated every three years. In addition, the assisting regional coordinator will conduct face-to-face training sessions with all EBT site coordinators, site coordinator back-ups, EBT clerks and EBT clerk back-ups to ensure EBT requirements are clearly understood.*

*Implementation Date:*      *Reporting requirements - Effective April 2012 for the March 2012 reporting period.*  
*Region 2/9 activities - Completion by June 30, 2012*  
*Region 6 activities - Completion by June 30, 2012*

*Responsible Person:*      *Kirsten Jumper*

Reference No. 12-08

**Reporting**

**Special Tests and Provisions - EBT Reconciliation**

(Prior Audit Issues - 11-20, 10-18, and 09-23)

**SNAP Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 6TX430155, 6TX430145, and 6TX400105**

**Type of finding - Significant Deficiency**

Per 7 CFR 274.12(j)(5), the state agency must obtain an examination by an independent auditor of the transaction processing of the State Electronic Benefits Transfer (EBT) service provider regarding the issuance, redemption, and settlement of Food Stamp Program benefits. The examination must be done at least annually and the report must be completed within ninety days after the examination period ends. Subsequent examinations must cover the entire period since the previous examination. Examinations must follow the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization (SOC1)*, requirements for reports on controls placed in operation and tests of the operating effectiveness of the controls.

Questioned Cost: \$ 0

U.S. Department of Agriculture

A service auditor's report covering the period September 1, 2010 through August 31, 2011 (covering the full twelve months of the fiscal year 2011) was issued for the EBT general controls environment. A scope limitation opinion was issued on the following control objectives:

- Controls provide reasonable assurance that processing is scheduled and deviations from scheduling are identified, documented, and resolved.
- Controls provide reasonable assurance that output data and documents are complete and distributed to authorized recipients on a timely basis.
- Controls provide reasonable assurance that transactions are received from authorized sources.

General controls over the information technology environment should be operating effectively to help ensure the proper functioning of the EBT systems. No compliance issues were noted regarding EBT reconciliation procedures performed.

**Recommendation:**

The Health and Human Services Commission's (HHSC) management should work with Texas EBT and their third-party vendors to ensure information technology general controls are operating effectively.

**Management Response and Corrective Action Plan:**

*Controls provide reasonable assurance that processing is scheduled and deviations from scheduling are identified, documented, and resolved. The third-party provider, Team for Texas (TfT), educated the TxEBT Operations Team members regarding the checklist location and associated retention procedure requirements. TfT amended the TxEBT Operations Run Book on January 15, 2012 to include a statement that checklists will be maintained within the command center at the Austin Data Center for a rolling twelve months. Implementation of the corrective action for this finding was completed on January 15, 2012.*

*Controls provide reasonable assurance that output data and documents are complete and distributed to authorized recipients on a timely basis. TfT educated the TxEBT Operations Team members regarding the checklist location and associated retention procedure requirements. TfT amended the TxEBT Operations Run Book on January 15, 2012 to include a statement that checklists will be maintained within the command center at the Austin Data Center for a rolling 12 months. Implementation of the corrective action for this finding was completed on January 15, 2012.*

*Controls provide reasonable assurance that transactions are received from authorized sources. The Settlement and Reconciliation vendor acknowledges that during the conversion from a paper process to a paperless process which occurred during the audit period, some of the adjustment records and reports were destroyed prior to scanning the hardcopies. The vendor's process has been modified to create a control point to prevent this from happening in the future. Implementation of the corrective action for this finding was completed on August 31, 2011. HHSC Office of Program Support and Management will verify compliance through additional monitoring visits.*

*Implementation Date:* January 15, 2012

*Responsible Person:* Kay Jones

Reference No. 12-09

**Special Tests and Provisions - Adult Custodial Parent of Child under Six When Child Care Not Available**  
(Prior Audit Issue - 11-21, 10-26, and 09-24)

**TANF Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - G1102TXTANF and G1002TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1001TXTAN2 and G0901TXTAN2**

**Type of finding - Significant Deficiency and Non-Compliance**

Per 45 CFR 261.56(a)(1), if an individual is a single custodial parent caring for a child under age six, the State may not reduce or terminate assistance based on the parent's refusal to engage in required work if he or she demonstrates an inability to obtain needed child care for one or more of the following reasons: (i) Appropriate child care within a reasonable distance from the home or work site is unavailable; (ii) Informal child care by a relative or under other arrangements is unavailable or unsuitable; or (iii) Appropriate and affordable formal child care arrangements are unavailable; (2) Refusal to work when an acceptable form of child care is available is not protected from sanctioning. Per 45 CFR 261.15(b), a State that fails to impose penalties on individuals in accordance with the provisions of Section 407(e)(2) of the Act and the requirements at Section 261.56 maybe subject to the State penalty specified at Section 261.57. The State's policy is to reduce benefits 100% for noncooperation.

Questioned Cost:	\$139
U.S. Department of Health and Human Services	

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Temporary Assistance for Needy Families (TANF) - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Reporting System (TIERS). HHSC works with the Texas Workforce Commission (TWC) to administer the program at the Texas Local Workforce Development Boards. TWC's role is to transmit information from the Texas Local Workforce Development Boards to HHSC who imposes the sanctions.

A sample of forty beneficiaries who should have had their benefits reduced was selected for review - twenty from SAVERR and twenty from TIERS. Our review noted the following exceptions for TIERS and SAVERR. Of the twenty cases reviewed in TIERS, for one case the sanction was received by HHSC when the case was being updated for the beneficiary reporting an income change. As the case was pended for update, the case did not process through the Mass Update. The sanction was imposed one month late resulting in an overpayment of \$139. There were no exceptions noted per review of the twenty SAVERR cases.

**Recommendation:**

HHSC should implement procedures to ensure case files are properly classified when in sanction status and that they are processed timely and ensure documentation of exemptions is supported.

**Management Response and Corrective Action Plan:**

*HHSC currently has a process to ensure sanctions are imposed in a timely manner in TIERS. The TIERS system processes sanction requests via an automated interface without worker intervention. Sanction requests for cases under review at the time a sanction is received “exception out” of the automated process. For these cases, HHSC reviews the cases to determine if all information required for the review action has been received. If all required information is available, the worker is prompted to complete the case so that the sanction is imposed according to policy timeframes. In situations where the information needed to complete the case action has not been received, the worker is unable to dispose the action until all of the information is received. The sanction is then imposed at the time the case review action is completed.*

*For the exception case, the information needed to complete the review action had not been received at the time the sanction was received, so the sanction was not imposed that month. The sanction was imposed in the following month after the needed information was available. At the end of that month, the case was terminated in accordance with policy, which requires a termination after two sanction months. As a result, the sanction amount that was not imposed in the first month became an overpayment. Should the client reapply and be certified for benefits, the overpayment will be recovered. HHSC has processed the return of the federal share of the overpayment amount.*

**Implementation Date:** February 2, 2012

**Responsible Person:** Kirsten Jumper

Reference No. 12-10

**Special Tests and Provisions - Child Support Non-Cooperation**

(Prior Audit Issues - 11-22, 10-23, 09-18, 08-15, and 07-15)

**TANF Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - G1102TXTANF and G1002TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award number - G1001TXTAN2 and G0901TXTAN2**

**Type of finding - Significant Deficiency and Material Non-Compliance**

Per 45 CFR Sections 264.30 (b) and (c), if the IV-D agency (i.e., Texas Attorney General) determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with Section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with Section 260.52 of this chapter, then the Texas Attorney General's agency must notify the Health and Human Services Commission (HHSC) agency promptly. HHSC must then take appropriate action by: (1) deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than twenty-five percent of the amount of such assistance or (2) denying the family any assistance under the program. Per A2140, the State policy is to reduce benefits 100% for non-cooperation.

Questioned Cost: \$2,355

U.S. Department of Health and Human Services

HHSC currently maintains two systems for determining eligibility for Temporary Assistance for Needy Families (TANF) - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the Texas Integrated Eligibility Reporting System (TIERS).

A sample of forty beneficiaries who should have had their benefits reduced was selected for review - twenty from SAVERR and twenty from TIERS. Our review noted the following:

- Of the twenty cases reviewed in SAVERR, benefits were not reduced timely for one case as a result of not working the case timely. The benefit was reduced one month late, resulting in an error of \$225.

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- Of the twenty cases reviewed in TIERS, benefits were not reduced timely for one case. The case did not process through the Mass Update as the client was not noted as being eligible. The benefit was reduced one month late, resulting in an error of \$260.
- Of the twenty cases reviewed in SAVERR, sanction cause could not be validated for one case. The case was converted from SAVERR to TIERS but neither system had a record of reason for the sanction. The sanction was not processed in SAVERR prior to conversion and was lost. Benefits were withheld although verification could not be obtained that the sanction was child support related.

Throughout fiscal year 2011, HHSC was converting clients from SAVERR to TIERS in preparation for shutting down the SAVERR system in early fiscal year 2012. When sanctions are sent to SAVERR from the Texas Office of Attorney General Child Support Division (OAG), the sanctions are interfaced into a staging area where case workers must actively work each sanction within thirty days or the sanction is purged. Sanctions in the staging area were not processed prior to the conversion and therefore “lost.” The following are exceptions noted as a result of the conversion. In addition, HHSC is unable to quantify how many sanctions were “lost” since the information is purged within thirty days.

- Of the twenty cases reviewed in TIERS, the sanction cause could not be validated for one case. No child support sanction was found in TIERS since the sanction was not processed in SAVERR prior to conversion and was “lost.” The client received all benefits until a different sanction was imposed. No case documentation was found regarding the sanction or withholding of benefit. This resulted in a total error of \$225.
- Of the twenty cases reviewed in SAVERR, benefits were not reduced timely for three cases that were converted to TIERS. The sanctions were not processed in SAVERR prior to conversion and were “lost.” In two cases, the client received benefits until the case was terminated for a different reason. As of January 2012, one case is still receiving benefits. No case documentation was found regarding the sanction or benefit being withheld. This resulted in a total error of \$1,645.

Recommendation:

HHSC management should continue to monitor the proper functioning of identifying and restricting benefits for individuals timely. Also HHSC should work with OAG to determine how to identify clients currently receiving benefits in TIERS but are shown as sanctioned due to lack of cooperation for child support.

Management Response and Corrective Action Plan:

*Of the seven exceptions noted, six of them are related to the manual processing required in the SAVERR system. HHSC completed the conversion of active TANF cases from SAVERR to TIERS in September 2011. Because these cases are now in TIERS, the manual processing required in SAVERR is no longer required and no corrective action can be taken.*

*HHSC currently has a process to ensure sanctions are imposed in a timely manner in TIERS. TIERS processes sanction requests via an automated interface without worker intervention. Sanction requests for cases under review at the time a sanction is received “exception out” of the automated process. For these cases, HHSC reviews the cases to determine if all information required for the review action has been received. If it has, the worker is prompted to complete the case so that the sanction is imposed according to policy time frames.*

*Implementation Dates:* Not Applicable

*Responsible Person:* Kirsten Jumper

Reference No. 12-11

**Special Tests and Provisions - TANF Emergency Fund Grants - FY 2009 and FY 2010**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1001TXTAN2 and G0901TXTAN2**

**Type of finding - Non-Compliance**

Three different categories of TANF Emergency Fund grants are available to States, Territories, and Tribes operating TANF programs (referred to collectively as — jurisdictions') for FY 2009 and FY 2010 (42 USC 603(c), as added by Section 2101 of ARRA). Jurisdictions may apply for and receive funds on a quarterly basis under any or all of the three categories described below, if the jurisdiction meets the conditions of the grant category:

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

- a. ***Grant Related to Caseload Increases:*** The jurisdiction's average monthly assistance *caseload* in a quarter is higher than its average monthly assistance caseload for the corresponding quarter in the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower average monthly assistance caseloads), and its expenditures for *basic assistance* in a quarter are higher than its expenditures for such assistance in the corresponding quarter of the TANF Emergency Fund base year. "Basic assistance" is defined at 45 CFR section 260.31(a)(1)-(2) for States.
- b. ***Grant Related to Increased Expenditures for Non-Recurrent Short-Term Benefits:*** The jurisdiction's expenditures for *non-recurrent short-term benefits* in a quarter are higher than its expenditures for such benefits in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower non-recurrent short-term benefit expenditures). "Non-recurrent short-term benefits" are defined at 45 CFR section 260.31(b)(1) for States.
- c. ***Grant Related to Increased Expenditures for Subsidized Employment:*** The jurisdiction's expenditures for *subsidized employment* in a quarter are higher than such expenditures in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower subsidized employment expenditures). Subsidized employment refers to "work subsidies," as defined at 45 CFR section 260.31(b)(2) for States.

The qualifying expenditures may come from both Federal TANF funds and the jurisdiction's maintenance of effort (MOE) funds. For each category above, a jurisdiction that qualifies may receive eighty percent of the amount by which expenditures in a quarter for which it is requesting TANF emergency funds exceed such expenditures in the applicable base year.

There is ongoing discussion between the Administration for Children and Families (ACF) and HHSC on revising the methodologies that HHSC utilized in reporting its expenditures to qualify for Emergency Fund Grant funding for the non-recurrent short-term benefits category. As of mid-January 2012, HHSC methodologies have not been accepted by ACF. Without an approved methodology, we were unable to determine whether HHSC reported its revised expenditures accurately to reflect an appropriate increase in caseloads and/or expenditures that would qualify HHSC for funding during each quarter for which HHSC qualified for a TANF emergency award. HHSC has received approximately \$243 million of awards under the TANF emergency award from November 2009 to September 2010.

**Recommendation:**

HHSC should continue working with ACF to finalize the Emergency Fund Grant methodologies.

**Management Response and Corrective Action Plan:**

*HHSC will continue working with ACF to finalize the TANF Emergency Fund Grant methodologies. In August 2011, the Regional ACF office de-obligated \$136 million of the \$243 million awards related to claimed hospital related charity care expenditures across the state under the non-recurrent short-term benefits category. HHSC has filed an appeal and was instructed by ACF to not draw the \$136 million on the line of credit until the appeal was resolved.*

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*In November 2011, ACF sent a program announcement to clarify to States that costs for charity care incurred by hospitals are not allowable TANF MOE expenditures. The appeal was withdrawn on January 31, 2012 and funds have not been drawn on the line of credit.*

*ACF's decision on the remaining non-recurring short-term benefit claim related to PUC and Food Bank/Family Violence is pending as of mid-January 2012. Upon finalization of the claim, HHSC will make any required revisions to the federal OFA-100 report. HHSC anticipates a final decision from ACF by June 30, 2012.*

*Implementation Date:*     *June 30, 2012*

*Responsible Person:*     *Lisa Subia*

**Health and Human Services Commission  
Department of Aging and Disability Services**

Reference No. 12-12

**Reporting**

**Medicaid Cluster**

**Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009**

**Award numbers - 1105TX5ADM, 1105TX5MAP, 1005TX5ADM, 1005TX5MAP, 0905TX5028, and 0905TX5048**

**Medicaid Cluster - ARRA**

**Award years - January 1, 2011 to June 30, 2011, October 1, 2010 to December 31, 2010, October 1, 2009 to September 30, 2010 and October 1, 2008 to December 31, 2009**

**Award numbers - 1105TXEXTN, 1105TXARRA, 1005TXARRA, and 0905TXARRA**

**Type of finding - Significant Deficiency and Non-Compliance**

The Health and Human Services Commission (HHSC) is required by OMB Circular A-133 and A-102 to submit a CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (OMB No. 0938-0067), within thirty days after quarter-end in a format suggested by the Department of Health and Human Services (DHHS). Form CMS-64 is a statement of expenditures for which states are entitled to Federal reimbursement under Title XIX. The amounts reported on the CMS-64 and its attachments must be actual expenditures for which all supporting documentation, in readily reviewable form, has been compiled and is available immediately at the time the claim is filed. The Texas CMS-64 report filed by HHSC is consolidated based on information from various agencies including the Department of Aging and Disability Services (DADS).

Questioned Cost: \$ 0  
U.S. Department of Health and Human Services

**HHSC**

The FMAP rate for collections was not updated in the Quarterly Summary of Revenues Schedule used to calculate the amounts reported in the CMS-64 September 30, 2011 report. This resulted in a \$155,545 overstatement of collections reported to CMS. HHSC noted that the Quarterly Summary of Revenues is obtained from the general ledger and is not reviewed to ensure the schedule agrees to the general ledger and that the formulas are correct, prior to the completion of the CMS-64 report submission process.

**DADS**

The FMAP rate on the Summary Sheet utilized by DADS to calculate amounts reported on the CMS-64 report was not updated for the quarter ended December 31, 2010 and caused a \$210,258 understatement for probate collections. The CMS-64 report was signed-off as being reviewed; however, the reviewer appears to have not agreed all the supporting documentation to the Summary Sheet.

**Recommendation:**

HHSC - A review process should be established for the Summary of Revenues Schedule used in the preparation of the CMS-64 report, including the verification of the appropriate quarterly FMAP rate.

DADS - The existing review process should be enhanced to verify the FMAP rate being utilized each quarter.

**Management Response and Corrective Action Plan - HHSC:**

*Management has implemented a corrective action concerning this finding. A process has been added to ensure the Quarterly Summary of Revenues schedule is reviewed and agrees with the general ledger. In addition, the "CMS-64 Checklist" has been updated to include formula verification on the schedule to ensure rates are updated.*

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*Implementation Date:* January 18, 2012

*Responsible Person:* Diane Jackson

**Management Response and Corrective Action Plan - DADS:**

*The existing review process was enhanced on February 1, 2011, to verify the FMAP rates being utilized each quarter. There are no outstanding corrective action items.*

*Implementation Date:* February 1, 2011

*Responsible Persons:* Tammy Callaway, Nigel Lewis, and Paula Urban

**Health and Human Services Commission  
Department of Family and Protective Services**

Reference No. 12-13

**Eligibility**

(Prior Audit Issue - 11-10)

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2008 to September 30, 2010**

**Award number - G0901TXSOS2**

**Type of finding - Material Weakness and Scope Limitation**

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, (Public Law 110-329) was signed into law on September 30, 2008. This act provided \$600 million in additional funds to the Social Services Block Grant to address necessary expenses resulting from hurricanes, floods, and other natural disasters occurring during 2008 (i.e., Ike and Dolly) for which the President declared a major disaster, and from hurricanes Katrina and Rita. This includes social, health, and mental health services for individuals, and for repair, renovation, and construction of health facilities, including mental health facilities, child care centers, and other social services facilities. Per OMB Circular A-133 Compliance Supplement 2010, Part 3, "Some non-Federal entities pay the Federal benefits to the eligible participants but arrange with another entity to perform part or all of the eligibility determination. In such cases, the State is fully responsible for Federal compliance for the eligibility determination, as the benefits are paid by the State. Moreover, the State shows the benefits paid as Federal awards expended on the State's Schedule of Expenditures of Federal Awards."

Questioned Cost: \$ 27,470,664

U.S. Department of Health and Human Services

During fiscal year 2010, the Health and Human Services Commission (HHSC) paid approximately \$25.5 million in benefits to providers for medical claims under the Social Services Emergency Disaster Relief grant. HHSC delegated eligibility determinations to the individual providers. The medical claims paid are reflected in the State of Texas Schedule of Expenditures of Federal Awards. HHSC was not able to provide sufficient documentation to support its compliance with eligibility requirements for forty provider claims selected. During fiscal year 2011, HHSC recouped the forty provider claims selected for audit in 2010. In addition, HHSC submitted a request to the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) for guidance on what was required and acceptable forms of documentation for disaster services. HHS-ACF has not responded to the HHSC inquiry as of January 2012.

In addition, during fiscal year 2011, HHSC allocated the Department of Family and Protective Services (DFPS) \$2 million of disaster funds to be used toward foster children affected by the Ike and Dolly hurricanes. DFPS developed a methodology for estimating the impact on the cost of foster care based on actual removals in the impacted counties during the months beginning with October 2008 through September 2010. The methodology considered the evidence of incident rates of removals in the impacted counties during the period following the hurricanes being greater than the statewide incident rate of removals for the same time period. Allocation methodologies are not traditional forms of documentation for eligibility or allowability of costs unless approved by the federal government as an alternative methodology.

**Recommendation:**

HHSC should continue to pursue guidance from HHS-ACF on appropriate documentation and/or allocation methodologies for the disaster funds.

**Management Response and Corrective Action Plan:**

*HHSC will continue to seek guidance from ACF about appropriate documentation required to support eligibility for these claims. Based on the guidance it obtains from ACF, HHSC will continue to work with providers that received SSBG funds to treat hurricane evacuees to determine whether evidence that appropriate documentation to support*

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*eligibility determinations is available. HHSC plans to recoup amounts associated with claims for which a provider is unable to provide sufficient documentation to support its compliance with eligibility requirements.*

*HHSC, in coordination with DFPS, will also seek formal approval from ACF for the allocation methodology used to support disaster funding for foster children impacted by the storms.*

*Implementation Date:* August 2012

*Responsible Persons:* Jennifer Stansbury, David Kinsey, and Cindy Brown

**Health and Human Services Commission  
Texas Workforce Commission**

Reference No. 12-14

**Special Tests and Provisions - Penalty for Refusal to Work**

(Prior Audit Issues - 11-24, 10-25, 9-21, and 08-18)

**TANF Cluster**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - G1102TXTANF and G1002TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1001TXTAN2 and G0901TXTAN2**

**Type of finding - Significant Deficiency and Material Non-Compliance**

Per 45 CFR 261.14, if an individual refuses to engage in work required under Section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. Such a reduction is governed by the provisions of §261.16. The State must, at a minimum, reduce the amount of assistance otherwise payable to the family pro rata with respect to any period during the month in which the individual refuses to work. The State may impose a greater reduction, including terminating assistance. A State that fails to impose penalties on individuals in accordance with the provisions of Section 407(e) of the Act may be subject to the State penalty specified at Section 261.54. The State's policy is to reduce benefits 100% for non-cooperation.

Questioned Cost: \$450  
U.S. Department of Health and Human Services

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for TANF - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the Texas Integrated Eligibility Reporting System (TIERS). HHSC works with the Texas Workforce Commission (TWC) to administer the program at the Texas Local Workforce Development Boards. TWC's role is to transmit information from the Texas Local Workforce Development Boards to HHSC who imposes the sanctions.

A sample of forty beneficiaries who should have had their benefits reduced was selected for review - twenty from SAVERR and twenty from TIERS. Our review noted the following:

- Of the twenty cases reviewed in SAVERR, for two cases the TWIST documentation confirms a penalty was requested but does not note the reason. Both cases came from the same Texas Local Workforce Development Boards, which TWC had placed on a sanction, in early 2011 based on results from a monitoring visit that the Texas Local Workforce Development Boards was not timely initiating their penalties. Benefits were properly withheld by HHSC from the beneficiary in each case.
- Of the twenty cases reviewed in TIERS, benefits were not reduced timely for one case. The penalty was initiated on July 7, 2010, but the sanction was not imposed until September 1, 2010. The sanction should have been imposed August 1, 2010. The client received benefits in August and October 2010. This resulted in an overpayment of \$450.

Recommendation:

As noted above, TWC followed their procedures and worked with the Texas Local Workforce Development Boards to correct the monitoring findings in a timely fashion. HHSC should follow their procedures to process sanctions within five days of receipt from TWC.

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### Management Response and Corrective Action Plan - TWC:

TWC agrees with the findings noted. As previously mentioned both of the cases originated from one Workforce Development Board Area (Board). Agency monitoring, as well as monthly program assistance, identified issues with this Board which ultimately resulted in placing the Board under corrective action. TWC worked with the Board to address deficiencies in their policy and procedures and provided intensive technical assistance. The Board successfully addressed their deficiencies and the corrective action was lifted. Beginning September 1, 2011, staff from Workforce Policy and Program Assistance (WPPA) generates a report of sanctions that are initiated each month by Board area. This report indicates the number of days elapsed from the date of noncompliance to the date the sanction was initiated. WPPA staff reviews all cases that exceed 7 days and discusses the results with each Board during their monthly performance analysis reviews. This has proven successful in assisting Boards in identifying staff that may need additional training in timely initiation of sanctions. This practice is ongoing and will continue in the current fiscal year.

Implementation Date: September 1, 2011

Responsible Persons: Patricia Gonzalez

### Management Response and Corrective Action Plan - HHSC:

HHSC currently has a process to ensure sanctions are imposed in a timely manner in TIERS. The TIERS system processes sanction requests via an automated interface without worker intervention. Sanction requests for cases under review at the time a sanction is received exception out of the automated process. For these cases, HHSC reviews the cases to determine if all information required for the review action has been received. If it has, the worker is prompted to complete the case so that the sanction is imposed according to policy timeframes. In situations where the information needed to complete the case action has not been received, the worker is unable to dispose the action until the time all of the information is received. The sanction is then imposed at the time the case review action is completed.

For the exception case, the sanction was imposed one month late in September 2010. The grant was later released for October 2010 and denied effective November 2010 for an unrelated denial reason. HHSC is researching this specific case to determine why the grant was released in October 2010. For this case, HHSC will pursue an overpayment. Should the client reapply and be certified for benefits, the overpayment will be recovered.

Implementation Date: Not Applicable

Responsible Person: Kirsten Jumper

**Texas Department of Housing and Community Affairs**

Reference No. 12-15

**Allowable Costs/Cost Principles**

**CFDA 14.257- Homeless Prevention and Rapid Re-Housing Program (HPRP) - ARRA**

**Award year - July 21, 2009**

**Award number - S-09-DY-48-0001**

**CFDA 81.042 - Weatherization Assistance for Low-Income Persons**

**Award year - December 8, 2009**

**Award number - 10-02**

**CFDA 81.042 - Weatherization Assistance for Low-Income Persons - ARRA**

**Award years - April 1, 2009 to March 31, 2012**

**Award number - EE0000094**

**State-Administered CDBG Cluster**

**Award year - N/A for disaster-funds and March 3, 2009 for NSP**

**Award numbers - B-06-DG-48-0002, B-08-DI-48-0001, and B-08-DN-48-0001**

**Non-major Programs:**

**CFDA 14.231 - Emergency Shelter Grants Program**

**CFDA 14.239 - Home Investment Partnerships Program**

**CFDA 93.568 - Low-Income Home Energy Assistance**

**CFDA 93.569 - Community Services Block Grant**

**CFDA 97.087 - Alternative Housing Pilot Program**

**Type of finding - Non-Compliance**

Individual State agencies are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87. While direct costs are those that can be identified specifically with a particular final cost objective, the indirect costs are those that have been incurred for common or joint purposes, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate.

Questioned Cost:	\$ 0
U.S. Department of Housing and Urban Development	
U.S. Department of Energy	
U.S. Department of Health and Human Services	
U.S. Department of Homeland Security	

The indirect cost rate proposal (ICRP) provides the documentation prepared by a State agency, to substantiate its request for the establishment of an indirect cost rate. The indirect costs include: (1) costs originating in the agency carrying out Federal awards, and (2) costs of central governmental services distributed through the State central service cost allocation plan (CAP) that are not otherwise treated as direct costs. The ICRPs are based on the most current financial data and are used to either establish predetermined, fixed, or provisional indirect cost rates or to finalize provisional rates (for rate definitions refer to A-87, Attachment E, paragraph B)

In addition to direct costs and indirect costs, the Texas Department of Housing and Community Affairs (TDHCA) used a modified direct cost methodology to receive cost reimbursement under their Federal awards for select agency wide type expenses. The modified direct cost methodology allocates expenses among various federal programs based on full time employees (FTEs) assigned to each respective federal program. The modified direct cost methodology has not been submitted to their cognizant agent for approval. Therefore, these expenses should have been allocated to the various federal programs based on their approved Indirect Cost Rate Agreement dated August 24, 2011. The approved rate is 43% with a base of direct salaries.

For one specific sample item, the agency wide type expense was for disaster recovery information technology services. TDHCA prepared an analysis of the allocation based on the Indirect Cost Rate Agreement as compared to their modified direct cost methodology. The variances between federal programs were less than \$1,000 per program. The total drawn from the federal programs was less than the 43% that would have been allowable under the Indirect Cost Rate Agreement. Therefore there are no questioned costs.

**Recommendation:**

TDHCA should seek approval for their modified direct cost methodology or use the approved Indirect Cost Rate Agreement.

**Management Response and Corrective Action Plan:**

*The Department will review its methodology for allocating agency wide type expenses and will either seek approval for continued use of the modified direct cost methodology or use the approved Indirect Cost Rate Agreement. Using the approved Indirect Cost Rate Agreement for all agency wide type expenses will ensure that draws are consistent with the approved rate.*

*Implementation Date: August 31, 2012*

*Responsible Person: Ernie Palacios*

Reference No. 12-16

**Allowable Costs/Cost Principles**

**Cash Management**

**Reporting**

**Special Tests and Provisions - Environmental Reviews**

**Special Tests and Provisions - Environmental Oversight**

(Prior Audit Issues - 11-25 and 10-30)

**State-Administered CDBG Cluster**

**Award year - N/A since disaster-based only**

**Award number - B-06-DG-48-0002**

**Type of finding - Significant Deficiency**

Access to migrate code changes into production as well as system administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. Access to deploy and develop code changes should be segregated. Similarly, system administrative access should also be restricted to non-developers. The Texas Department of Housing and Community Affairs (TDHCA) outsources both WorfTrac and Portfolio maintenance and operations to multiple third-party providers. Portfolio's primary function is applicant eligibility while WorfTrac is the primary source of the financial transactions. During the performance of general controls and application level test work for the WorfTrac and Portfolio applications, one application developer had access to migrate WorfTrac code changes into production and was intentionally assigned this access as part of his daily job function; however, no additional monitoring control was put in place to mitigate the associated risk. This same developer was noted to have administrative access on the WorfTrac application and the database production servers.

Questioned Cost:	\$0
U.S Department of Housing and Urban Development	

**HOUSING AND COMMUNITY AFFAIRS, TEXAS DEPARTMENT OF**

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**Recommendation:**

WorlTrac is no longer being used by TDHCA as of September 2011 as the contract with the third-party provider has concluded.

**Management Response and Corrective Action Plan:**

*As stated in the recommendation, TDHCA has concluded the contract with the third-party provider as of September 2011. Additionally, the third-party provider has removed the administrative access and access to migrate code changes from the application developer.*

*Implementation Date: September 1, 2011*

*Responsible Person: Curtis Howe*

**Texas Department of Housing and Community Affairs  
(General Land Office - effective July 1, 2011)**

Reference No. 12-17

**Reporting**

(Prior Audit Issues - 11-26 and 10-28)

**State-Administered CDBG Cluster**

**Award year - N/A for disaster-funds and March 3, 2009 for NSP**

**Award numbers - B-06-DG-48-0002, B-08-DI-48-0001, and B-08-DN-48-0001**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The Texas Department of Housing and Community Affairs (TDHCA) is required by OMB Circular A-133 and A-102 to submit a HUD 60002 Section 3 Summary Report and Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043) by April 30<sup>th</sup> of each year in a format prescribed by the Department of Housing and Urban Development (HUD) for the Neighborhood Stabilization Program (NSP). For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit form HUD 60002.

Questioned Cost:	\$0
U.S. Department of Housing and Urban Development	

The requirements for submission of a Performance Evaluation Report (PER) pursuant to 42.U.S.C. 12708 and 24 CFR 91.520 are waived for Community Development Block Grant (CDBG) Disaster Recovery Grantees Under 2008 CDBG Appropriations. However, the alternative requirement is that each grantee must submit a quarterly performance report (QPR), as HUD prescribes, no later than 30 days following each calendar quarter, beginning after the first full calendar quarter after grant award and continuing until all funds have been expended and all expenditures reported. Each quarterly report will include information about the uses of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non-CDBG disaster funds; beginning and ending dates of activities; and performance measures such as numbers of low- and moderate-income persons or households benefiting. The quarterly report to HUD must be submitted using HUD's Internet-based Disaster Recovery Grant Reporting (DRGR) System and, within 3 days of submission, be posted on the grantee's official Internet site open to the public (February 13, 2009 Federal Register Vol. 74, No. 29, page 7252).

**HUD 60002 Report (NSP)**

The HUD 60002 Report for NSP was submitted timely for the fiscal year ending January 31, 2011. However, no supporting documentation was maintained to verify the completeness and accuracy of the amounts being reported.

**DRGR Disaster Report - Quarterly Performance Report**

TDHCA is responsible for submitting the QPR for the 2<sup>nd</sup> Supplemental Rita funding and NSP. None of the QPRs were submitted within the thirty-day requirement for the 2<sup>nd</sup> Supplemental Rita Disaster Recovery Fund per review of the DRGR System. The range was twenty-eight to one hundred forty-eight days late. The September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011 reports were posted to the TDHCA web site; however, the timing of when these reports were posted could not be verified to confirm the 3-day posting requirement after submission.

Additionally per review of the DRGR System, the September 30, 2010 report was the only QPR that was submitted for NSP as of September 2011. It was submitted approximately one hundred ninety-five days late and subsequently rejected awaiting modifications. All other required DRGR reports for NSP had not been submitted as of September 2011; therefore, none of these reports could be tested for completeness and accuracy.

## **HOUSING AND COMMUNITY AFFAIRS, TEXAS DEPARTMENT OF**

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In July 2011, the Texas General Land Office (GLO) was designated to administer all CDBG funds relating to disaster recovery. GLO was not responsible for filing any of the above DRGR disaster reports during fiscal year 2011. TDHCA continues to administer the NSP portion of the CDBG funds.

### **Recommendation:**

GLO should consider the above reporting requirements as they design their respective procedures to administer the CDBG program. TDHCA should maintain documentation to support the HUD 60002 reports filed and they should establish a process for filing the required NSP reports.

### **Management Response and Corrective Action Plan - GLO for Disaster DRGR reports:**

*The General Land Office (GLO) agrees with the finding. The submission of DRGR quarterly reports is dependent upon various factors such as: (1) Action Plan approval date, (2) HUD Directives, and (3) budget updates.*

- (1) *Action plan approval date: The Action Plan must be submitted and approved by HUD prior to submission and approval of the QPR. The State makes every attempt to submit the Action Plan two weeks after the end of the quarter. HUD may take longer in their review pushing the QPR submission date past the due date.*
- (2) *HUD directives: During the Action Plan review, HUD may reject the Action Plan and require the State to update performance measures delaying the review period and QPR submission.*
- (3) *Budget updates: The State makes every effort to submit the Action Plan two weeks after the end of the quarter with all necessary budget updates. The volume of budget updates and HUDs approval of the QPR are the factors impacting the Action Plan submission which ultimately delays the submission of the QPR. Budget updates are necessary to ensure prompt payment to grantees and vendors.*

*The GLO will continue to work with HUD to submit timely quarterly reports through improved record keeping and tracking mechanisms. Quarterly reports will be date stamped; correspondence will be initiated and retained in readable files; and report submission activity shall be tracked.*

*The GLO will post the initial submitted QPR to our internet site within three days. Upon approval of the QPR by HUD, the posted QPR will be updated with the approved version. Records to include screen shots and date stamp will be kept and tracked. If HUD requires modifications to the report, GLO will post any updated report within three days of the subsequent submission.*

*Implementation Date: September 1, 2011*

*Responsible Persons: Luis A. Arellano, Phyllis Fould, and Magdalena Blanco*

### **Management Response and Corrective Action Plan - TDHCA for NSP DRGR reports:**

*The Texas Department of Housing and Community Affairs (TDHCA), as the state agency charged with administration of the Neighborhood Stabilization Program (NSP) in Texas, is required to file quarterly progress reports (QPRs and each a QPR) with the U. S. Department of Housing and Urban Development (HUD). At the outset of NSP TDHCA failed to organize and staff to be able to file QPRs on a proper timely basis. Efforts to utilize non-NSP staff to assist in addressing QPR requirements were not successful, and in August 2011 TDHCA hired an NSP Information Specialist to assume responsibility for the QPRs. The NSP Information Specialist has received the training on the HUD systems used to file QPRs and on the requirements of NSP. It is necessary to submit QPRs in sequential order and to have each QPR accepted by HUD before filing the next QPR. Since the effective date of the audit TDHCA has submitted, received requests for corrections, corrected, and resubmitted successfully its QPR for 3rd quarter 2010, 4th quarter 2010, and 1st quarter 2011. TDHCA has submitted its QPR for the 2nd quarter of*

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## HOUSING AND COMMUNITY AFFAIRS, TEXAS DEPARTMENT OF

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*2011 and is awaiting HUD approval. The 3rd quarter 2011 QPR is ready to submit as soon as 2nd quarter is approved. The 4th quarter QPR is due January 31, 2012. TDHCA believes, assuming no unanticipated issues are raised in the HUD review process, it will be current on its QPR filings by February 2012 and that it will be able to remain current. Due to HUD review and approval timing, it is anticipated that the 1st Quarter, 2012 report will be timely submitted on or before April 30, 2012. Throughout this process HUD staff has been kept apprised on a current basis. Because the corrective work has continued into fiscal year 2012, it is anticipated this will, however, be a recurring finding in that year.*

*Implementation Date:* April 30, 2012

*Responsible Person:* Marni Holloway

**Management Response and Corrective Action Plan - TDHCA NSP HUD 60002 Report:**

*TDHCA Compliance and Monitoring Division is drafting a monitoring plan and tool for review and verification of Section 3 data submitted by all subgrantees. It is anticipated that data provided for the 2011 Program Year Section 3 report will be subject to monitoring in accordance with Compliance and Asset Monitoring's established protocols.*

*Implementation Date:* February 29, 2012

*Responsible Person:* Patricia Murphy

## Office of the Attorney General

Reference No. 12-18

**Allowable Costs/Cost Principles**

**Cash Management**

**Matching**

**Period of Availability of Federal Funds**

**Reporting**

(Prior Audit Issues - 11-28 and 10-32)

**CFDA 93.563 - Child Support Enforcement**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 1104TX4004 and 1004TX4004**

**CFDA 93.563 - Child Support Enforcement - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award number - 1004TX4002**

**Type of finding - Significant Deficiency**

Changes to applications should be appropriately documented and authorized prior to deployment into the production environment. Controls should be in place to ensure that changes are authorized, tested, and approved prior to implementation. The Office of the Attorney General (OAG) has an informal process of authorizing, testing and approving change requests. Changes are not consistently documented and not formally authorized or tested by appropriate personnel. The accounting personnel and information technology support (ITS) are small departments and often work as a team to implement changes. Therefore, management does not emphasize the need to formally document minor projects. The risk exists that a change will go into production that has not been fully tested, thus affecting the functionality of the system.

Questioned Cost: \$ 0  
U.S. Department of Health and Human Services

As of January 2011, management implemented policies and procedures to document the authorization, testing, and approval of changes prior to implementation.

### Recommendation:

As noted above, OAG has taken corrective action during fiscal year 2011.

### Management Response and Corrective Action Plan:

*The OAG implemented procedures to resolve this issue in January 2011.*

*Implementation Date: January 2011*

*Responsible Persons: Rudy Montoya and Greg Herbert*

Reference No. 12-19

**Special Tests and Provisions - Provision of Child Support Services for Interstate Cases**  
(Prior Audit Issue - 11-30)

**CFDA 93.563 - Child Support Enforcement**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award numbers - 1104TX4004 and 1004TX4004**

**Type of finding - Significant Deficiency and Non-Compliance**

The State IV-D agency must provide the appropriate child support services needed for interstate cases (cases in which the child and custodial parent live in one State and the responsible relative lives in another State); establish an interstate central registry responsible for receiving, distributing and responding to inquiries on all incoming interstate IV-D cases, and meet required time frames pertaining to provision of interstate services. The case requiring action may be an initiating interstate case (a case sent to another State to take action on the initiating State's behalf) or a responding interstate case (a request by another State to provide child support services or information only). Specific time frame requirements for responding and initiating interstate cases are at 45 CFR sections 303.7(a) and 303.7(b)(2), (4), (5), and (6), respectively (45 CFR sections 302.36 and 303.7).

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

One of forty files selected for test work was noted to have the following exception that appears to have been caused by case workers not updating status fields so the Office of the Attorney General's Child Support Division (CSD) TXCSES system queries would route the cases appropriately. Specifically, the CSD was the initiating state and was required to refer the case to Florida's interstate central registry for action within twenty calendar days of determining the noncustodial parent (NCP) was in another state and was in receipt of the necessary information to process the case. Notations in the TXCSES system indicated that on May 13, 2011, the custodial parent (CP) completed the Uniform Interstate Family Support Act packet. On July 28, 2011, Texas referred the case to the responding state. There are no notations to indicate why the gap is greater than twenty days.

**Recommendation:**

CSD should reinforce the existing procedures to ensure case workers are appropriately updating status fields with appropriate documentation and ensure their respective supervisors are reviewing the daily status reports timely.

**Management Response and Corrective Action Plan:**

*CSD will address with field staff members the one exception identified by KPMG and its recommendations, including the requirement to refer the case to the other state's interstate central registry for action within twenty calendar days of determining the NCP is in another state and is in receipt of the necessary information to process the case and notating in the TXCSES system when CSD requires additional information before referring the case to the responding state.*

*CSD has a caseload of 1,237,045 cases, of which 111,834 are interstate services. CSD has existing controls in place that help to mitigate the risk related to interstate cases. Levels of control include the Quality Control (QC) program and the Annual Self-Assessment Review. The QC program identifies quality issues in CSD's case initiation, order entry, and case closure processes. The program uses a bi-level review process to determine if the functions are performing according to Field Operations management standards. If not, the reasons for the variations are sought. Feedback is then provided to management at the office, regional, and state levels.*

*Although Texas exceeds Interstate Services' seventy-five percent required program compliance for all actions including applicable time frames, prior self-assessments identified areas to enhance the handling of interstate cases. In October 2011, CSD released a new online Intergovernmental Resource tool to enhance staff's productivity and accuracy when working Initiating and Responding Intergovernmental (Interstate) cases. This resource provides staff with an online guide for generally handling both Initiating and Responding Intergovernmental cases, and to instruct staff on the test that Program Improvement performs to determine if a case has met the federal standards for the Annual Self-Assessment. The Intergovernmental Resource is located on the agency's CSIntra web page: [http://csintra/Intergovernmental/InterGov\\_Home.html](http://csintra/Intergovernmental/InterGov_Home.html).*

## **OFFICE OF THE ATTORNEY GENERAL**

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*The link includes:*

- *Time frames from the Code of Federal Regulations for Intergovernmental cases.*
- *Intergovernmental policies and procedures.*
- *Materials authored by experts in Intergovernmental casework. These materials include helpful methods for assessing a case for Establishment or Enforcement, using Morning Mail and Registration.*
- *Interactive tutorial, best practices and various case scenarios are available, as well.*

*Lastly, as trends are identified, including the one exception identified in the KPMG interstate sample, management and staff members are informed to make necessary corrections to the cases involved. Management will also assess our current monitoring practices, along with reviewing policies and procedures related to interstate staff members. We view your case review as another opportunity to improve our processes.*

*Implementation Date:*      **March 31, 2012**

*Responsible Person:*      **Alicia G. Key**

## Department of State Health Services

Reference No. 12-20

### Allowable Costs/Cost Principles

#### Special Tests and Provisions - Food Instrument and Cash-Value Voucher Disposition

#### Special Tests and Provisions - Review of Food Instruments and Cash-Value Vouchers to Enforce Price Limitations and Detect Errors

#### Special Tests and Provisions - Authorization of Above-50-Percent Vendors

(Prior Audit Issues - 11-32, 10-47, 09-30, 08-25, and 07-31)

#### CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children

Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010

Award number - 6TX700506

Type of finding - Significant Deficiency

The Department of State Health Services (DSHS) utilizes the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Electronic Benefit Transfer (EBT), or Lone Star cards, system to process the transactions for WIC. Developers have access to migrate changes to the production environment. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to the production environment. In addition, DSHS performs a periodic review of application users; however, this review is only of active users and does not include user privilege levels within EBT for WIC transactions. IBM (Team for Texas) does not perform a periodic review of operating systems or database users.

Questioned Cost: \$0  
U.S. Department of Agriculture

No compliance exceptions were noted related to this test work for the major program above.

#### Recommendation:

DSHS management should restrict access based on the individual's job responsibility, including restricting developer access from migrating code into production. Also, management's periodic review of users should include user privilege levels.

#### Management Response and Corrective Action Plan:

*WIC IT and program staff devised a strategic plan for the implementation of the system redesign. To address the findings and provide necessary upgrades, a completed Proof of Concept (POC) has established a separate test and development environment.*

*The POC was successfully completed in Q1FY2012. WIC IT is currently developing a project plan to migrate the existing production environment into a new production environment that is modeled after the POC. Development, testing, and production will be completely separate, as per the recommendation of the KPMG Audit Findings. This project has an anticipated completion in Q4FY2012.*

*For the interim period beginning April 2009, DSHS implemented measures to strengthen security controls for the WIC IT systems. A Configuration Team is solely responsible for all WIC release migration to the production environment. A Release Migration Documentation Form (RMDF) is now required to move code to production. This form must have management approval and signatures to release code into production and its associated processes. This provides a process for documenting management approval for all software release.*

*DSHS outlined the steps above to mitigate the current limitations of the WIC EBT system security and the known and accepted risks for providing sufficient production support of the system. WIC IT has restricted and removed*

## **STATE HEALTH SERVICES, DEPARTMENT OF**

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*access rights and levels where necessary and currently monitors query access to confirm and validate user identity. One person has been assigned as the central contact to ensure that all access rights are appropriate and processed by the right parties. This person maintains documentation of all users' access rights and levels of access.*

*The current system, with manual controls, will address these findings, and will continue on until the new systems are in place.*

*Implementation Date:*      August 2012

*Responsible Person:*      Brandon Erina

Reference No. 12-21

### **Equipment and Real Property Management**

#### **CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children**

**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award number - 6TX700506**

**Type of finding - Significant Deficiency and Non-Compliance**

Per the Texas Uniform Grant Management Standards (UGMS), a State shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with State laws and procedures. Texas statute requires that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Questioned Cost:	\$ 0
U.S. Department of Agriculture	

Out of thirty-two equipment items reviewed, the following was noted in regards to equipment recordkeeping:

- During the annual inventory conducted by the Department of State Health Services (DSHS), one equipment item was noted as missing. However, DSHS did not update the inventory system to reflect the missing asset. Therefore, we were unable to find the asset during our test work. The asset value is \$2,400.
- One equipment item was not subject to the annual physical inventory count that was conducted by DSHS because the asset was not included on the inventory count sheets. The service date was August 31, 2004 and the item was never disposed of. Therefore, it should have been on the client's inventory count. The asset is correctly reflected in the DSHS inventory system and was inspected without exception.
- One equipment item was on the inventory listing as being located in Houston. However, upon further investigation it was noted that this item had actually been transferred to a location in El Paso, but was not updated in the inventory system. The asset was inspected without exception.

#### **Recommendation:**

DSHS uses two systems to track CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) equipment, the WIMS system (only used for WIC) and HHSAS (inventory management system for all other DSHS equipment). Two systems add additional effort making record keeping more cumbersome in terms of keeping both systems up-to-date and reconciled. DSHS management should consider utilizing only one system to track WIC equipment and other fixed assets. Also, DSHS should ensure all parties are informed of the proper procedures for transferring inventory from one location to another and recording inventory losses.

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### **Management Response and Corrective Action Plan:**

*All issues identified in this finding have been corrected. To prevent repeating these issues, training and controls over direct shipping and inventory management have been improved. Further, HHSAS will now be used as the single inventory system of record. Information from HHSAS will be shared with the Remedy database currently used by WIC IT via batch downloads. Updates to the Remedy database will also be shared with HHSAS via text files. This method will keep both systems current and will eliminate double data entry and accounting by property management staff. This system and database interaction will be implemented by April 2012.*

*Implementation Date: April 1, 2012*

*Responsible Person: Ken Black*

Reference No. 12-22

### **Subrecipient Monitoring**

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children**  
**Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010**

**Award number -6TX700506**

**Type of finding - Non-Compliance**

Per title 2 of the Code of Federal Regulation (CFR) part 25, an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). The requirement is effective October 1, 2010. The Department of State Health Services (DSHS) did request the DUNS number from all their subrecipients for the program year beginning October 1, 2010. However, none of the DUNS numbers were received prior to issuing awards. DSHS was acting under the assumption that DUNS numbers were required in order to file the respective Federal Funding Accountability and Transparency Act (FFATA) report but not as a requirement to issue the awards. Therefore, the control structure was designed to obtain the DUNS numbers prior to the FFATA filing.

Questioned Cost:	\$ 0
U.S. Department of Agriculture	

### **Recommendation:**

DSHS had obtained all the DUNS numbers by August 31, 2011.

### **Management Response and Corrective Action Plan:**

*DSHS has now fully implemented procedures, policies and processes to ensure DUNS numbers are captured prior to issuing an award. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) subrecipient contracts starting as of October 1, 2010 were processed months in advance of the final guidance from the Federal Office of Management and Budget (OMB) for this DUNS requirement, issued in September 2010.*

*DSHS established a FFATA workgroup to identify DSHS federally funded contracts subject to FFATA requirements. The WIC subrecipient contracts were the first set of contracts subject to these FFATA requirements. Working with the DSHS WIC program and contract managers, a process to obtain the FFATA data from approximately 70 WIC subrecipients was established in November 2010. The DUNS number certification was completed by April 2011.*

*Implementation Date: April 2011*

*Responsible Persons: Bob Burnette, Tina Kasiske, and Blanca Flores*

**Texas Department of Rural Affairs  
Department of Agriculture**

Reference No. 12-23

**Cash Management**

**State-Administered CDBG Cluster**

**Award years - February 1, 2010 to January 31, 2011, February 1, 2009 to January 31, 2011, March 31, 2009, and June 19, 2006**

**Award numbers - B-10-DC-48-0001, B-09-DY-48-0001, B-08-DI-48-0001, and B-06-DG-48-0001**

**Type of finding - Significant Deficiency and Non-Compliance**

The Community Development Block Grant (CDBG) program is covered by the Treasury-State Agreement in accordance with the materiality thresholds in 31 CFR section 205.5, Table A. This agreement specifies the funding techniques to be used for this program. The funding technique for payroll and program expenditures for CDBG is pre-issuance. Clearance patterns are calculated every five years for programs subject to the Treasury State Agreement, unless a significant change occurs before the five-year period. The Period 1 calculation that is required represents the average number of days between the day the funds are deposited in the State Treasury by the federal government and the day the warrant is issued.

Questioned Cost: \$ 4,967  
U.S. Department of Housing and Urban Development

Subsequent to August 31, 2011, the Texas Department of Rural Affairs (TDRA) was abolished and the remaining activities were merged into the Department of Agriculture (TDA), which includes the administration of the non-disaster CDBG funds. Therefore, TDA calculated the Period 1 clearance pattern for CDBG for the fiscal year 2011 and submitted it to the Comptroller of the State of Texas on behalf of TDRA activity during 2011. Upon review of the original calculation, TDA queried date fields that were not the date of deposit and the date the warrant was issued as required by the Treasury-State Agreement. TDA also included interagency transactions and ARRA expenses in the amounts, which are to be excluded, since each agency in Texas calculates their own clearance pattern and ARRA is not subject to the Cash Management Information Act (CMIA). The original clearance pattern was approximately five days negative signifying that TDRA was expending state funds approximately five days prior to drawing the federal reimbursement. The revised clearance pattern is closer to zero, which is representative of the funding patterns of TDRA where they would issue the warrant on the approximate day the federal funds were received. Per the consolidated CMIA report the State of Texas filed for 2011, TDRA CDBG funds showed \$(192) based on the original calculation (i.e., the federal government owes Texas \$192). Using the revised calculation, the statewide report should have reported TDRA CDBG funds of \$4,775. (i.e., Texas owes the federal government \$4,775).

**Recommendation:**

TDA should establish policies and procedures to standardize the Period 1 calculations. This includes using the appropriate queries to gather the information and inputting the correct dates and amounts in the calculation. TDA should also ensure that trained personnel are performing and reviewing the calculation to recognize any anomalies or otherwise incorrect inputs or results.

**Management Response and Corrective Action Plan:**

*During the transition of a portion of TDRA programs into TDA, the absence of staff with CMIA preparation experience presented a challenge. Further, an independent contractor prepared the TDRA Annual Financial Report, from which this issue originated, since TDRA itself no longer existed when the report was to be compiled. Under TDA, established policies and procedures will be updated to specifically*

**TEXAS DEPARTMENT OF RURAL AFFAIRS**

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*include input received from this year's audit regarding use of the appropriate data fields (e.g., effective date for deposits and payment date for disbursements).*

*Implementation Date:*     *August 31, 2012*

*Responsible Persons:*     *Heather Griffith Peterson*

**Texas Department of Rural Affairs  
(General Land Office - effective July 1, 2011)**

Reference No. 12-24

**Procurement and Suspension and Debarment**

**State-Administered CDBG Cluster**

**Award years - March 31, 2009 and June 19, 2006**

**Award number - B-08-DI-48-0001 and B-06-DG-48-0001**

**Type of finding - Significant Deficiency and Non-Compliance**

When procuring property or services to be paid for in whole or in part with Community Development Block Grant (CDBG) funds, the state shall follow its procurement policies and procedures. The state shall establish requirements for procurement policies and procedures for units of general local government, based on full and open competition. Methods of procurement (e.g., small purchase, sealed bids/formal advertising, competitive proposals, and noncompetitive proposals) and their applicability shall be specified by the state. Cost plus a percentage of cost and percentage of construction costs methods of contracting shall not be used per 24 CFR 570.489(g).

Questioned Cost:	\$ 0
U.S. Department of Housing and Urban Development	

The Texas Department of Rural Affairs (TDRA) contracted with HNTB Corporation in August 2009 for Project Management Company (PMC) services. The PMC shall work with TDRA staff, grantee communities, design engineers, environmental service providers, and grant administrators to provide project management services, including engineering services as required, in connection with grantee communities' non-housing projects and activities to facilitate recovery, restoration, and economic revitalization in areas after Hurricanes Dolly and Ike. In March 2011, the contract was amended to increase the area of services to projects in areas affected by Hurricane Rita and other technical changes. A month later in April 2011, the contract was further amended to extend the term of the contract, to increase the services to be provided by PMC from approximately 3,000 to 6,000 projects. The contract includes a cost plus 10% of cost for direct expenses and subcontracting expenses of HNTB provision, which is unallowable per the regulation noted above. TDRA paid HNTB under the PMC contract approximately \$20 million during fiscal year 2011.

In July 2011, the Texas General Land Office (GLO) was designated to administer all CDBG funds relating to disaster recovery. Subsequent to July 1, 2011, GLO cancelled the HNTB PMC contract. GLO continued to use HNTB services under new contracting terms.

**Recommendation:**

GLO should address 24 CFR 579.489(g) requirements as they finalize their contract with HNTB.

**Management Response and Corrective Action Plan:**

*The GLO will review and address the 24 CFR 579.489(g) requirements when finalizing contracts with HNTB as well as other contractors. TRDA's contract with HNTB was a fee for services arrangement that was billed as time and materials with limit (which is allowable under FAR). The GLO has procured professional engineering/disaster recovery services under Chapter 2254 of the Texas Government Code. The GLO negotiated a contract with HNTB through December 31, 2012 under a cost reimbursement arrangement with a fixed fee for its services. The arrangement satisfies 24 CFR 579.489(g).*

**Implementation Date:** September 1, 2011

**Responsible Persons:** Gary Hagood and Luis Arellano

**Texas Department of Rural Affairs  
(Department of Agriculture - effective September 1, 2011)  
(General Land Office - effective July 1, 2011)**

Reference No. 12-25

**Reporting**

(Prior Audit Issues - 11-33 and 10-60)

**State-Administered CDBG Cluster**

**Award years - February 1, 2010 to January 31, 2011, March 31, 2009, and June 19, 2006**

**Award numbers - B-10-DC-48-0001, B-08-DI-48-0001, and B-06-DG-48-0001**

**State-Administered CDBG Cluster - ARRA**

**Award years - February 1, 2009 to January 31, 2011**

**Award number - B-09-DY-48-0001**

**Type of finding - Non-Compliance**

The Texas Department of Rural Affairs (TDRA) is required by OMB Circular A-133 and A-102 to submit a HUD 60002 Section 3 Summary Report and Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043) by April 30<sup>th</sup> of each year in a format prescribed by the Department of Housing and Urban Development (HUD). For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit form HUB 60002. TDRA is also required to submit a Performance Evaluation Report (PER) (OMB No. 2506-0085) within ninety days after the close of its program year in a format suggested by HUD.

Questioned Cost:	\$ 0
U.S. Department of Housing and Urban Development	

For disaster funds, the requirements for submission of a PER pursuant to 42.U.S.C. 12708 and 24CFR 91.520 are waived for Community Development Block Grant (CDBG) Disaster Recovery Grantees. However, the alternative requirement is that each grantee must submit a quarterly performance report (QPR), as HUD prescribes, no later than thirty days following each calendar quarter, beginning after the first full calendar quarter after grant award and continuing until all funds have been expended and all expenditures reported. Each quarterly report will include information about the use of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated drawn down, and expended; the funding source and total amount of any non-CDBG disaster funds; beginning and ending dates of activities; and performance measures such as numbers of low- and moderate-income persons or households benefiting. Quarterly reports to HUD must be submitted using HUD's Internet based Disaster Recovery Grant Reporting (DRGR) System and, within three days of submission, be posted on the grantee's official Internet site open to the public. (February 13, 2009 Federal Register Vol. 74, No. 29, page 7252).

HUD 60002 Report (non-disaster report)

The total dollar amount of all construction contracts awarded on the project in Part II, 1(A) was under reported by \$2,000,000 as the result of a typographical error.

DRGR Disaster Report - Quarterly Performance Report

None of the QPR were submitted within the thirty-day requirement for the Ike/Dolly Disaster Recovery Fund per review of the DRGR System. The range was four to seventy-one days late. Additionally, the quarterly reports for the periods ending September 30, 2010, December 31, 2010, and March 31, 2011 were not submitted timely for the Rita Disaster Recovery Fund per review of the DRGR system. The range was ten to twenty-seven days late.

## **TEXAS DEPARTMENT OF RURAL AFFAIRS**

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In July 2011, the Texas General Land Office (GLO) was designated to administer all CDBG funds relating to disaster recovery. GLO was not responsible for filing any of the above DRGR reports during fiscal year 2011. Subsequent to August 31, 2011, TDRA was abolished and the remaining activities were merged into the Department of Agriculture (TDA), which includes the administration of the non-disaster CDBG funds. TDA was not responsible for the HUD 60002 report during fiscal year 2011.

**Recommendation:**

TDA and GLO should consider the above reporting requirements as they design their respective procedures to administer the CDBG program.

**Management Response and Corrective Action Plan - TDA:**

*Management agrees that the total dollar amount of all TDRA construction contracts awarded on the project in Part II, 1(A) was under reported by \$2,000,000 as the result of a typographical error when entering the amount into the HUD online submission system. The portion of these reports now under TDA's responsibility will be handled as follows: The Section 3 specialist responsible for the online submission of the report will print a copy of the online submission. The Section 3 specialist, another staff person, and a member of CDBG management will review the printout of the online submission to ensure it agrees with the records.*

*Implementation Date: May 1, 2012*

*Responsible Persons: Suzanne Barnard*

**Management Response and Corrective Action Plan - GLO:**

*The GLO agrees with the finding. The submission of DRGR quarterly reports is dependent upon various factors such as: (1) Action Plan approval date, (2) HUD Directives, and (3) budget updates.*

- (1) *Action plan approval date: The Action Plan must be submitted and approved by HUD prior to submission and approval of the QPR. The State makes every attempt to submit the Action Plan two weeks after the end of the quarter. HUD may take longer in their review pushing the QPR submission date past the due date.*
- (2) *HUD directives: During the Action Plan review, HUD may reject the Action Plan and require the State to update performance measures delaying the review period and QPR submission.*
- (3) *Budget updates: The State makes every effort to submit the Action Plan two weeks after the end of the quarter with all necessary budget updates. The volume of budget updates and HUDs approval of the QPR are the factors impacting the Action Plan submission, which ultimately delays the submission of the QPR. Budget updates are necessary to ensure prompt payment to grantees and vendors.*

*The GLO will continue to work with HUD to submit timely quarterly reports through improved record keeping and tracking mechanisms. Quarterly reports will be date stamped; correspondence will be initiated and retained in readable files; and report submission activity shall be tracked.*

*The GLO will post the initial submitted QPR to our Internet site within three days. Upon approval of the*

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*QPR by HUD, the posted QPR will be updated with the approved version. Records to include screen shots and date stamp will be kept and tracked. If HUD requires modifications to the report, GLO will post any updated report within three days of the subsequent submission.*

*Implementation Date: September 1, 2011*

*Responsible Persons: Luis A. Arellano, Phyllis Fould, and Magdalena Blanco*

## Texas Education Agency

Reference No. 12-26

### **Eligibility for Subrecipients**

#### **Matching, Level of Effort, and Earmarking**

#### **Reporting**

#### **Subrecipient Monitoring**

#### **Special Tests and Provisions - Developing and Implementing Improvement Plans**

(Prior Audit Issues - 11-36 and 10-63)

### **CFDA 84.048 - Career and Technical Education - Basic Grants to States**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - V048A100043, V048A090043, and V048A080043A**

### **CFDA 84.287 - Twenty-First Century Community Learning Centers**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S287C100044, S287C090044, and S287C080044**

### **CFDA 84.365 - English Language Acquisition Grants**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S365A100043, S365A090043A, and T365A080043A**

### **CFDA 84.367 - Improving Teacher Quality State Grants**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S367A100041, S367A090041, and S367A080041A**

### **CFDA 84.410 - Education Jobs Fund**

**Award years - August 10, 2010 to September 30, 2012**

**Award number - S410A100004**

### **School Improvement Grants Cluster**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S377A100044, S377A090044, and S377A080044**

### **School Improvement Grants Cluster - ARRA**

**Award years - February 17, 2009 to September 30, 2013**

**Award number - S388A090044**

### **Special Education Cluster (IDEA)**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - H027A100008 and H173A100004, H027A090008 and H173A090004, and H027A080008 and H173A080004**

### **Special Education Cluster (IDEA) - ARRA**

**Award years - February 17, 2009 to September 30, 2011**

**Award numbers - H392A090004 and H391A090008A**

### **State Fiscal Stabilization Fund Cluster - ARRA**

**Award years - July 9, 2009 to September 30, 2011 and February 17, 2009 to August 31, 2011**

**Award numbers - S397A090044 and S394A090044**

### **Title I - Part A Cluster**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S010A1000043, S010A090043A, and S010A080043**

**Title I - Part A Cluster - ARRA**

**Award years - February 17, 2009 to September 30, 2011**

**Award number - S389A090043A**

**Type of finding - Significant Deficiency**

The collection of Public Education Information Management System (PEIMS) data is required of all school districts by TEC §42.006. The *Data Standards* provides instructions regarding the submission of PEIMS data from a Local Education Agency (LEA) to the Texas Education Agency (TEA). The LEA is responsible for reporting federal and local funds expended through PEIMS along with various types of demographic data and students served. TEA outsourced the development of PEIMS application to a third-party consultant. For PEIMS the following was noted with regard to logical access general controls.

Questioned Cost:	\$ 0
U.S. Department of Education	

- Developers have access to deploy code changes into the PEIMS production environment. A shared generic user ID on the PEIMS production application servers is accessible by TEA employees.
- A periodic review was not performed to identify and review users and groups with access to the PEIMS production environment for appropriateness.
- An excessive generic shared administration account exists on the PEIMS production servers and database.

TEA uses the LEA submitted information for compliance with applicable compliance requirements under various components of Eligibility for Subrecipients, Matching, Level of Effort, and Earmarking, Reporting, and Subrecipient Monitoring. No compliance exceptions were noted with regard to the use of PEIMS data in the analysis related to the applicable compliance requirements.

**Recommendation:**

TEA should properly segregate duties so that developers do not have access to production. Management should periodically review the current job duties and appropriateness of access to the production environment for all users.

**Management Response and Corrective Action Plan:**

*Management agrees with the findings. TEA PEIMS project team has implemented and completed the recommended corrective actions and considers these findings to be resolved.*

*In April 2011, TEA requested from KPMG a date extension related to the PEIMS audit response. It was noted that the development work would be completed by the extended date of August 31, 2011. This date was met and all development is complete. The development work for the test environment was completed on August 31, 2011 and was implemented in our production environment on October 2011, which was the next scheduled PEIMS release.*

*As of October 14, 2011, the development staff for PEIMS has no access to production data or code in any form. The PEIMS project team is no longer able to deploy code changes to the PEIMS-UNIX production environment as this is now being performed by IBM/T4T, the outsourced vendor. There are no generic shared IDs accessible by the development contractors. The process to review and identify users in TEASE is conducted by the superintendent of the schools and they are empowered to make needed changes. There is an automatic process in TEASE, TEA's security environment that deactivates any accounts that have had no use within the last eighteen months and then, after an additional six months, deletes the account.*

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*Finally, there are no generic shared administration accounts existing in the PEIMS-UNIX production database.*

*Implementation Date:*      *October 2011*

*Responsible Persons:*      *Mark Gentzel and Martha Reesing*

Reference No. 12-27

**Subrecipient Monitoring**

**Maintenance of Effort and Supplement not Supplant**

**Reporting - Section 1512**

**Special Tests and Provisions - Participation of Private School Children**

**Special Tests and Provisions - School wide Programs**

**Special Tests and Provisions - Comparability**

**Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals**

(Prior Audit Issues - 11-37, 10-64, 09-32, 08-32)

**CFDA 84.048 - Career and Technical Education - Basic Grants to States**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - V048A100043, V048A090043, and V048A080043A

**CFDA 84.287 - Twenty-First Century Community Learning Centers**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - S287C100044, S287C090044, and S287C080044

**CFDA 84.365 - English Language Acquisition Grants**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - S365A100043, S365A090043A, and T365A080043A

**CFDA 84.367 - Improving Teacher Quality State Grants**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - S367A100041, S367A090041, and S367A080041A

**CFDA 84.410 - Education Jobs Fund**

**Award years** - August 10, 2010 to September 30, 2012

**Award number** - S410A100004

**School Improvement Grants Cluster**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - S377A100044, S377A090044, and S377A080044

**School Improvement Grants Cluster - ARRA**

**Award years** - February 17, 2009 to September 30, 2013

**Award number** - S388A090044

**Special Education Cluster (IDEA)**

**Award years** - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010

**Award numbers** - H027A100008 and H173A100004, H027A090008 and H173A090004, and H027A080008 and H173A080004

**Special Education Cluster (IDEA) - ARRA**

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**Award years - February 17, 2009 to September 30, 2011**

**Award numbers - H392A090004 and H391A090008A**

**State Fiscal Stabilization Fund Cluster - ARRA**

**Award years - July 9, 2009 to September 30, 2011 and February 17, 2009 to August 31, 2011**

**Award numbers - S397A090044 and S394A090044**

**Title I - Part A Cluster**

**Award years - July 1, 2010 to September 30, 2012, July 1, 2009 to September 30, 2011, and July 1, 2008 to September 30, 2010**

**Award numbers - S010A1000043, S010A090043A, and S010A080043**

**Title I - Part A Cluster - ARRA**

**Award years - February 17, 2009 to September 30, 2011**

**Award number - S389A090043A**

**Non-major Programs:**

**CFDA 12.XXX - Troops to Teachers**

**CFDA 20.609 - Safety Belt Performance Grants**

**CFDA 84.002 - Adult Education - Basic Grants to States**

**CFDA 84.011 - Migrant Education - State Grant Program**

**CFDA 84.013 - Title I State Agency Program for Neglected and Delinquent Children and Youth**

**CFDA 84.144 - Migrant Education Coordination Program**

**CFDA 84.181 - Special Education - Grants for Infants and Families**

**CFDA 84.186 - Safe & Drug-Free Schools & Communities - State Grants**

**CFDA 84.196 - Education for Homeless Children and Youth**

**CFDA 84.213 - Even Start - State Educational Agencies**

**CFDA 84.281 - Eisenhower Professional Development State Grants**

**CFDA 84.282 - Charter Schools**

**CFDA 84.298 - State Grants for Innovative Programs**

**CFDA 84.318 - Education Technology State Grants**

**CFDA 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs**

**CFDA 84.340 - Class Size Reduction**

**CFDA 84.357 - Reading First State Grants**

**CFDA 84.358 - Rural Education**

**CFDA 84.366 - Mathematics and Science Partnerships**

**CFDA 84.369 - Grants for State Assessments and Related Activities**

**CFDA 84.372 - Statewide Data Systems**

**CFDA 84.386 - ARRA - Education Technology State Grants, Recovery Act**

**CFDA 84.387 - ARRA - Education of Homeless Children and Youth, Recovery Act**

**CFDA 84.938 - Hurricane Education Recovery**

**CFDA 93.558 - Temporary Assistance for Needy Families**

**CFDA 93.630 - Developmental Disabilities Basic Support and Advocacy Grants**

**CFDA 93.938 - Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems**

**CFDA 94.004 - Learn and Serve America - School and Community Based Programs**

**CFDA 94.006 - AmeriCorps**

**Type of finding - Significant Deficiency and Non-Compliance**

The Texas Education Agency (TEA) passes through a significant amount of federal funds to subrecipients to carry out the objectives of federal programs. TEA is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, TEA must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy of the auditor's report to TEA within nine months of the sub recipient's fiscal year. TEA is to review the report and issue a management decision within six months, if applicable.

Questioned Cost: \$ 0

U.S. Department of Defense

U.S. Department of Transportation

U.S. Department of Education

U.S. Department of Health and Human Services

Corporation for National and Community Service

TEA's subrecipient monitoring procedures include use of a Standard Application System (SAS), the provision of technical assistance to subrecipients, a risk assessment process, program monitoring, and A-133 audit report collection and review. In fiscal year 2011, these specific subrecipient monitoring procedures were the responsibility of two offices: the Office of Accreditation and the Office for Planning, Grants and Evaluation (OPGE). The Office of Accreditation's Division of Financial Audits (DFA) was composed of several units/sections including the Grants Audit Section (GAS) and the Special Monitoring Unit (SMU). OPGE was composed of several divisions/units that also participated in subrecipient monitoring activities. These divisions/units included: the Division of Discretionary Grants (DG), the Division of Formula Funding (FF), and the Fiscal Accountability and Federal Reporting Unit (FAFRU). During 2011, DFA's SMU and OPGE's FAFRU focused on monitoring American Recovery and Reinvestment Act of 2009 (ARRA) funds. In addition, TEA utilizes certain edits within their automated draw-down system (TGIF) to assist with period of availability, allowability, and reasonableness of monthly draw-down amounts based on total amounts awarded for both discretionary and formula grants.

TEA has an agency-wide committee, which allows for coordination of subrecipient monitoring efforts. The Monitoring, Investigation, and Interventions Steering Committee (MIISC) meets weekly to provide a coordinated avenue for representatives across the agency to discuss performance and fiscal issues and propose recommendations to the Commissioner and to other appropriate internal divisions regarding accreditation, interventions, sanctions, special conditions, enforcements, etc. Local Education Agencies (LEAs) identified by monitoring units for additional coordination and/or action are reviewed by the MIISC.

Below is an expanded discussion of the various division/section/unit responsibilities in the monitoring process, which include a variety of desk reviews and audits.

Office of Accreditation: Division of Financial Audits - Grants Audit Section

In fiscal year 2011, DFA was responsible for the development of the "base line" risk assessment that was used by GAS, SMU, and FAFRU as a basis for their initial assessments.

TEA utilized the fiscal year 2010 risk assessment process for fiscal year 2011 with a few modifications noted below as (A) criteria. The fiscal year 2010 amended risk assessment includes the following risk indicators. A subrecipient is classified as high risk if indicators 1 to 5A apply OR if indicators 6 or 7 or 7A and indicator 8, 9, or 10 and indicator 11, 11A, 11B, 12, or 13 apply. The 2010 amended risk assessment process resulted in 203 high-risk subrecipients out of approximately 1,400 subrecipients or 14%. The fiscal year 2007 through 2010 risk assessments utilized different criteria that yielded a range of 80 to 444 high risk subrecipients.

1. not filing the annual financial and compliance report,
2. an A-133 finding that is classified as material non-compliance or as a material weakness and is a repeat finding from the prior year,
3. an adverse or disclaimer opinion at the A-133 major program level,
4. TEA auditors reported non-compliance findings and assessed the subrecipient as high risk,
5. failing maintenance of effort (MOE) requirements,
- 5a. receiving a School FIRST or Charter FIRST rating of substandard achievement,
6. not required to conduct an A-133 audit,
7. designated as a high-risk auditee for A-133,
- 7a. subrecipient's independent auditor did not include ARRA awards in the risk assessment for testing,
8. materially delinquent in filing its annual financial and compliance report,
9. a current year A-133 finding that is classified as material non-compliance or as a material weakness,
10. qualified auditor's opinion on the financial statements,
11. not filing district and campus improvement plans,

- 11a. receiving consecutive notifications that ARRA funds are not drawn in a timely manner,
- 11b. receiving consecutive notifications that ARRA 1512 reports were not filed timely,
12. receiving a special education determination of needs intervention or needs substantial intervention, and
13. receiving a NCLB initial compliance review assessment of high.

DFA performed one of the following monitoring activities on high-risk subrecipients:

- Surveys were performed through correspondence with the subrecipient to assess their written policies and procedures over federal program requirements and a review of supporting documentation. A survey focused on the subrecipient's compliance with the following areas: standards for financial management system, cash management, allowable cost, period of availability, procurement requirements, and indirect cost rates.
- Desk reviews were performed either on site or via correspondence. A desk review involves one or two grants and years. Additionally, the desk review is greater in scope than a survey that results in larger sample sizes. Desk reviews focused on the same compliance requirements performed during a survey plus the following requirements: earmarking, reporting, and time and effort reporting.
- On-site audits consisted of multiple grant programs and years. Additionally, an on-site audit was greater in scope than a desk review or survey that results in larger samples sizes. On-site audits focused on the same compliance requirements as a survey and desk review plus a review of the following areas: Public Education Information Management System (PEIMS) data, maintenance of effort requirements, eligibility of school attendance areas, and highly qualified teacher requirements.

During the conduct of surveys, reviews, and on-site audits, DFA-GAS requested certain fiscal and programmatic records, as appropriate based on the methodology objective noted above. Examples of documents included district and campus improvement plans, priority for services plans, general ledgers, payroll journals, purchase orders, invoices, job descriptions, and personnel activity reports. Furthermore, DFA-GAS inquired about subrecipient policies and procedures both generally and specifically applicable to federal grants and about subrecipient grant supported activities and grant expenditures.

DFA had additional responsibilities, which included financial stability reviews. During fiscal year 2011, 71 financial stability reviews were conducted. The financial stability reviews involved subrecipients who requested federal funds. The results of these reviews were provided to DG to be utilized during the awarding phase.

Lastly, DFA-GAS conducted the annual review of LEA compliance with the federal MOE requirement through the analysis of PEIMS financial data. Non-compliance letters were issued to subrecipients with requests for action and/or sanctions imposed.

During fiscal year 2011, 119 of approximately 1,400 subrecipients were monitored by DFA-GAS (74 surveys, 20 on-site audits, and 25 desk reviews). The amount of grants monitored totaled approximately \$1.2 billion. In comparison during fiscal year 2010, DFA-GAS conducted five audits of the 80 high-risk subrecipients identified. For fiscal year 2010, monitoring performed by DFA-GAS accounted for approximately \$164 million, or 3%, of \$5.6 billion federal funds passed to subrecipients.

**Office of Accreditation: Division of Financial Audits - Special Monitoring Unit**

During fiscal year 2011, DFA-SMU conducted onsite reviews of the fiscal controls over grants funded under ARRA. DFA-SMU focused their reviews on the subrecipient's compliance with the following areas: identify/track ARRA funds separately, cash management, allowable costs, period of availability, time and effort reporting requirements pursuant to OMB A-87/A-122, compliance with reporting requirements pursuant to section 1512 of ARRA and infrastructure investment project requirements pursuant to sections 1511, 1605, and 1606 of ARRA. Procedures included the examination of federal laws, rules and regulations applicable to each ARRA grant monitored, reviewing organizational charts and local policy and procedure

manuals and other authoritative records to understand the subrecipient's organization structure and identify internal controls and processes; interviewing subrecipient personnel and other agents about the activities, functions, programs and services implemented for the grant; and reviewing the records created and maintained for the grant, selection of various sample items, and review of source documents.

During fiscal year 2011, 125 of approximately 1,400 subrecipients were monitored by DFA-SMU (50 on site reviews and 75 desk reviews). The amount of ARRA grants monitored by SMU awarded to the 125 subrecipients totaled approximately \$1.5 billion. In comparison during fiscal year 2010, SMU completed 24 reviews covering approximately \$313 million, or 8.7%, of the total ARRA grants awarded in 2010.

**Office for Planning, Grants, and Evaluation: Discretionary Grants and Formula Funding Division**

During fiscal year 2011, the DG and FF performed desk reviews. To ensure allowability under the specific grant program and under the federal cost principles, a desk review consisted of a review of the subrecipient's general ledgers, payroll ledgers, and supporting documentation (e.g., invoices, receipts, purchase orders, and time and effort records). Desk reviews also include verification that the subrecipient expends funds in accordance with the grant period, as applicable. Staff members also compare actual expenditures to budgeted amounts in the approved grant application. During fiscal year 2011, DG and FF performed 48 desk reviews, or 3%, out of approximately 1,400 subrecipients. Federal funds monitored through these 48 desk reviews were approximately \$1 billion, or 17%, of the total \$5.8 billion.

**Office for Planning, Grants, and Evaluation: Fiscal Accountability and Federal Reporting Unit**

FAFRU implemented a risk assessment based on the high-risk criteria in Title 34 of the Code of Federal Regulations (CFR) Sections 74.14 (a) and 80.12 (a) to identify high-risk subrecipients for desk reviews. A subrecipient was determined to be high risk by various divisions of TEA, including the program divisions, DFA, the Division of Performance-Based Monitoring and Intervention, and the grant funding divisions, if the subrecipient met one or more of the following criteria: (1) had a history of unsatisfactory (poor) performance, (2) was not financially stable, (3) had a (financial) management system that did not meet the prescribed standards, (4) had not conformed to the terms and conditions of a previous award, or (5) was not otherwise responsible.

As a result of the high-risk designation, FAFRU imposed the special condition of "soft hold" and thus reviewed and approved grant payments on a reimbursement basis. FAFRU reviewed each reimbursement request for all ARRA and non-ARRA federal grants awarded to the 12 subrecipients determined to be high risk during 2011. The desk review focused on: cash management; allowable, reasonable, and necessary costs; and period of availability. These desk reviews include the review of detailed general ledgers; payroll journals; time and effort documents; sampling of supporting documentation, including invoices, receipts, contracts, purchase orders, travel vouchers, and cancelled checks; and other documentation that demonstrate how the subrecipient complied with the intent and objectives of the grant. FAFRU completed the reimbursement request review for all 12 of the soft hold subrecipients. During fiscal year 2010, 22 subrecipients were determined to be on soft hold.

In addition, FAFRU randomly selected ARRA subrecipients on a monthly basis for ARRA expenditure review. These desk reviews also included the review of detailed general ledgers; payroll journals; time and effort documents; sampling of vouchers and cancelled checks; 1512 reports and other documentation that demonstrated how the subrecipient complied with the intent and objectives of the grant. Fifty desk reviews of approximately 1,400 subrecipients were performed as ARRA monthly reviews. The combined monitoring coverage of expended funds in 2011 for soft holds and desk reviews performed by FAFRU is approximately \$231 million. In comparison during fiscal year 2010, FAFRU performed 35 reviews.

**Summary of Monitoring Procedures**

For fiscal year 2011, approximately \$2.9 billion of \$5.8 billion of federal expenditures incurred by subrecipients was monitored by DAF-GAS, DAF-SMU, and FAFRU. Additionally, approximately \$1 billion was monitored by the DG and FF. Combined, a total of approximately \$3.9 billion, or 67%, of \$5.8

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billion of 2011 federal expenditures were monitored during fiscal year 2011. The \$3.9 billion covered 354 or 25%, of approximately 1,400 subrecipients. For fiscal years 2009 and 2010, approximately 6% of federal expenditures were monitored. The average over the three-year period is approximately 23% per year. Eight of the 354 subrecipients in 2011 accounted for 27% of fiscal year 2011 monitored expenditures.

Total subrecipient expenditures charged to the major and non-major programs for fiscal year 2011 were:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
12.000	\$246,155
84.002	48,135,064
84.011	58,554,737
84.013	2,959
84.048	60,358,447
84.144	56,198
84.186	2,123,853
84.213	4,244,487
84.281*	(295)
84.282	8,061,217
84.287	82,444,575
84.298*	(687)
84.334	640,517
84.340*	(1,801)
84.357	4,864,081
84.358	5,748,455
84.365	100,549,694
84.366	2,207,422
84.367	210,983,245
84.369	3,797,871
84.410	436,886,302
84.938	293,677
93.558	9,748,199
93.630	1,154,116
93.938	79,000
94.004	2,045,812
94.006	7,500
Early Intervention Services (IDEA) Cluster	68,035
Education of Homeless Children and Youth Cluster	5,339,135
Education of Homeless Children and Youth Cluster, ARRA	2,742,438
Education Technology State Grants Cluster	9,872,112
Education Technology State Grants Cluster, ARRA	23,006,876
Highway Safety Cluster	85,000
School Improvement Grant Cluster	1,731,855
School Improvement Grant Cluster, ARRA	39,691,880
Special Education Cluster	968,109,548
Special Education Cluster, ARRA	433,864,516
State Fiscal Stabilization Fund Cluster, ARRA	1,634,154,806
Statewide Data Systems Cluster	1,053,991
Title I - Part A Cluster	1,314,121,636
Title I - Part A Cluster, ARRA	373,089,587
<b>Total</b>	<b><u>\$5,850,162,215</u></b>

\* TEA no longer receives funding under these CFDA's. The amounts above are refunds from LEAs.

*Non-LEA A-133 Reviews:*

In fiscal year 2011, the collection and review of A-133 reports for non-LEA's was a separate process at TEA (as compared to the collection of A-133 reports for LEAs). The grants for non-LEAs included the requirement to submit A-133 reports to TEA within nine months after their fiscal year end or thirty days after the issuance. However, during fiscal year 2011, there was no one at TEA designated primarily responsible for monitoring the collection of the non-LEA reports and the associated issuance of the management decisions within the required time frames. During audit procedures related to the 21<sup>st</sup> Century major program, four subrecipients from a sample of forty A-133 reports were submitted late to TEA. There was no documentation to support that TEA followed-up with the subrecipient to obtain the report. Of approximately 1,400 subrecipients who receive federal funding from TEA, 106 , or 8%, were non-LEAs. Additionally, non-LEAs accounted for approximately \$176 million, or 3%, of the total \$5.8 billion of federal subrecipient expenditures.

*Data Universal Numbering System (DUNS):*

In fiscal year 2011, TEA did not implement a DUNS number application control until Federal Funding Accountability and Transparency Act (FFATA) was in effect. The control existed for awards related to school year 2010-2011. For school years previous to 2010-2011, TEA maintained a spreadsheet of DUNS numbers for tracking purposes; however, we were unable to determine when the DUNS number was obtained versus when the awards were funded.

Recommendation:

As noted above, TEA has a well-coordinated monitoring process and has improved their monitoring efforts from fiscal year 2010 with regard to execution of the planned approach and with regard to monitoring the allowability of expenses, period of availability, reporting, education special tests, etc. As TEA moves into year two under the above process, TEA should assess how their exiting process is "sustainable" on a go-forward basis. Items to consider may be the yearly target percentage range for monitoring, the three to five year monitoring goal, criteria to return to sites in consecutive years, consistency of monitoring samples between the various divisions, reassignment of ARRA focused resources as ARRA funds are depleted, etc.

During the summer of 2011, TEA revised its risk assessment process by revisiting their risk factors. As noted in prior years, the risk assessment placed significant reliance on the results of A-133 audits. The revised process also gives consideration to award amounts, timing of last review, current financial conditions, etc. Also, selection of the subrecipients to monitor is no longer limited to the highest-ranking subrecipients. As planned, TEA should execute the new risk assessment model for fiscal year 2012. In addition, management should reassess the risk assessment model each subsequent year to ensure the risk factors remain appropriate.

For the non-LEA A-133 collection process, TEA should consider merging the two collection processes so reports are obtained timely, management addresses issues accordingly, and results are available for risk assessment. The inclusion of the DUNS number on the award applications is required to be obtained prior to awards being issued.

Management Response and Corrective Action Plan:

*TEA appreciates acknowledgement of our well-coordinated monitoring process and recognition of the additional monitoring processes TEA implemented to ensure subrecipient compliance with the intent, objectives, and requirements of federal grants.*

*In fiscal year 2012, TEA was reorganized. Effective September 1, 2012, the Office for Grants and Fiscal Compliance (OGFC) was created and includes the Division of Grants Administration (formerly DG and FF), the Division of Federal Program Compliance (formerly, FAFRU), and the Division of Financial*

## TEXAS EDUCATION AGENCY

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*Audits (formerly housed in the Office for Accreditation). OGFC now includes the divisions, sections, and units that conduct TEA's subrecipient monitoring activities. Additionally, DFA's GAS and SMU have been combined into one unit - the Grants Audit Unit (GAU).*

*TEA concurs with the above recommendations and will develop and implement a plan for monitoring an annual target range of 15-20% of expended federal funds over a four-year period. The monitoring plan will include the criteria for selection of annual sites and for returning to prior sites in consecutive years. OGFC will implement consistency of monitoring processes and procedures across the office's divisions through the implementation of the TeamMate system. Additionally, DFA's GAU will transition to auditing more open grants, rather than closed grants during fiscal year 2012.*

*The fiscal year 2012 risk assessment process will continue to be implemented and the indicators reviewed annually for appropriateness and effectiveness. The fiscal year 2013 risk assessment process will utilize data from TEA's new threshold monitoring plan, which is being implemented in fiscal year 2012.*

*The non-LEA A-133 and LEA A-133 collection and review process has been merged in DFA to ensure timely collection, review, and issuance of management decisions. The new process will be communicated to non-LEA grantees by March 1, 2012.*

*DUNS numbers will continue to be collected on grant funding applications to ensure that DUNS numbers are collected prior to grant awards being issued.*

*Implementation Date:*      *Annual Target Range for Monitoring Plan - June 30, 2012, for implementation in fiscal year 2013*

*Fiscal year 2012 Risk Assessment - currently in process*

*A-133 Review Process Alignment - currently in process*

*DUNS Collection - currently in process*

*Responsible Person:*      *Annual Target Range for Monitoring Plan - Cory Green and Sonya Etheridge*

*Fiscal year 2012 Risk Assessment - Cory Green and Sonya Etheridge*

*A-133 Review Process Alignment - Sonya Etheridge*

*DUNS Collection - Cory Green*

## Texas Higher Education Coordinating Board

Reference No. 12-28

### **Allowable Costs/Cost Principles**

#### **Cash Management**

#### **Matching**

#### **Period of Availability of Federal Funds**

#### **Reporting**

#### **Subrecipient Monitoring**

(Prior Audit Issues - 11-38 and 10-69)

### **CFDA 84.048 - Career and Technical Education - Basic Grants to States**

**Award years - July 1, 2010 to September 30, 2011**

**Award number - 1142020671200001**

**Type of finding - Significant Deficiency**

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. In addition, formal change management procedures should be followed. The following logical access and change management issues were found as it relates to Texas Higher Education Coordinating Board (THECB)'s applications - TDR (time and expense reporting application), Perkins (grant management application), and EDC (Education Data Center application that accepts and processes data submitted by public community and technical colleges). The State of Texas, including THECB, outsources portions of their information technology to a group of contractors known as Team for Texas as required by HB 1516.

Questioned Cost: \$0

U.S Department of Education

#### Network:

- Overall, eighty-nine users have been granted network administrative access. Eighty-four of these users are Team for Texas employees. This level of network access allows users to control Windows servers that house applications such as TDR, Perkins, and EDC.
- One terminated Team for Texas employee continued to have administrative access on the network after his termination date.

#### EDC:

- One of seventeen administrators on the EDC application is also a developer. This access may allow the developer to impact production code directly.
- One THECB employee has transitioned to a developer's role and is currently involved in development activities while still retaining their database administrator (DBA) access on the EDC production database and system administrative access on the EDC production server. These current job responsibilities and their existing access privileges create a segregation of duties conflict.
- A developer was found to have administrative access on the EDC production server.
- Documentation of testing was not retained for twenty out of twenty-five changes selected.

#### TDR:

- One THECB employee has transitioned to a developer's role and is currently involved in development activities while still retaining their DBA access on the TDR production database. These current job responsibilities and their existing access privileges create a segregation of duties conflict.
- Documentation of testing was not retained for one out of five changes selected.

Perkins:

- Documentation of testing was not retained for the fifteen changes selected. In addition, the developer who makes Perkins code changes tests his own changes before requesting deployment by a system administrator. No additional verification of changes made occur prior to deployment.

Overall, it was noted that there is no documented evidence of periodic management review of existing users' access to the network, EDC, and TDR applications, databases, and systems. No compliance exceptions were noted for the compliance requirements noted above with regard to the above major program.

Recommendation:

Management should implement procedures for restricting administrative access to a limited group of authorized individuals and segregating duties for developers such that they are restricted from having DBA access on the production database. A periodic access review of existing user accounts on all applications and databases should be performed and all access modification requests should be completed timely as part of the review process. Employees responsible for testing changes to production code should adhere to formal change management procedures including documentation of a test plan and/or test results for changes.

Management Response and Corrective Action Plan:

1. **SEGREGATION OF DUTIES:** THECB ISS Management has segregated duties as recommended.
2. **PERIODIC ACCESS REVIEW:** THECB ISS Management will start sending quarterly Access Review reports to application owners, starting January 2012. Quality Assurance will track and retain the results of the quarterly reviews. While administrative access for Team for Texas staff is not directly controlled by THECB management, THECB does conduct quarterly reviews with Team for Texas to validate that access is still appropriate. Quality Assurance will track and retain the results of the quarterly reviews.
3. **TEST RESULT RETENTION:** THECB ISS Management has implemented a process of review and retention of test materials prior to code deployment into a production environment. Test materials for EDC and TDR change requests will be retained in Sharepoint, stored with other materials relating to the change request. Test materials for Perkins change requests will be stored in Trax as an attachment to the original request. Quality Assurance will verify that test results are captured before moving code to production.

**Implementation Date:**      1. September 16, 2011  
                                      2. January 1, 2012  
                                      3. November 1, 2011

**Responsible Person:**      1. Stacy McDonald  
                                      2. David Swedlow  
                                      3. David Swedlow

Reference No. 12-29

**Reporting**

**Special Tests and Provisions - Individual Record Review**

**Special Tests and Provisions - Interest Benefits**

**Special Tests and Provisions - Special Allowance Payments**

**Special Tests and Provisions - Enrollment Reports**

**Special Tests and Provisions - Payment Processing**

**Special Tests and Provisions - Due Diligence by Lenders in the Collection of Delinquent Loans**

**Special Tests and Provisions - Timely Claim Filings by Lenders or Servicers**

(Prior Audit Issue - 11-39)

**CFDA 84.032L - Federal Family Education Loans (FFEL) - Lenders**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.032L Award Number Not Applicable**

**Type of finding - Significant Deficiency**

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. In addition, formal change management procedures should be followed. The Federal Family Education Loan (FFEL) program at Texas Higher Education Coordinating Board (THECB) utilizes two applications for data processing - HELMS is the key application and HELMNET acts as the interface from external sources into HELMS. The State of Texas, including THECB, outsources portions of their information technology to a group of contractors known as Team for Texas as required by HB 1516. Overall, HELMS and HELMNET have the following logical access and change management issues:

- Current job responsibilities for one THECB database administrator (DBA) on the HELMNET database has created a segregation of duties conflict as the DBA has taken on a developer's role and began performing development activities in addition to their DBA functions.
- Fifty-one Team for Texas employees have knowledge of the root account password on the HELMS AIX production server. System admin privileges on the HELMS AIX production server are granted primarily through SUDO access as opposed to sharing the root password. SUDO access is a more secure and sustainable alternative to password knowledge that allows access to be revoked as needed on a case-by-case basis for off-boarded staff, and does not require the root password to be changed.
- Documentation of testing was not retained for five out of fifteen production changes selected.
- A periodic access review of existing HELMS accounts was performed. However, only 32 of 46 access modifications requested as part of the review, were completed.

No compliance exceptions were noted for the compliance requirements noted above with regard to the above major program.

**Recommendation:**

Management should segregate duties for developers such that they are restricted from having DBA access on the production database. Management should also restrict the knowledge of the root account password on the HELMS production server to those users whose jobs require such functionality. A periodic access review of existing user accounts on all applications and databases should be performed and all access modification requests should be completed timely as part of the review process. Employees responsible for testing changes to production code should adhere to formal change management procedures including documentation of a test plan and/or test results for changes.

Questioned Cost:	\$0
U.S Department of Education	

## TEXAS HIGHER EDUCATION COORDINATING BOARD

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*Management Response and Corrective Action Plan:*

1. **SEGREGATION OF DUTIES:** THECB ISS Management has segregated duties as recommended for employees who have transitioned to a new job function.
2. **ROOT ACCESS:** The number of Team for Texas staff who need system admin (root) privileges is independently determined by Team for Texas. THECB ISS Management implemented a review process of Team for Texas staff who need to retain access to THECB servers in response to the 2010 A-133 audit (see Periodic Access Review below). Quality Assurance will track the quarterly results of reviews.
3. **PERIODIC ACCESS REVIEW:** THECB ISS Management will start sending quarterly Access Review reports to application owners, starting January 2012. Quality Assurance will track and retain the results of the quarterly reviews. The current RPA (Request for Personnel Action) process via the HR Division for off-boarded THECB staff includes the revocation of network access at the point of termination. This effectively removes all application access. The periodic review process will ensure that inactive accounts are removed at the application level.
4. **TEST RESULT RETENTION:** THECB ISS Management has implemented a process of review and retention of test materials prior to code deployment into a production environment. Test materials will be retained in Sharepoint, stored with other materials relating to the change request.

*Implementation Date:*      1. September 8, 2011  
                                  2. January 1, 2012  
                                  3. January 1, 2012  
                                  4. November 1, 2011

*Responsible Persons:*      1. Stacy McDonald  
                                  2. David Swedlow  
                                  3. David Swedlow  
                                  4. David Swedlow

Reference No. 12-30

**Procurement and Suspension and Debarment**  
(Prior Audit Issue - 11-40)

**State Fiscal Stabilization Fund Cluster - ARRA**

Award years - July 9, 2009 to September 30, 2011

Award number - S397A090044

Type of finding - Significant Deficiency and Non-Compliance

Title 2, Code of Federal Regulations (CFR), Chapter 215, established uniform administrative requirements for federal grants and agreements awarded to institutions of higher education. Title 2, CFR section 215.43, requires that "all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition." In addition, Title 2, CFR section 215.46; requires that procurement records and files include the following at a minimum: (1) basis for contractor selection; (2) justification for lack of competition when competitive bids or offers are not obtained; and (3) basis for award costs or price.

Questioned Cost:      \$ 33,900

U.S. Department of Education

The requirements for suspension and debarment are contained in OMB guidance 2 CFR part 180 which requires the non-Federal entity to perform a verification check for covered transactions, by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. Covered transactions include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 and all non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

Texas A&M University - Corpus Christi

Out of the twenty-five procurement files tested, one was procured by Texas A&M University - Corpus Christi. The procurement file did not contain documentation to support compliance with suspension and debarment. The procurement contract included a clause stating “vendor shall comply with all laws, ordinances, rules, orders, and regulations of federal, state and municipal governments.” As written, the clause does not include specific terminology to address the suspension and debarment requirement. The value of the invoice was approximately \$53,400. Per review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.

Texas A&M University – Texarkana

Out of a sample of twenty-five procurement files tested, four were procured by Texas A&M University - Texarkana.

- One procurement for approximately \$25,300 did not have documentation of a formal bid process which is required by their Standard Administrative Procedure for Purchasing Authority. Part of the formal bid process is to advertise on the Electronic State Business Daily (ESBD). Three informal bids were noted to have been obtained per review of the bid tabulation but not through the required formalized process.
- Another procurement file, invoice amount of approximately \$8,600, had three informal vendor bids but only one was identified as a Historically Underutilized Business (HUB). There was no other documentation to support that at least two HUB bids were solicited in accordance with their Standard Administrative Procedure for Purchasing Authority.
- Out of the four procurement files tested at this University, three required suspension and debarment certifications that were not included in the procurement files. It is the University’s policy to check the EPLS site prior to purchases over \$25,000; however, documentation was not retained. Per review of the EPLS, the vendors were not suspended or debarred, so there are no questioned costs.

Texas Woman’s University (TWU)

Out of a sample twenty-five procurement files tested, three were procured by TWU. One of the files included a clause in the purchase order that is sent to the vendor that states “by accepting this purchase order, the vendor is also accepting the attached terms and conditions.” The attachment states, “vendor must comply with all rules, regulations and statutes relating to purchasing and contracting set forth by the State of Texas.” As written, TWU’s contracting process does not include specific terminology to address the suspension and debarment requirement. The value of the invoice was approximately \$38,100. Per review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.

University of Houston - Clear Lake

Out of the twenty-five procurement files tested, two were procured by the University of Houston - Clear Lake. One of the invoices for approximately \$88,300 did not contain the suspension and debarment verification. Per review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.

Recommendation:

The respective Universities noted above should obtain and retain the required suspension and debarment certifications for each procurement solicitation. Federal law is \$25,000 threshold for suspension and debarment.

## TEXAS HIGHER EDUCATION COORDINATING BOARD

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Also, each University should retain procurement documentation in accordance with their respective procurement policies.

**Management Response and Corrective Action Plan: Texas A&M University - Corpus Christi:**

*We concur with the audit finding. We did not document our files with the required self-certification or add a clause or condition relating to the covered transaction(s) per OMB guidance 2 CFR part 180. We reviewed the EPLS during the disbursement period to determine whether the vendor was listed as a debarred or suspended entity and found no record. It is the University's policy to comply with all applicable guidelines relating to the awarding and use of federal funds. We will further strengthen our documentation and contracts with our vendors to include terminology addressing suspension and debarment requirements.*

*Implementation Date:* January 25, 2012

*Responsible Person:* Kathryn Funk-Baxter

**Management Response and Corrective Action Plan: Texas A&M University - Texarkana:**

*The Director of Purchasing has created a Purchasing Checklist to ensure that needed documentation for procurements are a part of the bid document and purchase order file. Bids from two HUB vendors will be solicited, when possible. All bid documents for \$25,000 and over will be posted to the Electronic State Business Daily (ESBD) with a copy printed for file documentation. Procurements for \$25,000 and over will go through the formal bid process as required by the University's Standard Administrative Procedures. The Purchasing Checklist will be signed and dated by the Buyer at completion of the checklist of items that are required for item(s) prior to a purchase order being processed.*

*The Purchasing department, as part of the purchasing checklist, will document that EPLS and Suspension and Debarment certifications have been checked. This will be printed for file documentation. The Purchasing Checklist will be signed and dated by Buyer prior to a purchase order being processed.*

*Implementation Date:* January 2012

*Responsible Persons:* Cynthia E. Henderson and Randy Rikel

**Management Response and Corrective Action Plan: Texas Woman's University:**

*TWU does comply with the requirements for verification of vendor status with regard to suspension and debarment as pronounced in OMB guidance 2 CFR part 180. As stated in the finding above, the OMB guidance provides 3 methods by which a contracting party may demonstrate compliance with the requirement to perform a verification check for covered transactions:*

- 1) by checking the EPLS,
- 2) collecting a certification from the entity, or
- 3) adding a clause or condition to the covered transaction with the entity.

*In all purchase transactions utilizing federal funds, TWU actively complies with the requirement by checking the EPLS before entering negotiations with a potential contractor. Because the vendor's status had been confirmed (as non-excluded) prior to the negotiation and settlement of contract terms, there was no requirement for specific terminology to address the suspension and debarment requirement.*

## TEXAS HIGHER EDUCATION COORDINATING BOARD

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*The online EPLS has been utilized for years to assure vendor eligibility. In response to the auditor's request for documentation, TWU changed its procurement policy to require printing a screen shot of the EPLS web page, and inclusion of the printed web page in the set of documents to be maintained for all procurements utilizing federal funds.*

*Implementation Date:*     *October 2011*

*Responsible Persons:*     *Vanna Parr and Kelly McCullar*

**Management Response and Corrective Action Plan: University of Houston - Clear Lake (UHCL):**

*We do concur with the findings. UHCL follows the state and federal procurement guidelines. Formal verbal instructions were provided to all procurement personnel to check the EPLS on purchases over \$25,000. However, there was an oversight on this particular procurement. When the oversight was identified, the EPLS was checked and the vendor was not suspended or debarred. A print copy of the same is maintained in the file. The vendor has not been and is not currently suspended or debarred. Effective December 1, 2011, UHCL has also automated the procurement system to reduce the risk of future oversight to check the status of a vendor, if suspended or debarred. The system serves as a measure of control wherein a window message appears stating that the purchase exceeds \$25,000 and EPLS verification and hard copy print is required prior to issuing a purchase order. UHCL is also in the process of preparing standard operating procedures in writing.*

*Implementation Date:*     *January 25, 2012*

*Responsible Person:*     *Debra Carpenter*

## Texas Workforce Commission

Reference No. 12-31

### Activities Allowed or Unallowed

### Allowable Costs/Cost Principles

### Cash Management

### Matching, Level of Effort, and Earmarking

### Period of Availability of Federal Funds

### Reporting

### Subrecipient Monitoring

### Special Tests and Provisions - ARRA

### Special Tests and Provisions - Penalty for Refusal to Work

### Special Tests and Provisions - Adult Custodial Parent of Child under Six When Child Care Not Available

### Special Tests and Provisions - Penalty for Failure to Comply with Work Verification Plan

### CCDF Cluster

Award years - October 1, 2010 to September 30, 2011, October 1, 2009 to September 30, 2010, and October 1, 2008 to September 30, 2009

Award numbers - 2011G996005, 2011G999004, 2011G999005, and 2011G99UTTM; 2010G996005, 2010G999004, 2010G999005, and 2010G99UTSP; and 2009G996005, 2009G999004, 2009G999005, and 2009G99UTSG

### CCDF Cluster - ARRA

Award years - April 9, 2009 to September 30, 2011

Award number - 2009G99UTRU

### TANF Cluster

Award years - October 1, 2010 to September 30, 2011 and October 1, 2009 to September 30, 2010

Award numbers - G1102TXTANF and G1002TXTANF

### TANF Cluster - ARRA

Award years - October 1, 2009 to September 30, 2010

Award numbers - G1001TXTAN2 and G0901TXTAN2

### WIA Cluster

Award years - April 1, 2010 to June 30, 2013, April 1, 2009 to June 20, 2012, and April 1, 2008 to June 30, 2011

Award numbers - AA-20222-10-55-1-48, AA-18670-09-55-A-48, and AA-17150-08-55-A-48

### WIA Cluster - ARRA

Award years - February 17, 2009 to June 30, 2011

Award number - AA-17150-08-55-A-48

Type of finding - Significant Deficiency

System administrator privileges and access to migrate code changes into production should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. Access to deploy and develop code change should be segregated. Similarly, system administrative access should also be restricted to non-developers. The Texas Workforce Commission (TWC) utilizes multiple systems in relation to the three major programs noted above. The Workforce information System of Texas (TWIST) manages subrecipient data, the Cash Draw and Expenditure Reporting System (CDER) manages cash requests from subrecipients, the Integrated Statewide Accounting System (ISAS) is the general ledger, the PeopleSoft Human Resources Management System (HRMS) manages payroll, and the Contract Administration Tracking System (CATS) contains subrecipient contracting information. The State of Texas, including TWC, outsources portions of their information technology to a group of contractors known as Team for Texas as required by HB 1516. The following items were noted:

Questioned Cost:

U.S. Department of Labor

U. S. Department of Health and  
Human Services

- ISAS - One developer for the ISAS application has administrative access on the ISAS application and has database administrator (DBA) access on the ISAS database. The developer's job responsibilities may require the deployment of code changes into production for the ISAS application.
- HRMS - One developer for the HRMS application has administrative access on the HRMS application and the job responsibilities may require the modification of the production application.
- TWIST - Four TWIST application developers have administrative access to promote code changes into production.
- CDER and CATS - Seventy-two users have RACF administrative access. While access appears to be appropriate based on job title, the total number of administrators is excessive. Of these seventy-two users, fifty-three accounts belong to Team for Texas members which appears excessive.

No compliance exceptions were noted for the compliance requirements noted above with regard to the above major programs.

**Recommendation:**

Management should implement robust information technology general controls over all key applications and underlying systems. Developer access to administrative functions on any production system results in the risk of unauthorized changes to applications and data. Additionally, developer access to move their code changes into production increases the risk that unauthorized changes to application functionality have been deployed into the production environment.

ISAS and HRMS - Developer access to production should either be segregated or monitored. An effective monitoring control would validate that the changes in production are approved after implementation.

TWIST - Further, management should remove system administrative privileges granted to developers.

CDER and CATS - Management should also restrict the RACF administrative access on CDER and CATS mainframe to those users whose jobs require such functionality.

**Management Response and Corrective Action Plan:**

*ISAS and HRMS - Management concurs. This is a very unique circumstance and is necessary due to the limited staff available to provide PeopleSoft System Administrator support. TWC only has one PeopleSoft System Administrator position, for which a backup is required. The current volume of work does not support hiring an additional full-time equivalent (FTE) to serve as a full time backup System Administrator. Therefore, TWC management will implement a monitoring control.*

*Implementation Date: March 1, 2012*

*Responsible Person: Pat Gutierrez*

*TWIST - Management concurs. There are four TWIST application developers that have administrative access to promote code changes into production. This staff possesses specialized technical skill sets to support the different segments of the TWIST system. With limited resources, we are unable to immediately change the access levels without negatively impacting system support. As a compensating control to mitigate this risk, TWIST will modify staff assignment procedures to ensure that developers assigned to promote code to production will not be the same individual who developed the code. All TWIST code changes and staff assignments are documented and tracked in the TWIST change request system. TWIST department managers are responsible for staff assignment and oversight throughout the change request life cycle.*

**TEXAS WORKFORCE COMMISSION**

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*Implementation Date:*     *March 1, 2012*

*Responsible Person:*     *Teresa Alvarez*

*CDER and CATS - Management concurs. Fifty-three RACF Admin accounts belonging to Team for Texas members is excessive. The volume of accounts is based on the support structure Team for Texas has established to maintain systems in the outsourced data center. Team for Texas believes their high staffing level is necessary to provide appropriate depth and coverage to sustain required SLAs for system availability. TWC will forward this concern through DIR (the contracting entity) to Team for Texas for consideration.*

*Implementation Date:*     *January 31, 2012*

*Responsible Person:*     *Dee Meador*

Section 3b:

## **Federal Award Findings and Questioned Costs – Other Auditors**

This section identifies significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, as required to be reported by *Office of Management and Budget Circular A-133*, Section 510(a). This section is organized by state agency or higher education institution.

### **Adjutant General's Department**

Reference No. 12-101

#### **Cash Management**

(Prior Audit Issue 10-01)

##### **CFDA 12.401 - National Guard Military Operations and Maintenance Projects**

**Award years - October 1, 2010 to September 30, 2015**

**Award numbers - W912L1-11-2-1001 and W912L1-11-2-1007**

**Type of finding - Significant Deficiency and Non-Compliance**

To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments (Title 2, Code of Federal Regulations, Section 215.22).

Questioned Cost: \$ 0

U.S. Department of Defense

In addition, National Guard Regulation (NGR) 5-1, Chapter 11, Section 11-6, states that the amount the grantee requests for reimbursement will be reduced by the amount of program income received.

**The Adjutant General's Department (Department) did not disburse program income prior to requesting advance funding or submitting reimbursement requests.** The Department has established a process to separately account for and collect program income. However, program managers determine when to disburse program income; as a result, program income is often not disbursed until a purchase can be made entirely with available program income. This leads to the Department processing advance and reimbursement requests while program income is still available. Based on data the Department provided, the Department earned a total of \$28,950 in program income in fiscal year 2011. Department management also asserted that the Department had \$13,809 in available program income as of August 31, 2011.

Not disbursing program income prior to requesting federal funds results in the Department requesting more federal funds than it needs.

#### Recommendation:

The Department should disburse program income prior to requesting advance funding or submitting reimbursement requests.

#### Management Response and Corrective Action Plan:

*Management agrees with the recommendation and, to the extent possible, the department will disburse program income prior to requesting advance funding or submitting reimbursement requests. The department is developing written policies and procedure to address the reporting and disbursement of program income.*

*Implementation Date: August 2012*

*Responsible Person: Pamela Darden*

## ADJUTANT GENERAL'S DEPARTMENT

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Reference No. 12-102

### Davis-Bacon Act

#### CFDA 12.401 - National Guard Military Operations and Maintenance Projects - ARRA

Award years - July 24, 2009 to September 30, 2010

Award number - W912L1-09-2-9036 (ARRA)

Type of finding - Significant Deficiency and Non-Compliance

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141-3144, 3146, and 3147). All projects funded in whole or in part by the American Recovery and Reinvestment Act of 2009 (Recovery Act) are required to comply with Davis-Bacon Act requirements (Title 2, Code of Federal Regulations (CFR), Section 176, Subpart C).

Questioned Cost:	\$ 0
U.S. Department of Defense	

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL's regulations (Title 29, CFR, Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

**For one construction project funded by the Recovery Act in fiscal year 2011, the Adjutant General's Department (Department) did not require either of its two contractors to submit certified weekly payrolls.** This construction project was the Department's only Recovery Act-funded construction project during fiscal year 2011, and it was completed in June 2011. The standard contract language the Department uses requires the contractor to make the records available for Department review, but the contract does not specifically require contractors and subcontractors to submit weekly certified payrolls to the Department. Additionally, the Department did not request to review any certified payrolls from the two contractors during fiscal year 2011. Department payments in this program for contracts subject to the Davis-Bacon Act totaled \$2,794,912 for fiscal year 2011. In the absence of certified weekly payrolls, the Department was unable to ensure that its contractors paid laborers and mechanics wages established by the DOL.

#### Recommendation:

The Department should develop and implement a process to collect certified payrolls from its contractors when required.

#### Management Response and Corrective Action Plan:

*Management agrees with the recommendation to develop and implement a process to collect certified payrolls from its contractors when required. The department will conduct an internal review of boiler plate contract language to ensure that all terms included in the contracts are required and are being enforced.*

Implementation Date: August 2012

Responsible Person: Pamela Darden

## ADJUTANT GENERAL'S DEPARTMENT

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Reference No. 12-103

### Reporting

- CFDA 12.401 - National Guard Military Operations and Maintenance Projects**  
**CFDA 12.401 - National Guard Military Operations and Maintenance Projects - ARRA**  
Award years - see below  
Award numbers - see below  
Type of finding - Significant Deficiency and Non-Compliance

The Adjutant General's Department (Department) is required to submit Standard Form 270 (SF 270) "Request for Advance or Reimbursement" each time it requests payments or advances of federal funds from the National Guard Bureau (NGR 5-1, Chapter 11, Section 11-4). Program income is reported upon reimbursement or liquidation of advance payment vouchers as soon as such income is considered "received" pursuant to state accounting procedures (NGR 5-1, Chapter 11, Section 11-6).

Questioned Cost:	\$ 0
U.S. Department of Defense	

**The Department did not report program income on its SF 270 reports during fiscal year 2011.** The Department's process for completing SF 270 reports does not include reporting program income. Only two appendices in the Department's master cooperative agreement describe earning program income: appendix 1 and appendix 7. The Department earned a total of \$28,950 in program income in fiscal year 2011. As a result of not reporting program income on its SF 270 reports, Department expenditures were not reviewed for allowability by the U.S. property and fiscal officer.

**The Department also did not report the amount of state matching funds on its SF 270 reports during fiscal year 2011.** The Department's process for completing SF 270 reports does not include reporting state matching funds. However, state matching funds are clearly identified in the reports that accompany the SF 270 reports. As a result of the Department's not reporting state matching amounts on the SF 270 reports, those reports were not complete.

**Additionally, the Department reported amounts on its SF 270 reports that were not supported by information from its accounting system, the Uniform Statewide Accounting System (USAS), and its subledger system (the Integrated Engineering Management System or IEMS).** While the Department used expenditure data from IEMS to determine the "federal share now requested" and attached that support to the SF 270 reports it submitted, it did not use accounting data to complete other lines on its SF 270 reports. Instead, the Department entered other information on the reports based on prior reports or calculations. Specifically, the Department determined its "federal payments previously requested" by recording the total program outlays from the prior month's SF-270 report, and it determined its "total program outlays to date" by adding its current expenditures to the "federal payments previously requested" line of the SF 270 report.

Reporting amounts that are not supported by financial records increases the risk that those amounts could be incorrect.

The issues discussed above affected the following awards:

Award Numbers	Award Years
W912L1-11-2-1000 (MCA)	October 1, 2010 to September 30, 2015
W912L1-11-2-1001 (Appendix 1)	October 1, 2010 to September 30, 2015
W912L1-11-2-1002 (Appendix 2)	October 1, 2010 to September 30, 2015
W912L1-11-2-1003 (Appendix 3)	October 1, 2010 to September 30, 2015
W912L1-11-2-1004 (Appendix 4)	October 1, 2010 to September 30, 2015
W912L1-11-2-1005 (Appendix 5)	October 1, 2010 to September 30, 2015
W912L1-11-2-1007 (Appendix 7)	October 1, 2010 to September 30, 2015
W912L1-11-2-1010 (Appendix 10)	October 1, 2010 to September 30, 2015
W912L1-11-2-1014 (Appendix 14)	October 1, 2010 to September 30, 2015

## ADJUTANT GENERAL'S DEPARTMENT

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<b>Award Numbers</b>	<b>Award Years</b>
W912L1-11-2-1021 (Appendix 21)	October 1, 2010 to September 30, 2015
W912L1-11-2-1022 (Appendix 22)	October 1, 2010 to September 30, 2015
W912L1-11-2-1023 (Appendix 23)	October 1, 2010 to September 30, 2015
W912L1-11-2-1024 (Appendix 24)	October 1, 2010 to September 30, 2015
W912L1-11-2-1040 (Appendix 40)	October 1, 2010 to September 30, 2015
W912L1-10-2-3053 (RSMS)	October 1, 2009 to September 30, 2015
W912L1-07-2-3061 (ALERRT)	September 25, 2007 to September 30, 2011
W912L1-09-2-9036 (ARRA)	July 24, 2009 to September 30, 2010

**Recommendations:**

The Department should:

- Report program income on advance funding or reimbursement requests.
- Report state matching funds on advance funding or reimbursement requests.
- Ensure amounts it reports on the SF 270 reports agree to accounting records that support its financial statements and Schedule of Expenditures of Federal Awards, and include this supporting documentation for each part of the SF 270 report in the packet it submits to the U. S. property and fiscal officer to enhance the review and approval process.

**Management Response and Corrective Action Plan:**

*Management agrees with the recommendations and will start reporting available information on the SF270 related to program income and state match. The department is currently in the process of developing written policies and procedures related to the utilization of program income received, the information that will be included on the SF270, and the support and reconciliation documentation needed to fully support all entries on each SF270 submitted for advances and/or reimbursements.*

*The department will coordinate a process with the U.S. Property and Fiscal Office to enhance the review and approval process of requests.*

*Implementation Date: August 2012*

*Responsible Person: Pamela Darden*

## **Angelo State University**

Reference No. 12-104

### **Eligibility**

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.033 P033A113956, CFDA 84.375 P375A112258, CFDA 84.376 P376S112258, CFDA 84.007 P007A113956, CFDA 84.268 P268K112258, CDFA 84.063 P063P112258, and CFDA 93.264 E10HP13020-01-00**

**Type of finding - Significant Deficiency and Non-Compliance**

#### Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0  
U.S. Department of Education  
U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations (CFR), Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

**Angelo State University (University) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student's actual or expected enrollment.** As a result, for 4 (6.2 percent) of 65 students tested, the University based the students' COA on full-time enrollment, although the students indicated that they would attend less than full-time. Using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University developed only full-time COA budgets to determine COA, auditors could not determine whether the students in the sample tested who were attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

#### Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act (HEA) Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades, work projects completed, or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (Title 34, CFR, Section 668.16(e)).

A student is making satisfactory progress when the student is enrolled in a program of study of more than two academic years and, therefore, is eligible to receive title IV, HEA program assistance after the second year, if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34 (a) (b)).

An institution may find that a student is making satisfactory progress even though the student does not satisfy the requirements related to quantitative and qualitative factors if the institution determines that the student's failure to meet those requirements is based upon the death of a relative of the student, an injury or illness of the student, or other special circumstances (Title 34, CFR, Section 668.16(e)). An institution's SAP policy must include specific procedures under which a student may appeal a determination that the student is not meeting SAP (Title 34, CFR, Section 668.16).

The University's SAP policy requires students to maintain a minimum grade point average based on their classification. Specifically, undergraduate students who have earned between 0 and 29 credit hours are required to maintain a GPA of 1.35; undergraduate students who have earned between 30 and 59 credit hours are required to maintain a GPA of 1.6; undergraduate students who have earned between 60 and 89 credit hours are required to maintain a grade point average of 1.8; and undergraduate students who have earned more than 90 credit hours are required to maintain a GPA of 1.9. Students at the University are required to have a cumulative GPA of 2.0 to graduate. Graduate students are required to have a GPA of 3.0. The University also has established limits on the maximum number of attempted hours students can earn toward their program of study, and it requires students to successfully complete 67 percent of their cumulative attempted hours (or 62 percent for students with fewer than 30 earned hours).

**While the University has a process to receive and consider SAP appeals, its internal controls were not sufficient to ensure compliance with SAP requirements. Although the University maintained evidence that it had approved appeals for students in auditors' sample, it did not document its rationale for approving SAP appeals that a significant portion of its student population filed.** Six (13.6 percent) of 44 students tested were not meeting the University's SAP requirements, and the University approved appeals for all six students. However, the University was not able to provide a rationale for its approval of those six students' appeals. Based on its documentation, the University determined that 1,566 students were not eligible for federal financial assistance during the 2010-2011 school year because they did not comply with its SAP policy. Of those 1,566 students, 530 appealed the University's determination that they were not eligible to receive financial assistance. The University denied only 2 (0.38 percent) of those 530 appeals.

The University's SAP policy states that an appeals committee reviews appeals to SAP determinations. However the SAP policy does not provide specific information on the methodology the University uses to evaluate appeals. Additionally, the University was not able to provide documented policies or procedures that detail the factors employees should consider in determining whether a student met the criteria required by Title 34, CFR, Section 668.16.

Not establishing and following specific procedures to evaluate students' compliance with its SAP policy increases the risk that the University could award Title IV assistance to students who may not be eligible.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University did not consistently maintain high-profile user accounts at the network, server, and application level. Specifically:

- Five high-profile user accounts on the network that were no longer needed were still active.
- Twelve individuals shared a generic high-profile user account, which does not allow for user accountability.
- One student worker had excessive access to awarding and packaging student financial assistance.
- Four former contractor staff had excessive, privileged access to the application and database servers. Additionally, one individual had excessive access to the database server.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University also did not maintain documented evidence of authorization, testing, and approval for changes to its systems. As a result, auditors were unable to determine whether system changes were authorized, tested, and approved prior to migration to the production environment.

**Recommendations:**

The University should:

- Determine each student's COA and financial need based on the student's expected or actual enrollment.
- Establish and implement a process to consider and approve or deny appeals that students make after the University determines they are not eligible for federal financial assistance because they do not comply with its SAP policy. This process should include documenting and retaining the rationale for approving appeals.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Maintain documentation of all change requests related to its systems to support that changes were authorized, tested, and approved prior to migration to the production environment.

**Management Response and Corrective Action Plan:**

*RECOMMENDATION: Determine each student's COA and financial need based on the student's expected or actual enrollment.*

*Management concurs with recommendations related to determination of eligibility for financial assistance specifically related to Cost of Attendance. Angelo State University will continue the practice of initially packaging student assistance based on projected fulltime enrollment. Manual procedures to subsequently update COA based on actual attendance will be implemented. Specifically, following the census date for fall or spring semester, Information Technology will provide a report to the Director of Financial Aid containing a list of students that are enrolled less than halftime. The Director will process the list, changing all affected students from the fulltime COA budgets to a less-than-halftime budget. Financial Aid Counselors will manually review each student for over-awards and correct the student's aid package to ensure the student's financial aid and need are correct. Since, summer semesters are packaged manually, students that have submitted a "summer supplemental application" will be reviewed by a Financial Aid Counselor to ensure students are placed in the correct COA budgets and ensure the student's financial aid and need are correct.*

*Implementation Date: February 2012*

*Responsible Person: Michelle A. Bennett*

*RECOMMENDATION: Establish and implement a process to consider and approve or deny appeals that students make after the University determines they are not eligible for federal financial assistance because they do not comply with its SAP policy. This process should include documenting and retaining the rationale for approving appeals.*

*Management concurs with the recommendation regarding the satisfactory academic progress policy. Angelo State University has revised the published Satisfactory Academic Progress Policy to provide clarification on what qualifies as an appealable event.*

*To ensure that appeal committee members are clear on their responsibility, the Financial Aid Office has created an appeals checklist that will be completed by all committee members during the review of an appeal. The completed checklist will be collected and retained to provide documentation of the appeal process and the rationale for the*

*decision made. The appeals form submitted by students is also being revised to require students to provide specific information and supporting documentation related to the appeal.*

*Implementation Date:* May 2012

*Responsible Person:* Michelle A. Bennett

**RECOMMENDATION:** *The University should limit user access to current employees and ensure that access is appropriate based on job responsibilities.*

*Management concurs with recommendation related to maintaining controls over user access and user accounts at the network, server, and application level.*

*The Financial Aid Office reviews Banner access and privileges monthly and communicates changes to the Information Technology division. The Information Technology department is in the process of deploying an identity and access management (IAM) tool which will track the lifecycle of accounts granted to employees, students, vendors and other constituents. This tool will provide more timely removal of access when no longer required. The Banner access for the student worker has also been modified and now has general access only.*

*Information Technology will reduce access to the shared generic high-profile user account to only those who require access as part of their job function. We anticipate this to be no more than two users, with the account password held in escrow for emergencies.*

*Remote access to the Banner system is only available via VPN. The Financial Aid data custodian will work closely with the Information Security Officer to ensure Banner consultant accounts are reviewed monthly during routine access reviews and to ensure the accounts are disabled in a timely manner.*

*Implementation Date:* April 2012

*Responsible Persons:* Michelle A. Bennett and Jason Brake

**RECOMMENDATION:** *The University should maintain documentation of all change requests related to its systems to support that changes were authorized, tested, and approved prior to migration to the production environment.*

*Management concurs with the recommendation related to maintaining evidence of authorization, testing and approval for changes to its systems.*

*The Financial Aid office created a new upgrade and testing form to document the Banner processes and forms tested in preparation for system upgrades. This form will require the Financial Aid data custodian's approval prior to migrating system changes to the production environment. Additionally, Information Technology's change processes will now require this information before any changes are migrated to the production environment.*

*Implementation Date:* December 2011

*Responsible Persons:* Michelle A. Bennett and Jason Brake

Reference No. 12-105

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.033 P033A113956, CFDA 84.375 P375A112258, CFDA 84.376 P376S112258, CFDA 84.007 P007A113956, CFDA 84.268 P268K112258, CDFA 84.063 P063P112258, and CFDA 93.264 E10HP13020-01-00**

**Type of finding - Significant Deficiency and Non-Compliance**

Common Origination and Disbursement System Reporting

Institutions submit Pell and Direct Loan origination records and disbursement records to the Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. The disbursement date and amount in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (Office of Management and Budget Circular A-133 Compliance Supplement, March 2011, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-34).

Questioned Cost: \$ 0

U.S. Department of Education  
U.S. Department of Health and Human Services

**For 6 (9.2 percent) of 65 students tested at Angelo State University (University), the disbursement date the University reported to the COD System did not match the actual disbursement date in the University's financial aid application, Banner.** For those six students, the actual disbursement dates ranged between 1 and 143 days different from the dates the University reported to the COD System. University management asserted that a change in the COD System record format caused the University to submit incorrect disbursement dates to the COD System during the award year. However, the University did not resubmit disbursement records to the COD System to correct that issue. As a result, users of the COD System information did not have accurate information regarding Pell Grant and Direct Loan disbursements for some of the University's disbursements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University did not consistently maintain high-profile user accounts at the network, server, and application level. Specifically:

- Five high-profile user accounts on the network that were no longer needed were still active.
- Twelve individuals shared a generic high-profile user account, which does not allow for user accountability.
- One student worker had excessive access to awarding and packaging student financial assistance.
- Four former contractor staff had excessive, privileged access to the application and database servers. Additionally, one individual had excessive access to the database server.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University also did not maintain documented evidence of authorization, testing, and approval for changes to its systems. As a result, auditors were unable to determine whether system changes were authorized, tested, and approved prior to migration to the production environment.

**Recommendations:**

The University should:

- Report actual disbursement dates to the COD System.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Maintain documentation of all change requests related to its systems to support that changes were authorized, tested, and approved prior to migration to the production environment.

**Management Response and Corrective Action Plan:**

***RECOMMENDATION:*** *Report actual disbursement dates to the COD System. Management Response and Corrective Action Plan:*

*Management concurs with the recommendation related to reporting to the Common Originations and Disbursement system. Angelo State University has opened action item tickets with the vendor, Sungard to seek assistance in extracting all disbursement dates accurately. The Financial Aid Office will begin working with the software in January 2012 and will further define the manual processes needed to ensure disbursements dates are accurately reflected in the COD system.*

*Implementation Date:*      *August 2012*

*Responsible Person:*      *Michelle A. Bennett*

***RECOMMENDATION:*** *The University should limit user access to current employees and ensure that access is appropriate based on job responsibilities.*

*Management concurs with recommendation related to maintaining controls over user access and user accounts at the network, server, and application level.*

*The Financial Aid Office reviews Banner access and privileges monthly and communicates changes to the Information Technology division. The Information Technology department is in the process of deploying an identity and access management (IAM) tool which will track the lifecycle of accounts granted to employees, students, vendors and other constituents. This tool will provide more timely removal of access when no longer required. The Banner access for the student worker has also been modified and now has general access only.*

*Information Technology will reduce access to the shared generic high-profile user account to only those who require access as part of their job function. We anticipate this to be no more than two users, with the account password held in escrow for emergencies.*

*Remote access to the Banner system is only available via VPN. The Financial Aid data custodian will work closely with the Information Security Officer to ensure Banner consultant accounts are reviewed monthly during routine access reviews and to ensure the accounts are disabled in a timely manner.*

*Implementation Date:*      *April 2012*

*Responsible Persons:*      *Michelle A. Bennett and Jason Brake*

***RECOMMENDATION:*** *The University should maintain documentation of all change requests related to its systems to support that changes were authorized, tested, and approved prior to migration to the production environment.*

**ANGELO STATE UNIVERSITY**

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*Management concurs with the recommendation related to maintaining evidence of authorization, testing and approval for changes to its systems.*

*The Financial Aid office created a new upgrade and testing form to document the Banner processes and forms tested in preparation for system upgrades. This form will require the Financial Aid data custodian's approval prior to migrating system changes to the production environment. Additionally, Information Technology's change processes will now require this information before any changes are migrated to the production environment.*

*Implementation Date:* December 2011

*Responsible Persons:* Michelle A. Bennett and Jason Brake

## Department of Public Safety

Reference No. 12-106

### Activities Allowed or Unallowed

#### Allowable Costs/Cost Principles

#### Matching, Level of Effort, Earmarking

#### Period of Availability of Federal Funds

#### Reporting

#### Special Tests and Provisions - Subgrant Awards

(Prior Audit Issues 11-107, 10-35, and 09-38)

#### Homeland Security Cluster

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

#### Allowable Costs/Cost Principles - Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Questioned Cost: \$ 4,585

U.S. Department of Homeland  
Security

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Budget estimates that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

Additionally, according to Title 2, CFR, Chapter 225, to be allowable under federal awards, costs must be adequately documented.

The Department of Public Safety's (Department) State Administrative Agency (SAA) manages and administers Homeland Security grant programs, including the Homeland Security Cluster of federal programs, for the State of Texas. SAA employees complete weekly time sheets to indicate the number of hours they work, including the number of hours charged to each federal award.

**For all six monthly Homeland Security payroll charges tested prior to January 2011, the Department did not base its payroll charges to federal awards solely on actual work completed, although employees did submit weekly time sheets.** Instead, the Department distributed payroll charges to federal awards using estimates based on the amount of time employees and management charged, as well as the management and administrative (M&A) funds remaining for each grant. As a result, for the six payroll transactions included in auditors' testing, the Department overcharged the Homeland Security Cluster a total of \$4,585. Because the SAA used the same allocation methodology to charge payroll costs to all of its federal awards, this issue affected all federal programs the SAA administers. In addition to the Homeland Security Cluster, the SAA managed and administered nine other federal grant programs, which are listed below.

In January 2011, the Department began using a new timekeeping system. Audit tests of the Department's payroll charges to federal grants after that time determined that payroll charges were based solely on the time each employee recorded.

Additionally, the Department charged the Homeland Security Cluster for all federal program payroll costs associated with the programs that the SAA administers. **The Department initially drew all federal program payroll costs from Homeland Security Cluster funds, without regard to the federal program that benefitted from the effort. The Department subsequently reallocated the payroll charges to the correct grants and reduced its subsequent Homeland Security draw to offset the overcharged payroll costs.** For example, auditors identified \$20,666 in Public Safety Interoperable Communication (PSIC) payroll allocations between January and March for which the Department initially charged and drew funds using Homeland Security Cluster funds. In June 2011, the Department reversed those charges and reallocated them to the PSIC program. As a result, the Department's final charges to the Homeland Security Cluster were allowable; however, the charges were not supported and were not allocable to the Homeland Security cluster at the time the Department drew federal funds.

The Department charged a total of \$2,371,860 in salary and benefit expenses to the Homeland Security Cluster during fiscal year 2011.

Allowable Costs/Cost Principles and Activities Allowed or Unallowed – Non-payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, OMB requires that costs be treated consistently with other costs incurred for the same purposes in like circumstances.

**Two (4 percent) of 53 non-payroll expenditures tested that the Department charged to the Homeland Security Cluster were not solely allocable to the Homeland Security Cluster.** Both expenditures were for payments to a temporary staffing firm. The services the temporary staffing firm provided benefited multiple grant programs, including the Homeland Security Cluster and other federal programs listed below; therefore, the associated expenditures should have been allocated across the M&A budgets for each of these grant programs. In fiscal year 2011, the Department charged \$155,443 to the Homeland Security cluster of programs for the services of the temporary staffing firm.

Prior to January 2011, the Department did not use an allocation process to ensure that it charged expenditures for contract labor to the correct award. Instead, the Department charged contractor invoices to program budgets that had available M&A funds. Those contractor invoices did not contain detailed descriptions of the work performed; therefore, auditors were unable to determine the associated amount of questioned costs. Because the Department did not use a proper allocation methodology for contract labor expenditures, it did not charge the cost of contract labor to the federal grant programs that benefited from those services. In addition to the Homeland Security Cluster, this issue affected nine other programs that the SAA managed and administered, which are listed below.

The Department suspended its contract with the temporary staffing firm discussed above in August 2010; however, it still made payments to that firm through December 2010. **Auditors did not identify non-compliance related to the expenditures for contract labor after the Department corrected its allocation process in January 2011.**

**Additionally, 1 (2 percent) of 53 non-payroll expenditures tested that the Department charged to the Homeland Security Cluster was incorrect.** The Department erroneously reimbursed an employee for \$14 in travel expenses that the employee did not incur. The Department corrected the unallowable cost after auditors brought this issue to management's attention. By erroneously reimbursing the employee, the Department risked using federal funds for unallowable activities.

## PUBLIC SAFETY, DEPARTMENT OF

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The Department received the following Homeland Security Cluster awards:

Grant Number	Beginning Date	End Date
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

In addition to the Homeland Security Cluster awards, the SAA also manages grant funds for the following grant programs:

- Border Interoperability Demonstration Project (CFDA 97.120)
- Buffer Zone Protection Program (CFDA 97.078)
- Emergency Operation Center Grant Program (CFDA 97.052)
- Interoperable Emergency Communications Grant Programs (CFDA 97.001)
- Nonprofit Security Grant Program (CFDA 97.008)
- Operation Stone Garden (CFDA 97.067)
- Public Safety Interoperable Communication Grant Program CFDA (11.555)
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111)
- Transit Security Grant Program (CFDA 97.075)

### Other Compliance Areas

Although the general control weakness described below applies to matching, level of effort, earmarking; period of availability of federal funds; reporting; and special tests and provisions - subgrant awards, auditors identified no compliance issues regarding those compliance requirements.

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendations:

The Department should:

- Continue to (1) ensure that all payroll and non-payroll costs it charges to the Homeland Security Cluster are allocable to the federal award and (2) base its allocation methods on actual time spent or services provided.
- Ensure that its reimbursements to employees are appropriate and correct based on the amount of expenses that employees incurred.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

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### Management Response and Corrective Action Plan:

*We appreciate the acknowledgement that actions taken by the Department in response to the FY 2010 Single Audit issues have addressed these cost allocations issues.*

*After the FY 2010 Single Audit, the Department established controls to ensure payroll costs are charged to the appropriate federal award. In January 2011, the Department implemented a new timekeeping system where SAA employees complete weekly reports to indicate the number of hours they work including the number of hours to be charged to each federal award.*

*Starting in FY 2012, the SAA provides an estimate per grant for the drawdown based on the prior month's actual expenditures. The following month the SAA reconciles the actual employees' time per grant records against the estimate and modifies the next month drawdown as appropriate.*

*Lastly, the Department will implement controls to ensure that reimbursements to employees are appropriate and correct based on the amount of expenses that employees incurred. The over reimbursement of \$14.16 has been collected from the employee.*

*Implementation Date:* April 2012

*Responsible Person:* Maureen Coulehan

### General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-107

### **Cash Management**

(Prior Audit Issue 11-108)

#### **Homeland Security Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

### Interest on Advances

Beginning in fiscal year 2005, Homeland Security Grant Program awards to states were exempted from the provisions of the Cash Management Improvement Act (CMIA). Grantees are permitted to draw down funds up to 120 days prior to expenditure/disbursement, provided they maintain procedures to minimize the time elapsing between the receipt and disbursement of funds (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 4, Section 97.067). Additionally, grantees must place those funds in an interest-bearing account, and the interest earned must be submitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by the grantee for administrative expenses (Title 44, Code of Federal Regulations (CFR), Section 13.21).

Questioned Cost: \$ 15

U.S. Department of Homeland  
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**The Department of Public Safety (Department) did not calculate or monitor interest it earned on federal funds for the Homeland Security Cluster, nor did it remit interest earned on federal funds to the U.S. Treasury.** The Department has not established a process to calculate or monitor interest it earns on advanced federal funds. The Texas Office of the Comptroller of Public Accounts receives those funds and deposits them into a state treasury account along with non-Homeland Security funds. The Department has not entered into an arrangement with the Texas Office of the Comptroller of Public Accounts to isolate the interest earned solely on Homeland Security funds. Therefore, the Department has never remitted any interest earned on Homeland Security funds to the U.S. Treasury. Auditors tested a sample of 100 transactions representing 9 percent of the \$149,265,676 in Homeland Security Cluster funds the Department drew down during fiscal year 2011 and estimated associated interest of \$115 for those transactions. Because grantees can retain interest of up to \$100 per year, this resulted in questioned costs of \$15 associated with all awards listed below.

Additionally, the Department draws down funds for its management and administrative costs on an advance basis. As of August 31, 2011, it had a balance of \$312,415 in prepaid federal grant revenue, and it was not calculating or paying interest on those funds. This issue affects all Homeland Security Cluster awards.

**Subrecipient Advances**

Recipients of federal funds are required to follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement of those funds. When recipients use advance payment procedures, they must establish similar procedures for subrecipients. Pass-through entities must ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity (Title 44, CFR, Section 13.37 a(4)). The U.S. Department of Homeland Security requires that grantees and subgrantees be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and disbursement by the grantee or subgrantee (Title 44, CFR, Section 13.21).

**For 13 (22 percent) of 60 subrecipient projects tested, the Department provided hardship advances to subrecipients without obtaining proof of the subrecipients' subsequent disbursement of those funds.** The Department allows subrecipients to request cash advances in cases of economic hardship; however, it did not consistently follow up with subrecipients that had received hardship advances to ensure that they had spent those federal funds. The Department did not require subrecipients to submit proof of payments they made with the advanced funds. As a result, the Department cannot provide reasonable assurance that some subrecipients minimized the time between receipt and disbursement of federal funds. The Department provided evidence that it implemented new procedures in August 2011 to require staff to confirm that subrecipients spent those advances.

During fiscal year 2011, the Department drew down funds from the following Homeland Security Cluster awards:

Award Number	Beginning Date	End Date
2006-GE-T6-0068	July 1, 2006	June 30, 2010
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

**General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

## **PUBLIC SAFETY, DEPARTMENT OF**

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Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### **Recommendations:**

The Department should:

- Calculate the amount of interest it earned on advanced funds for fiscal year 2011 and work with the federal awarding agency to return the interest earned.
- Establish and implement procedures to calculate and track interest it earns on advanced federal funds and remit interest exceeding \$100 annually to the U.S. Treasury at least quarterly.
- Follow up with subrecipients that receive hardship advances to ensure that subrecipients minimize the time elapsing between receipt and disbursement of federal funds.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### **Management Response and Corrective Action Plan:**

*The Department agrees with the recommendations and will calculate the amount of interest earned on advanced funds and will work with the federal awarding agency to return the interest. Additionally, the Department has implemented procedures to calculate interest earned on federal funds, and will remit interest exceeding \$100 annually to the U.S. Treasury at least quarterly.*

*Lastly, the Department has implemented procedures to follow up with Sub-recipients that receive hardship advances to ensure the Sub-recipients minimize the time elapsing between receipt and disbursement of federal funds. Specifically, SAA established written guidance explaining the Sub-recipients' responsibility to minimize the time elapsing between receipt and disbursement of federal funds for those who seek advances. SAA required Sub-recipients who received advances in 2011 to timely pay their invoices and, within 30 days of payment, provide proof of the payments made with the advanced funds. The Department will follow up with those Sub-recipients who seemingly failed to minimize the time between receipt and disbursement of the advanced funds and, therefore, may have received more than \$100 in interest on advanced funds annually.*

*Implementation Date: April 2012*

*Responsible Persons: Maureen Coulehan and Machelle Pharr*

### **General Controls**

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

Reference No. 12-108

**Procurement and Suspension and Debarment**

(Prior Audit Issue 11-109)

**Homeland Security Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

In accordance with Title 44, Code of Federal Regulations (CFR), Section 13.36, grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in that CFR section. All procurement transactions must be conducted in a manner providing full and open competition. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals.

Questioned Cost: \$ 580,423

U.S. Department of Homeland  
Security

**Competitive Bidding Procurements**

**For 5 (83 percent) of 6 procurements tested for the Homeland Security Cluster that required competitive bidding, the Department of Public Safety (Department) did not competitively bid the procurements.** Those five procurements occurred prior to fiscal year 2011; however, the Department paid the vendors for services provided through those procurements during fiscal year 2011. The five procurements were as follows:

- For one procurement that the Department designated as an emergency procurement, the Department was unable to provide sufficient documentation to support that the circumstances constituted an emergency. Documentation indicated that the Department did not allow for sufficient time to complete competitive bidding prior to the expiration of a contract. Therefore, the Department renewed the contract with the vendor through an emergency procurement. The Department later entered into a new contract in December 2010 using a statewide Texas Department of Information Resources contract as allowed by its policies. Prior to entering into that new contract, however, the Department charged \$458,597 to the original emergency procurement.
- For one procurement that required a competitive bidding process, Department management overrode controls when the results of a competitive bid process were unfavorable to management's preferred vendor. Although it originally entered into a contract with the preferred vendor, the Department canceled that contract effective January 2011 after auditors notified executive management about the circumstances surrounding the procurement. However, in fiscal year 2011, the Department paid that vendor \$424,980 in Homeland Security Cluster funds, resulting in questioned costs for this cluster.
- For three procurements related to the same vendor and services, the Department's State Administrative Agency (SAA) inappropriately used an existing Texas Department of Information Resources contract to obtain non-IT services and circumvent the Department's established process to procure non-IT consultant services. This allowed the SAA to retain the professional services of specific individuals. This contract ended on August 31, 2011; however, the Department charged \$155,443 to the Homeland Security Cluster in fiscal year 2011 for services the consultant performed, resulting in questioned costs for this cluster.

Auditors did not identify instances of non-compliance or management override of controls after January 2011.

**Approval Authority for Procurements**

The Department requires approval by Department management depending on the amount of the procurement. Specifically, the approval authority requirements are as follows:

- Deputy assistant directors are authorized to approve purchases up to \$50,000.
- Assistant directors are authorized to approve purchases up to \$250,000.
- Deputy directors approve purchases up to \$500,000.

Additionally, the Department's director granted the deputy directors approval authority for purchases they deem appropriate, which allowed the deputy directors to further delegate their approval authority to increase efficiency while maintaining an appropriate level of oversight. However, there is no specific approval authority granted for procurements exceeding \$500,000.

For 10 (30 percent) of 33 Homeland Security Cluster procurements tested, the Department did not provide evidence that it obtained the authorizations required by its policy. Additionally, the Department was unable to provide documentation that it delegated authority to approve those procurements to a level of management differing from the levels described in its policy. This increases the risk that unauthorized purchases could be made with federal funds or that procurements might not comply with state and federal requirements.

**Subrecipient Suspension and Debarment**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective to award amount (Title 2, Code of Federal Regulations, Section 180.210).

For 1 (2 percent) of 59 Homeland Security Cluster subrecipient agreements tested, the Department could not provide evidence that the subrecipient had certified that it was not suspended or debarred. The Department was unable to provide a copy of the signed subrecipient agreement; as a result, it could not provide evidence that it verified that the subrecipient was not suspended or debarred at the time of the award. However, auditors determined that the subrecipient was not suspended or debarred by checking the EPLS.

When the Department does not verify that subrecipients are not suspended or debarred, this increases the risk that it could enter into an agreement with an entity that is not eligible to receive federal funding.

The issues discussed above affected the following awards that had procurements in fiscal year 2011:

<b>Award Number</b>	<b>Beginning Date</b>	<b>End Date</b>
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

In addition to the Homeland Security Cluster awards, the Department's SAA also manages grant funds for the following grant programs:

- Border Interoperability Demonstration Project (CFDA 97.120)
- Buffer Zone Protection Program (CFDA 97.078)
- Emergency Operation Center Grant Program (CFDA 97.052)
- Interoperable Emergency Communications Grant Programs (CFDA 97.001)
- Nonprofit Security Grant Program (CFDA 97.008)
- Operation Stone Garden (CFDA 97.067)
- Public Safety Interoperable Communication Grant Program CFDA 11.555)
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111)
- Transit Security Grant Program (CFDA 97.075)

**General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

**Recommendations:**

The Department should:

- Consistently comply with its procurement policies related to competitive bidding and emergency procurements.
- Use pre-existing statewide contracts appropriately and only for their intended purpose.
- Comply with its procurement policy by obtaining required approvals for all procurements.
- Verify that its subrecipients are not suspended or debarred.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

**Management Response and Corrective Action Plan:**

*We appreciate the acknowledgement that actions taken by the Department in response to the FY 2010 Single Audit issues have addressed these compliance issues.*

*SAA has procured no contracts under an emergency exception since January 2011. Department management is committed to following state law and DPS procurement policies and will consistently comply with procurement policies related to competitive bidding and emergency procurements.*

*The Department will use pre-existing statewide contracts appropriately and only for their intended purposes. Since January 2011, all SAA DIR contracts have been for permissible IT/communications purposes as intended by the DIR procurement process.*

*On March 28, 2011, SAA management executed and subsequently follows its HQ-53, Division Signature Authorization. Procurement and Contract Services will implement controls to assure grant expenditures comply with agency procurement policy.*

*The Department has verified that its Sub-recipients are not suspended or debarred and obtained certifications from Sub-recipients they are not suspended or disbarred.*

*In October 2011, SAA verified its proposed FY2011 Sub-recipients were neither debarred nor suspended. In addition, in November 2011, SAA required Sub-recipients to certify, as a term of the grant award, that they are neither suspended nor debarred.*

*Implementation Date:*      July 2012

*Responsible Persons:*      Machelle Pharr and Dana Collins

General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-109

**Subrecipient Monitoring**

(Prior Audit Issues 11-111, 10-37, and 09-43)

**Homeland Security Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

In fiscal year 2011, the Department passed through \$138,430,205 in Homeland Security Cluster funding to its subrecipients.

Questioned Cost:	\$ 0
U.S. Department of Homeland Security	

Award Identification

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement, Part 3, Section M, to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of the federal awarding agency, and applicable compliance requirements.

The Department communicates federal award information to subrecipients on a subrecipient agreement and requires that subrecipients sign various assurances to ensure they are aware of applicable federal compliance requirements. **For 1 (2 percent) of 59 subrecipient agreements tested, the Department could not provide evidence that the subrecipient had accepted the terms and conditions of the grant for which it had received funds.** As a result, the Department could not provide evidence that it had properly communicated the CFDA title and number, the federal award name and number, the name of the federal awarding agency, and applicable federal compliance requirements at the time it made the subaward.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Inadequate identification of federal awards by the Department may lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards (SEFA).

During-the-award Monitoring

Recipients of Homeland Security Cluster funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, Code of Federal Regulations, Section 13.40).

The Department largely monitors subrecipient activities through review and approval of reimbursement requests, quarterly progress reporting, and site visits it conducts at subrecipients that it selects based on a biennial risk assessment. For example, the Department monitors its subrecipients' compliance with procurement and suspension and debarment and equipment requirements through its site visits. However, for 2 (3 percent) of 60 subrecipient projects tested, the Department did not include the subrecipient in the risk assessment it used to select the subrecipients at which it would conduct site visits. As a result, the Department could not ensure that it monitored those subrecipients' compliance with procurement and suspension and debarment and equipment requirements.

Insufficient monitoring during the award period increases the risk that the Department would not detect subrecipients' non-compliance with federal requirements.

**Subrecipient Audits**

According to Office of Management and Budget (OMB) Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within 9 months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with Single Audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist. **However, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain Single Audits. As a result, the Department could not provide documentation to support that all subrecipients complied with the requirement to obtain Single Audits or that the Department appropriately sanctioned subrecipients that did not comply with that requirement.**

For 15 (26 percent) of 57 subrecipients tested, the Department did not verify whether the subrecipient obtained a Single Audit. Specifically:

- The Department did not include six of those subrecipients on its tracking spreadsheet; therefore, the Department did not monitor them for compliance with requirements to obtain a Single Audit.
- The Department included nine of those subrecipients on its tracking spreadsheet, but those subrecipients did not respond to the Department's questionnaire regarding Single Audits, and there was no other evidence of Department review. Therefore, auditors could not determine whether the Department should have followed up on any findings in those subrecipients' Single Audit reports or if the subrecipients obtained Single Audits.

Seven (47 percent) of those 15 subrecipients discussed above submitted a Single Audit report to the Federal Audit Clearinghouse (FAC).

For all 15 subrecipients discussed above, the Department's A-133 monitoring files did not contain evidence that the Department responded to the subrecipients' non-compliance in accordance with its sanction policy.

**Additionally, weaknesses existed in the Department's review of subrecipients' Single Audit reports.** Specifically:

- For 1 (2 percent) of 57 subrecipients tested, the Department could not provide evidence that it issued a management decision on a finding in that subrecipient's Single Audit report. While the Department identified the finding in its review of the subrecipient's Single Audit report, it did not address the finding with the subrecipient or make a determination on whether follow-up with the subrecipient was required.
- For 1 (3 percent) of the 33 Single Audit reports that the Department reviewed and auditors tested, the Department did not review the Single Audit report within the required six-month time period.

Not ensuring that subrecipients obtain Single Audits and not following up on deficiencies noted in subrecipients' Single Audit reports increases the risk that deficiencies could go unaddressed.

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The issues noted above affect the following Homeland Security awards:

<b>Award Number</b>	<b>Beginning Date</b>	<b>End Date</b>
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendations:

The Department should:

- Communicate all required award information in its subrecipient agreements.
- Include all subrecipients in its risk assessment for site visits.
- Ensure that subrecipient Single Audit information in its tracking spreadsheet is accurate and complete.
- Require all subrecipients to certify that they will obtain a Single Audit if they meet the threshold or certify that they are not required to obtain a Single Audit, and follow up with subrecipients to ensure it receives those certifications and Single Audit reports.
- Review subrecipients' Single Audit reports within six months of receipt of those reports and issue management decisions when applicable.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will:*

- *Communicate all required award information in its subrecipient agreements.*
- *Include all subrecipients in its risk assessment for site visits.*
- *Ensure that subrecipient Single Audit information in its tracking spreadsheet is accurate and complete.*
- *Require all subrecipients to certify that they will obtain Single Audit if they meet the threshold or certify that they are not required to obtain Single Audit, and follow up with subrecipients to ensure it receives those certifications and Single Audit reports.*
- *Review subrecipients' Single Audit reports within six months of receipt of those reports and issue management decisions when applicable.*

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SAA currently communicates all of the required award information in its Sub-recipient agreement. SAA retains a signed Sub-recipient agreement as documentation of the information relay. SAA acknowledges that it was missing one of the sampled sub-recipient agreements. SAA will implement procedures to ensure that a signed copy of a sub-recipient agreement is received and retained for each grant award made.

*Implementation Date:* June 2012

*Responsible Persons:* Machelle Pharr and Paula Logan

### General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-110

### **Procurement and Suspension and Debarment Subrecipient Monitoring**

#### **CFDA 97.039 - Hazard Mitigation Grant Program**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

In fiscal year 2011, the Department passed through \$80,664,325 to subrecipients.

Questioned Cost:	\$ 0
U.S. Department of Homeland Security	

### Award Identification and Subrecipient Suspension and Debarment

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement, Part 3, Section M, to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective to award amount (Title 2, Code of Federal Regulations, Section 180.210).

The Department communicates federal award information to subrecipients in an award letter and packet that it provides to subrecipients following final approval of a project. However, **the award letter template and packet the Department used did not include the CFDA number associated with the award.** Specifically, for 59 (98 percent) of 60 subrecipient agreements tested, the award letters did not include the CFDA number. For the remaining subrecipient agreement, the Department could not provide evidence that it sent an award letter to the subrecipient. As a result, the Department was not able to provide evidence that it communicated all required information, including both award information and applicable federal award requirements.

**The Department does not have a process to verify that subrecipients are not suspended or debarred prior to making a subaward.** For all 60 subrecipient projects tested, the Department could not provide evidence that it verified that the subrecipients were not suspended or debarred. However, auditors verified through the EPLS that none of the subrecipients was currently suspended or debarred.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Failure to verify that a subrecipient is not suspended or debarred increases the risk that the Department will enter into an agreement with an entity that is not eligible to receive federal funds.

#### Subrecipient Audits

According to Office of Management and Budget (OMB) Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within 9 months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with Single Audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist.

However, **for 2 (4 percent) of 56 subrecipients tested, the Department did not identify relevant subrecipient Single Audit findings.** For one subrecipient, the Department reviewed the subrecipient's Single Audit report and identified a finding related to the Hazard Mitigation Program. However, the Department could not provide evidence that it issued a management decision or followed up with the subrecipient regarding that finding. The Department did not have the other subrecipient listed on its tracking sheet; as a result, it did not obtain or review the subrecipient's Single Audit report, which identified findings for the Hazard Mitigation Grant Program. Because it did not obtain or review the subrecipient's Single Audit report, the Department did not issue management decisions on those findings.

Additionally, for 3 (5 percent) of 56 subrecipients tested, the Department did not verify whether the subrecipient obtained a Single Audit. This occurred because the Department did not have complete and accurate information in its tracking spreadsheet. According to information in the Federal Audit Clearinghouse (FAC), two of those subrecipients did not submit a Single Audit report to the FAC. The third subrecipient submitted a Single Audit report to the FAC, but that report did not include findings for the Hazard Mitigation Grant Program.

Inaccurate information in its tracking spreadsheet can prevent the Department from identifying and addressing subrecipient noncompliance. Not ensuring that subrecipients obtain Single Audits and not following up on deficiencies noted in Single Audit reports increases the risk that deficiencies could go unaddressed.

The issues noted above affect the following Hazard Mitigation awards:

<b><u>Disaster</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1356	FEMA-1356-DR	January 8, 2001
1606	FEMA-1606-DR	September 24, 2005
1709	FEMA-1709-DR	June 29, 2007

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1730	FEMA-1730-DR	October 2, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendations:

The Department should:

- Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its monitoring records.
- Track all subrecipients to determine whether they are required to obtain a Single Audit.
- Monitor subrecipient Single Audit report submissions, follow up on findings, and issue management decisions when necessary.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will improve the sub-recipient monitoring process to ensure we:*

- *Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its monitoring records.*
- *Track all subrecipients to determine whether they are required to obtain a Single Audit.*
- *Monitor subrecipient Single Audit report submissions, follow up on findings, and issue management decisions when necessary.*

*Implementation Date: June 2012*

*Responsible Person: Paula Logan*

### General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*

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- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-111

### Reporting

(Prior Audit Issues 09-47, 08-91, and 07-26)

#### CFDA 97.039 - Hazard Mitigation Grant Program

Award years - See below

Award number - See below

Type of Finding - Material Weakness and Material Non-Compliance

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 (Office of Management and Budget No. 0348-0061) to report financial activity on a quarterly basis. Reports must be submitted for every calendar quarter of the period of performance within 30 days of the end of each quarter (Title 44, Code of Federal Regulations (CFR), Section 13.41).

Questioned Costs:	\$0
U.S. Department of Homeland Security	

Additionally, the *FY 2010 Hazard Mitigation Assistance Unified Guidance* and *FY 2011 Hazard Mitigation Assistance Unified Guidance* state that “Grantees shall submit a quarterly Federal Financial Report (FFR). Obligations and expenditures must be reported on a quarterly basis through the FFR (SF-425), which is due to [the Federal Emergency Management Agency (FEMA)] within 30 days of the end of each calendar quarter (e.g., for the quarter ending March 31, the FFR is due no later than April 30).” The guidance also emphasizes that it is critical that grantees establish and maintain accurate records of events and expenditures related to grant funds.

**The Department of Public Safety (Department) did not ensure that its SF-425 reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements.** This occurred because the Department did not base the information it reported on supporting data from its accounting system. Instead, it based its reported amounts on information from the federal system through which it requested funds. As a result, auditors identified the following types of errors in all 11 reports tested:

- The Department reported its “cash disbursements” and “federal share of expenditures” based on the amount of funds received according to the federal SmartLink system, instead of based on supporting expenditure information from its accounting system.
- As a result of its using the SmartLink system discussed above, the Department also incorrectly reported several other data fields, including “cash on hand,” “total federal share,” and “unobligated balance of federal funds.”
- The Department did not report any amount for the “federal share of unliquidated obligations.”

Additionally, for one report tested, the Department could not provide the support that it used to report its “cash receipts” and “total federal funds authorized.”

**The Department also did not correctly report information associated with the amounts it is required to match for each project.** Specifically:

- For all 11 reports tested, the Department incorrectly reported the amount of match it had paid as the “total recipient share required.” That amount should have been the total amount the Department was required to match based on its award agreement.

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- For 9 (82 percent) of the 11 reports tested, the "recipient share of expenditures" the Department reported was not supported by the information in the spreadsheets the Department used to track recipient expenditures. Five of those nine reports did not have a recipient share total maintained on the spreadsheets because the Department does not track federal and non-federal share information for disasters that occurred prior to September 2005. For the remaining four reports, the recipient shares recorded on the spreadsheets (1) did not match the amounts the Department reported on the corresponding SF-425 reports and (2) were not supported by the Department's accounting records.

The Department requires approval of all SF-425 reports prior to submitting them to FEMA. However, this control was not sufficient to ensure compliance with the reporting requirements. Additionally, auditors noted that 1 (9 percent) of the 11 reports tested did not have a signature documenting management approval.

**In addition, the Department did not consistently ensure that it submitted reports by the due date.** Specifically, it submitted 1 (9 percent) of 11 reports tested 29 days after its due date.

The issues noted above affect the following Hazard Mitigation awards:

<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1606	FEMA-1606-DR	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1730	FEMA-1730-DR	October 2, 2007
1791	FEMA-1791-DR	September 13, 2008

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendation:

The Department should:

- Develop and implement a process to report required information based on supporting information, including information from its financial systems or other accounting information.
- Submit financial reports to awarding entities within the required time frames.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### Management Response and Corrective Action Plan:

*The Department agrees with the recommendations. We will improve internal controls to ensure we report required information based on adequate support and to ensure we submit financial reports timely.*

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*Implementation Date:* April 2012

*Responsible Persons:* Shari Ramirez-MacKay and Maureen Coulehan

### General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-112

### **Cash Management**

#### **Activities Allowed or Unallowed**

#### **Allowable Cost/Cost Principles**

#### **Matching, Level of Effort, Earmarking**

#### **Period of Availability of Federal Funds**

#### **Special Tests and Provisions- Project Accounting**

(Prior Audit Issue 11-112)

### **CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Material Weakness and Non-Compliance**

### Funding Technique

According to the Cash Management Improvement Act agreement between the State of Texas and the U.S. Department of the Treasury (Treasury-State Agreement), the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program exceeds the State’s threshold for major federal assistance programs. Therefore, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program is subject to the requirements of the Treasury-State Agreement. Specifically, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program is subject to the pre-issuance funding technique (Treasury-State Agreement, Section 6.3.2). Under that funding method, the State is required to request that funds be deposited in the state account no more than three days prior to the day the State makes a disbursement (Treasury-State Agreement, Section 6.2.1).

Questioned Cost: \$ 118,577

U.S. Department of Homeland Security

**For 8 (88.9 percent) of 9 drawdowns of Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program funds tested, the Department of Public Safety (Department) did not comply with the time requirements for disbursing federal funds.** Specifically, for those 8 drawdowns, the Department disbursed federal funds from 4 to 28 days after it received those funds. This occurred due to delays in the Department’s manual process for disbursing funds to subgrantees. The Department does not have sufficient controls to ensure that it disburses payments to vendors and subrecipients within three days as required by the Treasury-State Agreement. When the Department does not comply with the time requirements for disbursing funds, it does not minimize the elapsed time between drawing down funds and disbursing those funds.

In addition, the Department has not implemented controls to ensure that each drawdown is supported. **Specifically, auditors identified eight subrecipient payments that the Department paid twice, resulting in duplicate drawdowns for each of those instances.** This occurred because the Department manually records subrecipient payments in its accounting system, Management Science of America (MSA), and an internal payment database (PaySys). However, MSA and PaySys do not have controls to identify and flag duplicate payments. During fiscal year 2011, the Department:

- Reduced drawdown amounts for seven transactions to correct instances in which it drew down funds and made duplicate payments to Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program subgrantees; those payments totaled approximately \$103,229.
- Drew down an additional \$755,509 in federal funds to issue a duplicate payment to one subgrantee in July 2011. The Department reduced its October 2011 drawdown amount to correct that error after the subrecipient informed the Department that it had received the duplicate payment and returned the excess funds.

The Department became aware of the duplicate payments discussed above during subsequent payment processing, after a final project audit, or when notified by the subgrantees. Based on the manner in which duplicate payments are identified, there is a risk that the Department could make a duplicate payment that could go undetected, resulting in unsupported drawdowns of federal funds.

#### Disbursement Proportions

According to Title 44, Code of Federal Regulation (CFR), Section 206.207, the State must submit a revised plan to the Federal Emergency Management Agency (FEMA) annually for the administration of the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program. The plan must include several items, including procedures for processing requests for advances of funds and reimbursements. According to the State of Texas Administrative Plans for Hurricane Ike and Hurricane Alex, for large projects that were 99 or 100 percent complete when FEMA approved them, the Department's Division of Emergency Management is required to disburse 90 percent of the entire federal share to the applicant upon obligation of funds by FEMA. Additionally, Hurricane Ike applicants may request an advance on an approved large project, but the advance cannot exceed 75 percent of the federal share for the project.

**For 4 (7 percent) of 61 subrecipient payments tested, the Department did not ensure that its payment to the subrecipient complied with allowable disbursement proportions established in the State of Texas Administrative Plans for Hurricane Ike and Hurricane Alex.** Specifically:

- For two subrecipient payments, the Department paid 100 percent of the federal award share for Hurricane Ike projects as an advance, which exceeded the authorized advance limit of 75 percent of the federal award share. This occurred because previous management authorized advance payments for seven subgrantees and for projects that the Department managed directly.
- For two subrecipient payments, the Department paid 90 percent of the federal award share as an advance; however, the associated projects were not 99 percent or 100 percent complete at the time FEMA approved them; therefore, those projects did not meet the established criteria for receiving advance payments.

Additionally, none of the four subrecipients discussed above completed request for advance forms required by the State of Texas Administrative Plans for Hurricane Ike and Hurricane Alex. The Department drew down \$529,399 for the four subrecipient payments discussed above. Of that amount, \$118,577 was not eligible for disbursement at the time of the Department's drawdowns based on the requirements in the State of Texas Administrative Plans for Hurricane Ike and Hurricane Alex. Not complying with drawdown requirements could jeopardize the Department's receipt of future funding under the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program.

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The issues discussed above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program awards:

<u>Disaster</u>	<u>Grant Number</u>	<u>Start Date</u>
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1606	FEMA-1606-DR	September 24, 2005
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
3216	FEMA-3216-EM	September 2, 2005
3277	FEMA-3277-EM	August 18, 2007
3290	FEMA-3290-EM	August 29, 2008

### Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, allowable cost/cost principles, matching, level of effort, earmarking, period of availability of federal funds, and special tests and provisions- project accounting, auditors identified no compliance issues regarding those compliance requirements.

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendations:

The Department should:

- Comply with the three-day time frame in the Treasury-State Agreement when receiving and disbursing federal funds to subgrantees.
- Implement controls to prevent and identify duplicate payments to subgrantees to ensure that its drawdown amounts are supported.
- Comply with FEMA-approved grant guidelines regarding advances of funds in proportion to the approved award amounts.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

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### Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will implement controls to ensure the three-day time frame is met and to prevent and identify duplicate payments to subgrantees.*

*TDEM has amended the State Administrative Plan for Ike and following disasters. TDEM will follow the sub-recipient payment process in the appropriate plan.*

*Implementation Date:* April 2012

*Responsible Persons:* Maureen Coulehan and Paula Logan

### General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:* September 2012

*Responsible Person:* Alan Ferretti

Reference No. 12-113

### **Procurement and Suspension and Debarment**

#### **Subrecipient Monitoring**

(Prior Audit Issues 11-115, 10-42, and 09-48)

#### **CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Material Weakness and Non-Compliance**

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of contracts or grant agreements.

**The Department does not have a formal system to track, administer, and monitor the Disaster Grants – Public Assistance (Presidentially Declared**

**Disasters) Program subgrants it provides to subrecipients.** Without such a system, the Department relies on informal processes that vary by disaster and by staff member. This impairs the Department's ability to consistently monitor subrecipient compliance with applicable federal requirements.

Questioned Cost:	\$ 0
U.S. Department of Homeland Security	

In fiscal year 2011, the Department passed through \$117,212,624 in Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program funding to subrecipients.

### Award Identification and Subrecipient Suspension and Debarment

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement, Part 3, Section M, to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and

number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective to award amount (Title 2, Code of Federal Regulations, Section 180.210).

The Department communicates federal award information to subrecipients on an application for federal assistance and requires that subrecipients sign various assurances to ensure that they are aware of applicable federal compliance requirements.

**For 3 (4.9 percent) of 61 subrecipients tested, the Department could not provide all signed assurances that it should have maintained in the subrecipients' files.** Specifically:

- For two subrecipients, the Department could not provide evidence that the subrecipients certified they were not suspended or debarred. Auditors verified through the EPLS that neither subrecipient was currently suspended or debarred.
- For the third subrecipient, the Department could not provide evidence that the subrecipient acknowledged receipt and acceptance of applicable federal compliance requirements.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Failure to verify that a subrecipient is not suspended or debarred increases the risk that the Department will enter into an agreement with an entity that is not eligible to receive federal funds.

#### During-the-award Monitoring

Recipients of Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program grant funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, Code of Federal Regulations, Section 13.40).

The Department monitors subrecipient activities through review and approval of payment vouchers, quarterly performance reporting, and onsite audits and inspections of subrecipient projects. However, **the Department did not consistently enforce and monitor subrecipient compliance with federal requirements. As a result, the Department's controls did not detect subrecipient non-compliance with federal requirements.**

According to the Department's State Administrative Plan (1) emergency projects, such as debris removal, must be complete within 6 months of a disaster declaration and (2) permanent projects, such as building repair, must be complete within 18 months of a disaster declaration. Subrecipients can request that the Department extend those time periods in some circumstances. For 2 (3 percent) of 61 subrecipients tested, the Department could not provide evidence that it approved time extension requests for projects that had exceeded the maximum time periods allowed. For both projects, the Department had approved an initial time extension. However, both subrecipients failed to complete project work within the extended time periods approved by the Federal Emergency Management Agency (FEMA); therefore, those subrecipients should have requested additional approvals to further extend the time period.

In addition, for all projects, subrecipients are required to submit a *Project Completion and Certification Report* after a project is complete. However, for 3 (5 percent) of 58 subrecipients whose projects appeared to be complete, the Department did not obtain the required reports from the subrecipients.

The Department also conducts final audits on projects that FEMA designates as "large" projects according to the State Administrative Plan for each disaster. FEMA determines a funding threshold for each disaster (for example, the threshold for Hurricane Ike was \$60,900), and the projects with awarded amounts exceeding that amount are

required to have a final audit and a final project accounting prior to payment of the final invoice. The final project audit includes review of a subrecipient's compliance with applicable state and federal requirements.

Auditors reviewed documentation for the final audits for 25 subrecipients with large projects during fiscal year 2011 and identified the following errors:

- For 1 (4 percent) of those 25 subrecipients, the Department was unable to provide documentation that management had reviewed and approved the final audit results.
- For 4 (21 percent) of the 19 subrecipients for which the final audit identified deficiencies or adjustments, the Department was unable to provide documentation that it communicated the audit results to the subrecipient within a reasonable time. For two of those subrecipients, the Department sent audit letters communicating the results more than one year after the date the audit was conducted. For the other two subrecipients, the Department could not provide documentation that it communicated the audit results.
- For 2 (8 percent) of those 25 subrecipients, the Department conducted limited-scope final audits of the projects. As a result, the Department was unable to provide evidence that it monitored those subrecipients' processes related to cash management, equipment, matching, and procurement.

In addition, the Department is required to conduct an on-site inspection for some types of large projects and for 20 percent of each subrecipient's small projects. However, for 2 (40 percent) of 5 subrecipients that completed the disaster close-out process and had small projects that were subject to on-site inspection, the Department could not provide evidence that it inspected at least 20 percent of those subrecipients' small projects.

Insufficient monitoring during the award period increases the risk that the Department would not detect subrecipients' non-compliance with requirements regarding federally funded projects.

#### Subrecipient Audits

According to Office of Management and Budget (OMB) Circular A-133, the Department must ensure that subrecipients expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within 9 months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with Single Audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist. **However, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain a Single Audit. As a result, the Department could not provide documentation to support that all subrecipients complied with the requirement to obtain a Single Audit or that subrecipients that did not comply had been appropriately sanctioned.**

For 13 (21 percent) of 61 subrecipients tested, the Department did not verify whether the subrecipient obtained a Single Audit. Specifically:

- Eleven of those subrecipients did not respond to the Department's Single Audit questionnaire or submit an audit to the Federal Audit Clearinghouse (FAC); therefore, auditors could not determine whether the Department was required to follow up on findings or whether the subrecipients complied with the requirement to obtain a Single Audit.
- One subrecipient did not respond to the Department's Single Audit questionnaire. That subrecipient submitted a Single Audit report to the FAC, and the report contained findings that would have required a management decision from the Department.
- One subrecipient responded to the Department's Single Audit questionnaire but did not submit its Single Audit report to the Department. The same subrecipient also did not submit a Single Audit report to the Department in the previous fiscal year.

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The Department also could not provide evidence that it complied with its sanction policy when subrecipients did not submit Single Audit reports.

The Department's review of subrecipient audits was not always sufficient and timely. Specifically:

- For 1 (56 percent) of 18 subrecipient Single Audit reports tested that the Department reviewed, the report identified grant-related findings. However, the Department could not provide evidence that it issued a management decision on those findings. This occurred because the Department's previous tracking spreadsheet did not contain fields to document its follow-up actions and management decisions regarding audit findings.
- For 2 (11 percent) of 18 subrecipient Single Audit reports tested that the Department reviewed, the Department did not complete its review within the required six-month time period.

Finally, for 2 (3 percent) of 61 subrecipients tested, the Department's Single Audit tracking spreadsheet contained inaccurate information. This increases the risk that the Department may not identify instances of subrecipient non-compliance, or it may not require a subrecipient to submit a Single Audit report.

Inaccurate information in the Department's Single Audit tracking spreadsheet can prevent the Department from identifying and addressing subrecipient non-compliance. Not ensuring that subrecipients obtain Single Audits and not following up on deficiencies noted in the subrecipients' Single Audit reports increases the risk that deficiencies could go unaddressed.

The issues noted above affect the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster</u>	<u>Grant Number</u>	<u>Start Date</u>
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1606	FEMA-1606-DR	September 24, 2005
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### Recommendations:

The Department should:

- Establish a formal process to track and monitor all active subrecipient and Department projects.
- Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its monitoring records.
- Retain documentation of its during-the-award monitoring activities and communicate deficiencies identified during its monitoring process to subrecipients.

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- Ensure that information in the Department's Single Audit tracking spreadsheet is accurate.
- Require all subrecipients to certify that they will obtain a Single Audit if they meet the threshold or certify that they are not required to obtain a Single Audit, and follow up with subrecipients to ensure they respond.
- Review subrecipients' Single Audit reports within six months of receipt of those reports and issue management decisions when applicable.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### *Management Response and Corrective Action Plan:*

*The Department agrees with the recommendations and will:*

- Establish a formal process to track and monitor all active subrecipient and Department projects.
- Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its monitoring records.
- Retain documentation of its during-the-award monitoring activities and communicate deficiencies identified during its monitoring process to subrecipients.
- Ensure that information in the Department's Single Audit tracking spreadsheet is accurate.
- Require all subrecipients to certify that they will obtain a Single Audit if they meet the threshold or certify that they are not required to obtain a Single Audit, and follow up with subrecipients to ensure they respond.
- Review subrecipients' Single Audit reports within six months of receipt of those reports and issue management decisions when applicable

*Implementation Date: December 2012*

*Responsible Person: Paula Logan*

### *General Controls*

*The Department agrees with the recommendations.*

- IT Security eliminated this exposure during the audit by removing the two programmers from network access.
- IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

## PUBLIC SAFETY, DEPARTMENT OF

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Reference No. 12-114

### Reporting

(Prior Audit Issues 11-114, 10-41, 09-47, 08-91, and 07-26)

#### CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Award years - See below

Award numbers - See below

Type of Finding - Material Weakness and Material Non-Compliance

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 (Office of Management and Budget No. 0348-0061) to report financial activity on a quarterly basis. Reports must be submitted for every calendar quarter of the period of performance within 30 days of the end of each quarter (Title 44, Code of Federal Regulations (CFR), Section 13.41).

Questioned Cost: \$ 0

U.S. Department of Homeland Security

**The Department of Public Safety (Department) did not ensure that its SF-425 reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements.** This occurred because the Department did not base the information it reported on supporting data from its accounting system. Instead, it based its reported amounts on information from the federal system through which it requested funds. As a result, auditors identified the following types of errors in all 14 reports tested:

- The Department reported its “cash disbursements” and “federal share of expenditures” based on the amount of funds received according to the federal SmartLink system, instead of based on supporting expenditure information from its accounting system.
- As a result of its using the SmartLink system discussed above, the Department also incorrectly reported several other data fields, including “cash on hand,” “total federal share,” and “unobligated balance of federal funds.”
- The Department did not report any amount for the “federal share of unliquidated obligations.”

**In addition, the Department did not correctly report information associated with matching amounts for each project.** Specifically, the Department reported its “total recipient share required” based on the amount of federal funds it had received for each project, rather than on the amount it was required to match for each project. It also estimated the amount it reported as the “total recipient share expended,” rather than based on the amounts it matched for each project. As a result, the amounts it reported as the “recipient share to be provided” were incorrect.

**In addition, the Department did not consistently submit SF-425 reports by the due date.** Specifically, it submitted 1 (7 percent) of 14 reports tested 31 days late.

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program awards:

<u>Disaster</u>	<u>Grant Number</u>	<u>Start Date</u>
1274	FEMA-1274-DR	May 6, 1999
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1606	FEMA-1606-DR	September 24, 2005
1709	FEMA-1709-DR	June 29, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
3261	FEMA-3261-EM	September 21, 2005
3277	FEMA-3277-EM	August 18, 2007
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008

**General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

**Recommendation:**

The Department should:

- Develop and implement a process to report required information based on supporting information, including information from its financial systems or other accounting information.
- Ensure that it submits financial reports to awarding entities within the required time frames.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

**Management Response and Corrective Action Plan:**

*The Department agrees with the recommendations. We will improve internal controls to ensure we report required information based on adequate support and to ensure we submit financial reports timely.*

*Implementation Date: April 2012*

*Responsible Persons: Shari Ramirez-MacKay and Maureen Coulehan*

**General Controls**

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

Reference No. 12-115

**Allowable Costs/Cost Principles**  
**Matching, Level of Effort, Earmarking**  
**Period of Availability of Federal Funds**  
**Reporting**

**CFDA 11.555 - Public Safety Interoperable Communications Grant Program**

**Award years - October 1, 2007 to September 30, 2011**

**Award number - 2007-GS-H7-0044**

**Type of finding - Significant Deficiency and Non-compliance**

Allowable Costs/Cost Principles – Non-payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, Code of Federal Regulations, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, OMB requires that costs be treated consistently with other costs incurred for the same purposes in like circumstances.

Questioned Cost:	\$ 0
U.S. Department of Commerce U.S. Department of Homeland Security	

**Seven (12 percent) of 60 non-payroll direct expenditures for the Public Safety Interoperable Communications (PSIC) grant program tested at the Department of Public Safety (Department) were not solely allocable to the PSIC grant program.** All seven expenditures were for payments made to a temporary staffing firm for management and administrative (M&A) services. The services the temporary staffing firm provided benefited multiple grant programs, including the PSIC grant program and other federal programs; therefore, the Department should have allocated those expenditures across the M&A budgets for each of those grant programs. In fiscal year 2011, the Department charged \$96,029 to the PSIC grant program for the services of the temporary staffing firm.

Prior to January 2011, the Department did not use an allocation process to ensure that it charged expenditures for contract labor to the correct award. Instead, the Department charged contractor invoices to program budgets that had available M&A funds. Those contractor invoices did not contain detailed descriptions of the work performed; therefore, auditors were unable to determine the associated amount of questioned costs. Because the Department did not use a proper allocation methodology for contract labor expenditures, it did not charge the cost of contract labor to the federal grant programs that benefited from those services. In addition to the PSIC program, this issue affected nine other programs that the Department's State Administrative Agency (SAA) managed and administered, which are listed below.

The Department suspended its contract with the temporary staffing firm discussed above in August 2010; however it still made payments to that firm and charged those payments to the PSIC grant program through October 2010.

In addition to the PSIC grant program, the SAA also manages grant funds for the following grant programs:

- Border Interoperability Demonstration Project (CFDA 97.120)
- Buffer Zone Protection Program (CFDA 97.078)
- Emergency Operation Center Grant Program (CFDA 97.052)
- Homeland Security Cluster
- Interoperable Emergency Communications Grant Programs (CFDA 97.001)
- Nonprofit Security Grant Program (CFDA 97.008)
- Operation Stone Garden (CFDA 97.067)
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111)
- Transit Security Grant Program (CFDA 97.075)

Other Compliance Areas

Although the general control weakness described below applies to matching, level of effort, earmarking; period of availability of federal funds; and reporting, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

Recommendations:

The Department should:

- Charge only allocable payroll and non-payroll costs to the PSIC grant program and base its expenditure allocation methods on actual time spent or services provided.
- Maintain sufficient documentation to support the costs it charges to the PSIC grant program.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will charge only allocable payroll and non-payroll costs to the PSIC grant program and base its expenditure allocation methods on actual time spent or services provided. We will maintain sufficient documentation to support the costs charged to the PSIC grant program.*

*Implementation Date: January 2011*

*Responsible Persons: Machelle Pharr and Maureen Coulehan*

General Controls

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

Reference No. 12-116

## Cash Management

### CFDA 11.555 - Public Safety Interoperable Communications Grant Program

Award years - October 1, 2007 to September 30, 2011

Award number - 2007-GS-H7-0044

Type of finding - Significant Deficiency and Non-Compliance

The Public Safety Interoperable Communications (PSIC) Grant Program's program guidance and application kit permits the drawdowns of funds on an advance basis and requires state grantees to comply with interest requirements of the Cash Management Improvement Act (CMA). This guidance also states that interest will accrue from the time federal funds are credited to a state account until the time the state pays out funds or transfers the funds to a subgrantee. The grantee must place those funds in an interest-bearing account, and the interest earned must be submitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by the grantee for administrative expenses (Title 44, Code of Federal Regulations, Section 13.21).

Questioned Cost:	\$ 0
U.S. Department of Commerce	
U.S. Department of Homeland Security	

### Interest on Advances

**The Department of Public Safety (Department) did not calculate or monitor interest it earned on federal funds for the PSIC Grant Program, nor did it remit interest earned on federal funds to the U.S. Treasury.** The Department has not established a process to calculate or monitor interest it earns on advanced federal funds. The Texas Office of the Comptroller of Public Accounts receives those funds and deposits them into a state treasury account along with non-PSIC Grant Program funds. The Department has not entered into an arrangement with the Texas Office of the Comptroller of Public Accounts to isolate the interest earned solely on PSIC Grant Program funds. Therefore, the Department has never remitted any interest earned on PSIC Grant Program funds to the U.S. Treasury.

Auditors tested a sample of 47 transactions representing 26 percent of the \$25,571,009 in federal PSIC Grant Program funds the Department drew down during fiscal year 2011, and estimated an interest liability of \$52 associated with those transactions.

### Subrecipient Advances

Pass-through entities are required to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved (Office of Management and Budget Circular A-133, Section .400(d)(3)).

**For 3 (38 percent) of 8 subrecipients tested, the Department provided hardship advances to subrecipients without obtaining proof of the subrecipients' subsequent disbursement of those funds.** The Department allows subrecipients to request cash advances in cases of economic hardship; however, it did not consistently follow up with subrecipients that had received hardship advances to ensure that they had spent those funds. The Department did not require subrecipients to submit proof of payments they made with the advanced funds. As a result, the Department cannot provide reasonable assurance that some recipients of hardship advances minimized the time between receipt and disbursement of federal funds. The Department provided evidence that it implemented new procedures in August 2011 to require staff to confirm that subrecipients spent those advances.

### General Controls

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

**Recommendations:**

The Department should:

- Calculate the amount of interest it earned on advanced funds for fiscal year 2011 and work with the federal awarding agency to return the interest earned.
- Establish and implement procedures to calculate and track interest it earns on advanced federal funds and remit interest exceeding \$100 annually to the U.S. Treasury at least quarterly.
- Follow up with subrecipients that receive hardship advances to ensure that subrecipients minimize the time elapsing between receipt and disbursement of federal funds.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

**Management Response and Corrective Action Plan:**

*The Department agrees with the recommendations and will calculate the amount of interest earned on advanced funds and work with the federal awarding agency to return the interest. Additionally, the Department has implemented procedures to calculate interest earned on federal funds, and will remit interest exceeding \$100 annually to the U.S. Treasury at least quarterly.*

*Lastly, the Department has implemented procedures to follow up with Sub-recipients that receive hardship advances to ensure the Sub-recipients minimize the time elapsing between receipt and disbursement of federal funds. SAA established written guidance explaining the Sub-recipients' responsibility to minimize the time elapsing between receipt and disbursement of federal funds for those who seek advances. SAA required Sub-recipients who received advances in 2011 to timely pay their invoices and, within 30 days of payment, provide proof of the payments made with the advanced funds the SAA. The Department will follow up with those Sub-recipients who seemingly failed to minimize the time between receipt and disbursement of the advanced funds and, therefore, may have received more than \$100 in interest on advanced funds annually.*

*Implementation Date: April 2012*

*Responsible Persons: Maureen Coulehan and Machelle Pharr*

**General Controls**

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

Reference No. 12-117

## Equipment and Real Property Management

### CFDA 11.555 - Public Safety Interoperable Communications Grant Program

Award years - October 1, 2007 to September 30, 2011

Award number - 2007-GS-H7-0044

Type of finding - Significant Deficiency and Non-Compliance

The Department is required to manage its equipment in accordance with state laws and procedures (Title 2, Code of Federal Regulations, Part 225, Appendix B). In addition, the Office of Management and Budget Circular A-133 Compliance Supplement, Part 3, Section F, mandates that states receiving federal awards shall use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. In addition, the Office of the Texas Comptroller of Public Accounts (Comptroller's Office) *SPA Process User's Guide* states that each item of property, capitalized or controlled, must be assigned a unique property inventory number. Each agency is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent loss, theft, damage or misuse.

Questioned Cost: \$ 0

U.S. Department of Commerce  
U.S. Department of Homeland Security

### Equipment Identification

Based on the Department of Public Safety's (Department) capital asset section's policies and procedures, when the Department receives an equipment item, its capital assets section receives a copy of the voucher, receiving report, and payment screen from accounts payable. The capital assets section then adds the item to the Department's inventory system and to the State of Texas's State Property Accounting (SPA) system. If a voucher is for an increase to an asset already in inventory, then the capital assets section adds the addition to the Department's inventory system and the SPA system as a component of the asset.

**For two new assets and seven asset additions the Department acquired with Public Safety Interoperability Communication (PSIC) funds, the Department did not add information to its inventory system or to the SPA system.** The Department purchased the two new assets for a total of \$36,500 in March 2011. It purchased the seven asset additions for a total of \$754,868 between November 2010 and March 2011, and the additions were associated with two existing assets that were already recorded in the Department's inventory system and in the SPA system. The Department added the two new assets and seven asset additions to its inventory system and the SPA system after auditors brought this issue to management's attention.

Additionally, auditors identified discrepancies for 2 (5 percent) of 41 equipment items tested. Specifically:

- The Department did not affix an asset tag to one item. Additionally, the description for the item was incorrect in both the Department's inventory system and in the SPA system. The equipment had an associated cost of \$17,570. The Department corrected the asset description in both systems and created and affixed a new asset tag after auditors brought this issue to management's attention.
- The serial number on the other item differed from what the Department reported in the SPA system and what it recorded in its inventory system. For this item, the receiving report that the Department's capital assets section received had the incorrect serial number listed for the equipment item; as a result, the capital assets section input incorrect serial numbers into both systems. The Department updated its inventory system and the SPA system with the correct serial number after auditors brought this issue to management's attention.

Not correctly tagging or adding assets and asset components to the Department's inventory system and to the SPA system increases the risk that the Department may not properly secure assets or may not account for the total cost of each asset.

### SPA System Information and Property Tag Information

**For 28 (44 percent) of 63 equipment items tested, discrepancies existed between the Department's inventory system and the SPA system.** For those items, serial numbers in the SPA system differed from the serial numbers in the Department's inventory system. According to the Department, the serial numbers it submitted to the SPA system were based on incorrect serial numbers provided by the vendor. When the Department received the items and

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identified the correct serial numbers, it updated the information in its inventory system, but it did not update the information in the SPA system. The Department updated the SPA system with the correct serial numbers after this matter was brought to its attention.

Incorrect information in inventory systems creates a risk that the Department may not be able to properly identify, safeguard, or account for assets.

### **General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The Department did not appropriately restrict access to its network. Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

### **Recommendations:**

The Department should:

- Correctly record information in inventory systems and affix correct asset tags to assets.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

### **Management Response and Corrective Action Plan:**

*The Department agrees with the recommendation and will implement controls to improve the recording of information in the inventory system.*

*Implementation Date: August 2012*

*Responsible Persons: Maureen Coulehan and Oscar Ybarra*

### **General Controls**

*The Department agrees with the recommendations.*

- *IT Security eliminated this exposure during the audit by removing the two programmers from network access.*
- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date: September 2012*

*Responsible Person: Alan Ferretti*

Reference No. 12-118

### Procurement and Suspension and Debarment

#### CFDA 11.555 - Public Safety Interoperable Communications Grant Program

Award years - October 1, 2007 to September 30, 2011

Award number - 2007-GS-H7-0044

Type of finding - Significant Deficiency and Non-Compliance

In accordance with Title 44, Code of Federal Regulations (CFR), Section 13.36, grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in that CFR section. All procurement transactions must be conducted in a manner providing full and open competition. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals.

Questioned Cost:	\$ 0
U.S. Department of Commerce	
U.S. Department of Homeland Security	

#### Competitive Bidding Procurements

**For 1 (50 percent) of 2 procurements tested that required competitive bidding, the Department of Public Safety's (Department) State Administrative Agency (SAA) inappropriately used an existing Texas Department of Information Resources contract to obtain non-IT services and circumvent the Department's established process to procure non-IT consultant services.** This allowed the SAA to retain the professional services of specific individuals. This contract ended on August 31, 2011; however, the Department charged \$96,029 to the Public Safety Interoperable Communications (PSIC) grant program in fiscal year 2011 for the services the consultant performed.

**Auditors did not identify any instances of non-compliance or after January 2011.**

#### Approval Authority for Procurements

The Department requires approval by Department management depending on the amount of the procurement. Specifically, the approval authority requirements are as follows:

- Deputy assistant directors are authorized to approve purchases up to \$50,000.
- Assistant directors are authorized to approve purchases up to \$250,000.
- Deputy directors approve purchases up to \$500,000.

Additionally, the Department's director granted the deputy directors approval authority for purchases they deemed appropriate, which allowed the deputy directors to further delegate their approval authority to increase efficiency while maintaining an appropriate level of oversight. However, there is no specific approval authority granted for procurements exceeding \$500,000.

**For 3 (23 percent) of 13 PSIC procurements tested, the Department did not provide evidence that it obtained the authorizations required by its policy.** Additionally, the Department was unable to provide documentation that it delegated authority to approve those procurements to a level of management differing from the levels described in its policy. This increases the risk that unauthorized purchases could be made with federal funds or that procurements might not comply with state and federal requirements.

#### Subrecipient Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective to award amount (Title 2, Code of Federal Regulations, Section 180.210).

For 1 (13 percent) of 8 PSIC subrecipients tested, the Department could not provide evidence that the subrecipient had certified that it was not suspended or debarred. The Department did not obtain a signed copy of the subrecipient agreement until auditors requested it, which was after the performance period for the award had ended.

When the Department does not verify that subrecipients are not suspended or debarred, this increases the risk that it could enter into an agreement with an entity that is not eligible to receive federal funding. However, auditors reviewed the EPLS and determined that the subrecipient discussed above was not suspended or debarred.

In addition to PSIC awards, the Department's SAA also manages grant funds for the following grant programs and clusters of programs:

- Border Interoperability Demonstration Project (CFDA 97.120)
- Buffer Zone Protection Program (CFDA 97.078)
- Emergency Operation Center Grant Program (CFDA 97.052)
- Homeland Security Cluster
- Interoperable Emergency Communications Grant Programs (CFDA 97.001)
- Nonprofit Security Grant Program (CFDA 97.008)
- Operation Stone Garden (CFDA 97.067)
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111)
- Transit Security Grant Program (CFDA 97.075)

**General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

**Recommendations:**

The Department should:

- Use pre-existing statewide contracts appropriately and only for their intended purpose.
- Comply with its procurement policy by obtaining required approvals for all procurements.
- Ensure that it verifies that its subrecipients are not suspended or debarred.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

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### Management Response and Corrective Action Plan:

We appreciate the acknowledgement that actions taken by the Department in response to the FY 2010 Single Audit issues has addressed these compliance issues.

The Department will use pre-existing statewide contracts appropriately and only for their intended purposes. Since January 2011, all SAA DIR contracts have been for permissible IT/communications purposes as intended by the DIR procurement process.

On March 28, 2011, SAA management executed and subsequently follows its HQ-53, Division Signature Authorization. Procurement and Contract Services will implement controls to assure grant expenditures comply with agency procurement policy.

The Department has verified that its Sub-recipients are not suspended or debarred.

Implementation Date: July 2012

Responsible Persons: Machelle Pharr and Dana Collins

### General Controls

The Department agrees with the recommendations.

- IT Security eliminated this exposure during the audit by removing the two programmers from network access.
- IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.

Implementation Date: September 2012

Responsible Person: Alan Ferretti

Reference No. 12-119

### **Subrecipient Monitoring**

#### **CFDA 11.555 - Public Safety Interoperable Communications Grant Program**

Award years - October 1, 2007 to September 30, 2011

Award number - 2007-GS-H7-0044

Type of finding - Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

In fiscal year 2011, the Department passed through \$20,818,024 in Public Safety Interoperable Communications (PSIC) funding to its subrecipients.

Questioned Cost:	\$ 0
U.S. Department of Commerce	
U.S. Department of Homeland	
Security	

### Award Identification

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement, Part 3, Section M, to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding

agency, and applicable compliance requirements. The Department's State Administrative Agency (SAA) manages and administers the PSIC program, as well as the Homeland Security Cluster and other federal grant programs, for the State of Texas.

**For 1 (13 percent) of 8 subrecipients tested, the Department could not provide evidence that the subrecipient had accepted the terms and conditions of the grant for which it had received funds.** The Department did not obtain a signed copy of its agreement with that subrecipient until auditors requested it during this audit, which was after the performance period for the award ended. As a result, the Department could not provide evidence that it had properly communicated the CFDA title and number, the federal award name and number, the name of the federal awarding agency, and applicable federal compliance requirements at the time it made the subaward.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Inadequate identification of federal awards by the Department may lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards (SEFA).

During-the-award Monitoring

The recipient is responsible for monitoring PSIC award activities, including subawards, to provide reasonable assurance that the award is administered in compliance with federal requirements, including monitoring subrecipient awards (PSIC Program Guidance and Application Kit, Section VI.D).

The Department monitors subrecipient activities through review and approval of reimbursement requests, quarterly progress reporting, and site visits it conducts at subrecipients that it selects based on a biennial risk assessment.

**However, the Department could not provide evidence that it consistently monitored PSIC subrecipients' compliance with reporting requirements.** For 6 (75 percent) of 8 subrecipients tested, the subrecipient did not submit a required narrative progress report. The narrative progress report is a tool that the Department established to monitor the status of each subrecipient's progress toward completion of each project. The Department's process is to deny subrecipients who do not submit required reports access to the automated system through which subrecipients request reimbursement for federal expenditures. However, for those six subrecipients, the Department did not manually initiate the process to remove the subrecipients' access to that system; therefore, those six subrecipients were still able to request and receive reimbursement.

As a result of this issue, the Department may not identify subrecipients that may not be making expected progress on PSIC projects.

Subrecipient Audits

According to OMB Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within nine months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with Single Audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist. However, **for 1 (13 percent) of 8 subrecipients tested, the Department did not ensure that it obtained a copy of the subrecipient's Single Audit report.** The subrecipient was included in the Department's tracking spreadsheet, however, the Department did not ensure that the subrecipient submitted its Single Audit report within nine months of the end of its fiscal year. The Department asserted that it requested the Single Audit report from the subrecipient, but that the subrecipient did not respond to its request. The Department did not provide evidence that it took additional action, such as sanctioning the subrecipient. Information in the Federal Audit Clearinghouse database indicated that the subrecipient had findings related to the PSIC program in its Single Audit report.

Not obtaining a subrecipient's Single Audit report increases the risk that deficiencies could go unaddressed.

**General Controls**

Entities shall maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately restrict access to its network.** Specifically, two programmers had administrator-level access to the network. The Department removed that access when auditors brought this matter to its attention. Having inadequate segregation of duties increases the risk of unauthorized modification of data and unauthorized access to information systems.

Additionally, the Department did not conduct periodic reviews of high-profile user accounts at the network level to ensure that all user accounts were current and that users' access was appropriate for their job duties.

**Recommendations:**

The Department should:

- Communicate all required award information and obtain signed subrecipient agreements acknowledging acceptance of that information.
- Consistently enforce quarterly reporting requirements for all subrecipients.
- Obtain and review subrecipients' Single Audit reports and issue management responses on those reports when necessary.
- Issue sanctions when subrecipients do not comply with requirements to provide Single Audit reports.
- Limit network access to key personnel and maintain adequate segregation of duties.
- Conduct periodic reviews of high-profile user accounts on its network.

**Management Response and Corrective Action Plan:**

*The Department agrees with the recommendations and will:*

- *Communicate all required award information and obtain signed subrecipient agreements acknowledging acceptance of that information.*
- *Consistently enforce quarterly reporting requirements for all subrecipients.*
- *Obtain and review subrecipient & Single Audit reports and issue management responses on those reports when necessary.*
- *Issue sanctions when subrecipients do not comply with requirements to provide Single Audit reports.*

*SAA currently communicates all of the required award information in its Sub-recipient agreement. SAA retains a signed Sub-recipient agreement as documentation of the information relay. SAA acknowledges that it was missing one of the sampled sub-recipient agreements. SM will implement procedures to ensure that a signed copy of a sub-recipient agreement is received and retained for each grant award made.*

*Implementation Date: June 2012*

*Responsible Persons: Machelle Pharr and Paula Logan*

**General Controls**

*The Department agrees with the recommendations.*

**PUBLIC SAFETY, DEPARTMENT OF**

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*IT Security eliminated this exposure during the audit by removing the two programmers from network access.*

- *IT Governance/IT Security will develop a policy and process to conduct a semiannual review of network access to insure adequate segregation of responsibilities and appropriate access control of high profile user accounts.*

*Implementation Date:*      *September 2012*

*Responsible Person:*      *Alan Ferretti*

## **Stephen F. Austin State University**

Reference No. 12-120

### **Eligibility**

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104129, CFDA 84.033 P033A104129, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P102315, CFDA 84.268 P268K112315, CFDA 84.375 P375A102315, CFDA 84.376 P376S102315, and CFDA 84.379 P379T112315**

**Type of finding - Significant Deficiency and Non-Compliance**

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0  
U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 668.2, and 690.2).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**Stephen F. Austin State University (University) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student's actual or expected enrollment.** As a result, the University overstated COA for 2 (3 percent) of 60 students tested. Those two students were enrolled less than full-time, but the University based their COA on full-time COA budgets, resulting in an overstated COA. Using a full-time COA budget to estimate the COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

### Federal Perkins Loan Program

The Federal Perkins Loan Program provides low-interest loans to financially needy students attending higher education institutions to help them pay their educational costs. The maximum amount an undergraduate student may borrow is \$5,500 per award year (Title 34, Code of Federal Regulations, Sections 674.1 and 674.12).

**Based on a review of the full population of student financial assistance recipients, the University awarded two Perkins loans in excess of the annual amount allowed.** Specifically, the University overawarded one student by \$500 and overawarded another student by \$285. This occurred because of a manual error. The University corrected these errors when auditors brought it to the University's attention.

**Recommendations:**

The University should:

- Determine each student's COA and financial need based on the student's actual or anticipated enrollment.
- Implement controls to prevent awarding and disbursing Perkins loans to students in excess of the maximum amount allowed.

**Management Response and Corrective Action Plan:**

*SFA resolved the cost of attendance issue by creating part-time as well as full-time student budgets. Awards will be made based on full-time enrolled during the year. At the beginning of each term on a given date, all student budgets and subsequent awards will be adjusted, if necessary, to reflect the part-time enrollment.*

*Additional controls have been implemented for the Perkins loan program including additional training of SFA Financial Aid staff on the Perkins loan program. Perkins awards will be monitored on each award run.*

*Implementation Date:*      September 2011

*Responsible Person:*      Mike O'Rear

Reference No. 12-121

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.268 P268K112315, CFDA 84.379 P379T112315, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

If an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost:	\$ 0
U.S. Department of Education	

**Stephen F. Austin State University (University) did not initiate the disbursement notification process within 30 days of crediting student accounts for 6,357 Direct Subsidized and Unsubsidized Loan recipients, 88 Perkins Loan recipients, and 78 TEACH Grant recipients in the Fall 2010 semester. The associated disbursements totaled \$26,142,019.** The University asserts that it sent the notifications late because of its transition to a new financial aid application, Banner. Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

**The University was unable to provide documentation of when it sent disbursement notifications to 1,196 Direct Parent Loan for Undergraduate Students (PLUS) loan recipients who received \$5,992,270 in PLUS loans during the Fall 2010 semester.** The University mails hard-copy Direct PLUS disbursement notifications instead of sending them electronically. The University asserts that it inadvertently did not maintain images of the

notifications it sent to those PLUS loan recipients. As a result, auditors were unable to determine whether the University sent those disbursements within the required time frame.

**The University did not initially send disbursement notifications to 9 (16.7 percent) of 54 students tested who received Direct Loan or Perkins Loan funds.** Specifically, these students received Direct Loan disbursements in January or February 2011. When auditors brought this matter to its attention, the University sent the notifications in June 2011. The University asserts that it did not initially send electronic disbursement notifications to those students because of a programming error. The University was unable to verify what caused that error; therefore, auditors were unable to determine the total number of students who did not receive disbursement notifications as a result of that error.

**Recommendations:**

The University should:

- Send disbursement notifications to Direct Loan, Perkins Loan, and TEACH Grant recipients within the required time frame.
- Retain documentation showing when it sent Direct PLUS disbursement notifications.
- Send required disbursement notifications to all Direct Loan, Perkins Loan, and TEACH Grant recipients.

**Management Response and Corrective Action Plan:**

*SFA will send disbursement notifications on a timely basis; retain documentation; and send required notifications.*

*Implementation Date: September 2011*

*Responsible Person: Mike O'Rear*

## **Texas A&M University**

Reference No. 12-122

### **Eligibility**

(Prior Audit Issue 11-120)

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.063 P063P105286, CFDA 84.033 P033A104136, CFDA 84.375 P375A105286, CFDA 84.376 P376S105286, CFDA 84.379 P379T115286, CFDA 84.268 P268K115286, CFDA 84.007 P007A104136, CFDA 93.925 T08HP18696, CFDA 93.342 Award Number Not Applicable, CFDA 84.408 P408A105286, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

#### **Cost of Attendance**

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0

U.S. Department of Education  
U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, and 685.102).

#### **Texas A&M University (University) incorrectly calculated COA for 3 (5 percent) of 60 students tested.**

The University's policy is to exclude estimated program course fees when COA is based on actual tuition and fees. For two students tested, a manual adjustment the University made to the students' COA incorrectly included estimated course fees when the actual fees had already been included in the COA calculation. This resulted in one student's COA being overstated by \$252 and the other student's COA being overstated by \$500.

In the formulas established under Texas Education Code, Section 61.059, the State may not include funding for semester credit hours earned by a resident undergraduate student who, before the semester or other academic session begins, has previously attempted a number of semester credit hours for courses taken at any higher education institution while classified as a resident student for tuition purposes that exceeds by at least 30 hours the number of semester credit hours required for completion of the degree program. Because formula funding will not be provided by the State, it is the University's practice to charge tuition at the non-resident rate to all students who exceed the semester credit hour limit of their program. Although such students are charged a non-resident tuition rate, the University's policy requires the travel portion of the COA to remain as "resident." For one student tested, the University's financial aid system incorrectly calculated the travel portion of the COA for the Summer term. The student had exceeded the maximum allowable hours for the student's program at the end of the Spring term, enrolled for the Summer term, and was charged a non-resident tuition rate. Because the student was enrolled as a resident one semester and as a non-resident in another semester (referred to as "mixed enrollment"), the financial aid system incorrectly took a portion of a resident travel expense and a portion of a non-resident travel expense in calculating the student's travel expense for the Summer. This error would affect only students who exceeded the maximum allowable hours at the end of Spring and enrolled for the Summer. As a result, the financial aid system calculated \$146 as the summer travel expense, when that amount should have been \$92. This resulted in the student's COA being overstated by \$54. University management asserted that only 31 mixed enrollment students were affected by the incorrectly calculated Summer travel expense for the 2010-2011 award year.

For each of the three students tested for whom COA was overstated, total aid disbursed did not exceed the student's financial need.

**Direct Loan Annual Limits**

The total amount an undergraduate student may borrow for any academic year of study under the Direct Loan Program, in combination with any amount borrowed under the Federal Direct Stafford/Ford Loan Program, may not exceed annual award limits. An institution is responsible for ensuring that the amount of a loan will not exceed the student's financial need or annual loan limit. For an undergraduate student who has successfully completed the first year but has not successfully completed the second year of an undergraduate program, the total amount the student may borrow for any academic year of study under the Federal Direct Stafford/Ford Loan Program in combination with the Federal Stafford Loan Program may not exceed \$6,500, in which no more than \$4,500 can be in subsidized loans (Title 34, Code of Federal Regulations, Sections 685.203(a)(2)(i) and 685.203(b)(ii), and 2011-2012 *Student Financial Aid Handbook*, Volume 3, Chapter 5, page 3-91).

**The University awarded 1 (2 percent) of 51 students tested \$8,251 in Direct Loans, which exceeded the \$6,500 annual limit for a second-year student by \$1,751.** The student was a midyear transfer and started at the University in the Spring 2011 term. The student had attended another institution in Fall 2010 and received \$1,751 in Direct Loans (\$670 subsidized and \$1,081 unsubsidized) from that other institution. The student was properly identified as a midyear transfer in the University's financial aid system, and a transfer monitoring hold was placed on the student's account. However, a manual error in reviewing the student's prior financial aid received at the other institution resulted in the overaward. The error did not result in financial aid being disbursed in excess of financial need.

**Recommendations:**

The University should:

- Ensure that its manual adjustments to a student's cost of attendance comply with its cost of attendance policy.
- Properly review midyear transfer students to ensure that it considers financial aid those students received at previous institutions when it determines the amount of financial aid to disburse.

**Management Response and Corrective Action Plan:**

*Scholarships & Financial Aid acknowledges and agrees with the finding. Manual adjustments to students cost of attendance when exercising professional judgment to use actual tuition and fees resulted in the inaccuracy of fees in the cost of attendance. In this situation course fees were not being adjusted properly, estimated course fees were used instead of actual; when the actual course fees were available in the system. Scholarships & Financial Aid have clarified our policies and procedures and trained staff to follow the procedures when adjusting COA to ensure staff use actual cost and do not include course fees if exercising professional judgment to increase COA for actual charges. The two students noted were summer split budgets due major changes, Scholarships & Financial Aid did not have a report that would have identified a discrepancy for summer COA's. Scholarships & Financial Aid does have a report which identifies this type of discrepancy for fall or spring semesters*

*Implementation Date: September 2011*

*Responsible Person: Delisa Falks*

*Scholarships & Financial Aid acknowledges and agrees with the finding. The advisor who worked the midyear transfer student inadvertently awarded the student over their annual limit; even though there was a midyear transfer hold placed on this student and the advisor reviewed this student prior to awarding. Scholarships & Financial Aid has clarified our policies and procedures and trained staff. No awarding will take place on a transfer student who*

*has aid at another university until the advisor verifies through National Student Loan Database that the aid has been cancelled.*

*Implementation Date:* September 2011

*Responsible Person:* Delisa Falks

Reference No. 12-123

**Reporting**

(Prior Audit Issue 11-121)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.063 P063P105286**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2011, Part 5, Student Financial Assistance Cluster, page 5-3-22 and Title 34, Code of Federal Regulations, Section 690.83).

Questioned Cost:	\$ 0
U.S. Department of Education	

**For 5 (8 percent) of 60 students tested, the disbursement date that Texas A&M University (University) reported to the COD System did not match the disbursement date in the University's financial aid application.** This occurred because the University reported the date that it sent the Pell origination and disbursement records to the COD System as the disbursement date; however, for each of those five students, the actual disbursement occurred at a later date. On October 26, 2010, the University implemented an afternoon disbursement process to disburse federal grants on the same date that it sent Pell origination and disbursement records to the COD System to ensure accuracy in the COD System. Previously, the disbursement process disbursed all federal aid (including grants) the morning after the reporting date, causing the actual disbursement date to differ from the reported date for grants. Three of the five errors occurred in the Fall semester before the University implemented the afternoon disbursement process. The other two errors occurred because the University did not move the afternoon disbursement process into production at the beginning of the Spring semester.

The University provided evidence indicating that, because of the issue discussed above, it disbursed Pell grants to 157 students at the beginning of the Spring semester and 95 students at the beginning of the Summer semester after the reporting date in the COD System. As a result, the U.S. Department of Education did not obtain accurate Pell disbursement information during the award year.

**Recommendation:**

The University should report actual disbursement dates of Pell grants to the COD System.

**Management Response and Corrective Action Plan:**

*Scholarships & Financial Aid acknowledges and agrees with this finding. This issue was identified during the A-133 of the 2009-2010 award year. Scholarships & Financial Aid implemented Banner in 2009-2010. Scholarships & Financial Aid could not update Banner from a Just in Time payment school when the disbursement reporting date issues were identified during the AY 2009-2010 audit. Banner requires you wait until you set up a new academic year. In the interim, (beginning October 2010) changes were put into place to ensure the actual date of the*

*disbursement is reflected in the COD system. The interim changes implemented were to run our disbursement process in the afternoon at 3:00p.m., to credit the disbursements we had received that business day. This eliminated the issue of discrepant disbursing dates between COD and Banner. In the spring of 2011 and the summer of 2011, our disbursement process (for the AY 09/10 payments still being released did not get updated to include the change in terms (semester) for running the 3:00p.m process, causing discrepancies between COD and Banner disbursement dates. Going forward the change to the Banner set up that occurred in March 2011 for the new aid year (AY 11- 12) eliminated the discrepant COD reporting issues and the need for a disbursement process in the afternoon.*

**Implementation Date:** Original implementation October 2010 (updated System for new AY in March 2011)

**Responsible Person:** Delisa Falks

Reference No. 12-124

#### **Special Tests and Provisions –Verification**

##### **Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.063 P063P105286, CFDA 84.033 P033A104136, CFDA 84.375 P375A105286, CFDA 84.376 P376S105286, CFDA 84.379 P379T115286, CFDA 84.268 P268K115286, CFDA 84.007 P007A104136, CFDA 93.925 TO8HP18696, CFDA 93.342 Award Number Not Applicable, CFDA 84.408 P408A105286, and CFDA 84.038 Award Number Not Applicable**

##### **Type of finding - Significant Deficiency and Non-Compliance**

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

Questioned Cost: \$ 884

U.S. Department of Education  
U.S. Department of Health and  
Human Services

Texas A&M University (University) participates in the Quality Assurance Program (QAP) designed by the U.S. Department of Education. Under the QAP, participating institutions develop and implement a quality improvement approach to federal student assistance program administration and delivery. The QAP provides participating institutions with an alternative management approach to develop verification that fits their population. As a part of quality improvement for the verification process, the University's policy requires verifying wages and income exclusions, in addition to verification of all of the items required by Title 34, Code of Federal Regulations, Section 668.56.

**For 7 (12 percent) of 60 students tested, the University did not accurately verify all required items on the FAFSFA, and it subsequently did not update University records and request updated Institutional Student Information Records (ISIR) when required. Specifically:**

- For two students tested, the University incorrectly identified the number of household members enrolled at least half-time in college. For one of those students, the University incorrectly identified the number of household members in college as two. However, based on review of the student's verification documents, the number of household members in college was one. As a result of that error, the University did not request an updated ISIR as required, understated the student's expected family income by \$1,055, and overawarded the student \$784 in Pell grants. For the other student, the University incorrectly identified the number of household members in college as two. However, based on review of the student's verification documents, the number of household members in college was one. The University did not request an updated ISIR as required; however, the student's eligibility and expected family income were not affected by the error.
- For three students tested, the University incorrectly identified information related to the students' adjusted gross income (AGI). For one of those students, the University incorrectly identified the student's AGI as \$1,031.

However, based on review of the student's verification documents, the student's AGI was \$958. The student's expected family income was not affected by the error. For another student, the University incorrectly identified the student's AGI as \$2,784. However, based on review of the student's verification documents, the student's AGI was \$2,734. The student's expected family income was not affected by the error. For the third student, the University incorrectly identified the student's AGI as \$8,090. However, based on review of the student's verification documents, the student's AGI was \$9,478. As a result of this error, the University did not request an updated ISIR as required and understated the student's expected family income by \$687. In each case, the student's eligibility was not affected by the error.

- For two students tested, the University incorrectly identified information related to the U.S. income taxes paid by the students' parents. For one of those students, the University incorrectly identified the U.S. income taxes paid by the student's parents as \$878. However, based on review of the student's verification documents, the U.S. income taxes paid by the student's parents were \$581. As a result of that error, the University understated the student's expected family income by \$44; however, the student's eligibility was not affected by this error. For the other student, the University incorrectly identified the U.S. income taxes paid by the student's parents as \$1,478. However, based on review of the student's verification documents, the U.S. income taxes paid by the student's parents were \$0. As a result of that error, the University did not request an updated ISIR as required, understated the student's expected family income by \$174, and overawarded the student \$100 in Pell grants.

The errors discussed above resulted in total questioned costs of \$884 related to Pell grants for CFDA 84.063 and award number P063P105286.

The errors occurred when University personnel manually entered data into the student financial aid system. The University does not have an adequate process to monitor verification. Without an adequate process to detect non-compliance and take appropriate and timely action to address issues, the University risks not updating its records, not requesting an updated ISIR when required, and overawarding financial assistance.

**Recommendation:**

The University should implement controls to verify FASFA information, correctly update its records, and request an updated ISIR when required.

**Management Response and Corrective Action Plan:**

*Scholarships & Financial Aid acknowledges and agrees with the finding. Verification is primarily completed on files by one individual in the Scholarships & Financial Aid Office. At peak processing times we must have other staff in our office assist with verification. We have updated our policies and procedures manual and trained staff to follow up on corrections made during verification. We have also begun using a Banner form (RNAVRXX) for all verification files; this allowed us to develop and run a report of any non-matching items and identify discrepancies (this discrepancy report was put into place in October 2011). In training of staff we have emphasized the need to carefully review their work using the verification worksheets that are provided to assist with verification completion.*

*Implementation Date:      October 2011*

*Responsible Person:      Delisa Falks*

Reference No. 12-125

**Special Tests and Provisions - Enrollment Reporting**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K115286**

**Type of finding - Significant Deficiency and Non-Compliance**

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b)).

Questioned Cost:	\$ 0
U.S. Department of Education	

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes, when required, to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (NSLDS Enrollment Reporting Guide, Chapter 1.3.2.1).

**The University did not report 2 (4 percent) of 57 student status changes tested to the NSLDS within the required time frame.** Both of those students graduated from the veterinary medicine program. Both students were determined to have met all graduation requirements on May 18, 2011 (the effective date of the status changes). The University's scheduled date for receiving the next enrollment reporting roster from the NSLDS following those status changes was June 2, 2011, and the University should have reported those status changes to NSLDS within 30 days of that date. The NSLDS enrollment reporting history information reflected that NSC reported those status changes to NSLDS on July 25, 2011, which was 53 days after the University received the enrollment reporting roster. The University asserted that it reported those status changes to NSC in a timely manner, and it was not able to determine why the status changes were reported to NSLDS late.

Failure to report student status changes within the required time frames could affect determinations made by guarantors, lenders, and servicers of student loans related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

**Recommendation:**

The University should ensure that student status changes are reported to NSLDS within the required time frame.

**Management Response and Corrective Action Plan:**

*Enrollment transmissions for an immediate past semester sent after the semester has ended and before the beginning of the next semester overwrite the Graduated status on the enrollment history for students who have graduated in that immediate past semester and puts them back in Full-Time status. During the audit process, when this was discovered, I changed the way I am reporting enrollment between semesters. Because an enrollment status of Graduated certified on a Degree Verify transmission may be overwritten by a later enrollment transmission, the last enrollment transmission for a semester will be the last day of that semester. Up until the Friday before the start of the next semester, only Degree Verify transmissions will take place for the previous semester so all graduates are picked up and no status is overwritten by an enrollment transmission. If a non-graduated student's enrollment status for a semester changes after that semester ends and before the next semester begins, they will be reported manually by me to the Clearinghouse so they will be picked up on the next SSCR*

*Implementation Date:* September 2011

*Responsible Person:* Cathy Littleton

Reference No. 12-126

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 11-124, 10-56, and 09-53)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

Under the Federal Perkins Loan Program, institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period (Title 34, Code of Federal Regulations, Section 674.42(c)(2)).

Questioned Cost:	\$ 0
U.S. Department of Education	

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)). If the borrower does not respond to the final demand letter within 30 days, the institution shall attempt to contact the borrower by telephone before beginning collection procedures (Title 34, Code of Federal Regulations, Section 674.43(f)).

If the borrower does not satisfactorily respond to the final demand letter or following telephone contact, the institution is required to report the account as being in default to a national credit bureau and either use its own personnel to collect the amount due or engage a collection firm to collect the account (Title 34, Code of Federal Regulations, Section 674.45(a)).

**Texas A&M University (University) did not perform all required contact and collection procedures for defaulted loans in a consistent and timely manner.**

No Evidence of Contact

The University did not send required notices to some students with defaulted loans. Specifically:

- For 6 (46 percent) of 13 defaulted students tested, the University did not provide evidence that it sent the students the first grace period notice.
- For 1 (8 percent) of 13 defaulted students tested, the University did not provide evidence that it sent the student the second and third grace period notices, a billing notice, the first and second overdue billing notices, and the final demand letter.

During the implementation of the Banner system in Fall 2009, a programming error prevented the University from receiving student files at the appropriate time to enable it to identify students entering repayment status and to begin processing student loan repayments. According to University management, as a result of that programming error, during the 2010-2011 award year the University did not send the required first grace period notices to 25 (45 percent) of a total of 55 students with defaulted loans. The programming error appears to have been corrected based on the results of application control testing related to student loan repayments that auditors performed in July 2011.

Timeliness of Contact

The University sent some students with defaulted loans notices that were not within the required time frames. Specifically, for 2 (17 percent) of 12 defaulted students tested to whom the University sent second overdue billing notices, the University did not make contact within 30 days of the first overdue billing notice. This occurred due to an error in the University's collections process. Each of those students had other defaulted loans in addition to their Perkins Loans. The University flagged the students' accounts in its loan management system so that Student Business Services staff would recognize that the students should be sent a custom statement letter explaining that past due fees for the non-Perkins Loans were added to the students' account. However, due to the way the flag was set up in the system, adding the flag to a student's account prevented the system from generating the second overdue billing notice at the appropriate time.

Not sending the required communications within the required time frames increases the risk that students will be unaware that their defaulted Perkins Loans will be referred for collection, and students may not have appropriate time to resolve balance deficiencies and prevent their loans from being transferred to a collection agency.

Recommendations:

The University should:

- Perform and adequately document required contact and collection procedures.
- Ensure that it sends all grace period contact letters and billing notices to students within the required time frames.

Management Response and Corrective Action Plan:

*Student Business Services acknowledges and agrees with the finding. The failure to send required notifications was the result of a delay in the development of a Banner process for identifying Perkins borrowers who were no longer enrolled. Once the process was developed, loans were exited and borrowers were notified; however, it was past the time frame of the first grace notification for some borrowers. Subsequently, it was discovered that the Banner process failed to identify all Perkins borrowers who were no longer enrolled. This resulted in some borrowers not receiving a series of required notifications. The process was corrected and affected borrowers were contacted on an individual basis by SBS staff.*

*Implementation Date: April 2011*

*Responsible Person: Bob Piwonka*

## Texas AgriLife Research

Reference No. 12-127

### Allowable Costs/Cost Principles

#### Research and Development Cluster

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

#### After-the-fact Confirmation of Payroll

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed (Title 2, Code of Federal Regulations, Section 220, Appendix A (J)(10)).

Texas AgriLife Research (AgriLife), which is a member of the Texas A&M University System (System), follows System policies. System policy 15.01.01 "Administration of Sponsored Agreements – Research and Other" requires that the effort reporting system be based on after-the-fact confirmation and that the data derived from payroll files be checked for accuracy. Further, the policy requires that the certification process include the payroll corrections made during the reporting period.

Questioned Cost: \$ 159,616

National Institutes of Health  
U.S. Agency for International Development  
U.S. Department of Agriculture  
U.S. Department of Commerce  
U.S. Department of Defense  
U.S. Department of Homeland Security

**For 1 (3 percent) of 35 payroll transactions tested, AgriLife's payroll distribution was not supported by the employee's after-the-fact confirmation of effort.** For that transaction, AgriLife processed adjustments to the employee's payroll to correct the amount of payroll charged to the federal award. However, when AgriLife made those adjustments it did not enter information for a key field into the effort reporting system; therefore, the effort reporting system was not able to apply the adjustments to the employee's time and effort. As a result, the effort certified did not support the amount that AgriLife charged to the federal award. However, the amount that AgriLife charged to the federal award was supported by the adjustments; therefore, this did not result in questioned costs.

The issue above affected the following award:

<u>CFDA</u>	<u>Award Number</u>	<u>Award Year</u>
93.865	1R01HD058969-01A2	April 15, 2010 to February 28, 2015

#### Indirect Costs

Facilities and administration (F&A) costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, fellowships, and the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs (Title 2, Code of Federal Regulations, Section 220, Appendix A (G)(2)).

**During fiscal year 2011, AgriLife charged indirect costs using a modified total direct cost base that incorrectly included subaward costs after the first \$25,000 for each of 10 subawards.** This resulted in AgriLife charging a total of \$159,616 in indirect costs to 8 prime awards.

AgriLife's accounting system automatically calculates indirect costs using the indirect cost rate entered in an automated system during the grant project setup phase. The automated system has indirect cost tables that exclude

## TEXAS AGRILIFE RESEARCH

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specific object codes from indirect cost calculations. However, during fiscal year 2011, the modified total direct cost table did not exclude the object codes for subaward costs after the first \$25,000 of each subaward.

Because the modified total direct cost calculation was not set up properly, contracts and grants staff had to manually adjust invoices to remove improper indirect costs before requesting reimbursement from the sponsor. AgriLife was not able to provide documentation showing that it adjusted invoices to remove improper indirect cost charges for certain awards.

The issue discussed above affected the following awards:

CFDA	Agency	Award Number	Award Period	Questioned Cost
10.217	U.S. Department of Agriculture	2009-38411-19768	September 1, 2009 to August 31, 2012	\$29,046
10.310	U.S. Department of Agriculture	2009-65104-05959	September 1, 2009 to August 31, 2012	\$32,691
10.310	U.S. Department of Agriculture	2010-65207-20616	February 15, 2010 to February 14, 2013	\$15,881
11.417	U.S. Department of Commerce	NA08OAR4170842	June 1, 2008 to May 31, 2012	\$20,648
12.800	U.S. Department of Defense	FA8650-08-C-5911	October 21, 2010 to July 31, 2011	\$10,452
93.855	National Institutes of Health	5P01AI068135-04	March 1, 2006 to March 31, 2012	\$22,981
97.061	U.S. Department of Homeland Security	2007-ST-061-000002	October 1, 2007 to June 30, 2011	\$26,939
98.001	U.S. Agency for International Development	696-A-00-06-00157-00	September 1, 2006 to March 28, 2012	\$978

Recommendations:

AgriLife should:

- Ensure that after-the-fact confirmation activity reports accurately reflect employee effort and payroll costs it charges to federal grants.
- Implement a process to exclude subgrants and subcontracts payments in excess of \$25,000 from its calculation of modified total direct costs when calculating indirect costs.

Management Response and Corrective Action Plan:

After-the-fact Confirmation of Payroll

*The After-the-Fact Confirmation of Payroll (Time and Effort) is an automated system that was developed through a joint effort of all the Texas A&M System members. The system is set to automatically require a reconfirmation of time and effort when changes are made. This instance pointed out that there is an oversight in the system in that recharges could be made without reentering the Position Identification Number that the charge was originally made to. This oversight has been corrected in the Time and Effort System.*

*Corrections to charges should require a recertification of Time and Effort and the system has been corrected to force this to happen.*

*Implementation Date:*      *Complete*

*Responsible Persons:*      *Michael McCasland, AgriLife Research; Diane Gilliland, OSRS*

**Indirect Costs**

*Indirect Costs on sub-awardees are checked at the time the sub award and the award are closed and final close out documents are submitted to the sponsor. Since the System had already identified the object class code as being exempt from indirect, there was a misunderstanding on our part about the need to add the code to our MTDC table. The total charged to the sponsor of all the award is never charged more than face value of the award. The only way to charge the sponsor more than the allotted amount for IDC on the sub award would be to undercharge for the direct expenses on an award. All awards are balanced back to the award amount at time of close out.*

*In addition, since the AgriLife Contracts and Grants Office has been merged into the Office of Sponsored Research Services for the Texas A&M University System effective September 1, 2011, all procedures are being reviewed and best practices are being established. These will be finalized by December 31, 2012.*

*Implementation Date:*      *December 31, 2012*

*Responsible Persons:*      *Michael McCasland, AgriLife Research; Diane Gilliland, OSRS*

Reference No. 12-128

**Cash Management**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Questioned Cost:	\$ 0
Federal agencies that award R&D funds	

**Texas AgriLife Research (AgriLife) does not have sufficient controls over its cash draw process to enable it to track and monitor all funds that it draws down from federal agencies.** AgriLife's Fiscal Services Division and AgriLife's Office of Sponsored Research Services Division both process cash draws. Without a centralized process for making cash draws, AgriLife cannot accurately and completely track and monitor the funds that those two divisions draw down, which could result in AgriLife not managing its federal awards in compliance with requirements.

As a result of this issue, AgriLife was unable to provide auditors with a complete population of cash draws associated with the Research and Development Cluster of federal programs. Auditors compared a sample of the cash draw population that AgriLife provided to federal draw system reports and identified:

- One draw in the population that AgriLife provided to auditors that was not in the federal draw system reports.
- Eleven draws in the federal draw system reports that were not in the population that AgriLife provided to auditors. The total of those 11 draws was \$1,332,343.

Auditors judgmentally selected six of the eleven draws that were not in the population that AgriLife provided and verified that they were adequately supported and drawn in accordance with cash management compliance requirements. The total of those six draws was \$1,078,786.

**Recommendation:**

AgriLife should establish and implement controls to enable it to accurately and completely track and monitor funds that it draws down.

**Management Response and Corrective Action Plan:**

*The AgriLife Contracts and Grants Office was merged into the Office of Sponsored Research Services for the Texas A&M University System effective September 1, 2011, all procedures are being reviewed and best practices are being established. These will be finalized by December 31, 2012.*

*Implementation Date: December 31, 2012*

*Responsible Persons: Michael McCasland, AgriLife Research; Diane Gilliland, OSRS*

Reference No. 12-129

**Period of Availability of Federal Funds**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency**

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, Code of Federal Regulations, Section 215.71).

Questioned Cost:	\$ 0
Federal agencies that award R&D funds	

Texas AgriLife Research's (AgriLife) contracts and grants procedures require AgriLife's contracts and grants office to review grant expenditures to ensure they do not occur after the grant funding period has ended. In addition, contracts and grants office staff are responsible for submitting closeout paperwork to sponsors, closing grant accounts in AgriLife's accounting system, and processing cost overruns or disallowed expenses against unit accounts within the 90-day closeout period.

**AgriLife does not have a process to close grant accounts in the accounting system within the required 90-day closeout period.** While AgriLife has written policies and procedures that set project closeout requirements, it does not adhere to those policies and procedures. Before grant accounts can be closed in the accounting system, contracts and grants office staff must process any cost overruns on the accounts. However, auditors identified multiple instances in which AgriLife did not process cost overruns within the required 90-day closeout period. AgriLife processed cost overruns between 178 days to more than 12 years following the end of the grant budget period. The average length of time between the end of the grant budget period and AgriLife's processing of cost overruns was 5 years.

Auditors did not identify any compliance errors related to period of availability of federal funds. However, not closing grant accounts in the accounting system in a timely manner could lead to obligations being incurred outside

of the funding period. AgriLife relies on contracts and grants office staff to review monthly expenditure reports and identify charges outside of the funding period to ensure that those charges are not paid for with federal funds. If staff do not identify charges outside of the funding period, federal funds could be improperly spent, which could affect AgriLife's ability to obtain future grant funding.

Recommendation:

AgriLife should establish and implement a process to ensure that it closes grant accounts in its accounting system within the required 90-day closeout period.

Management Response and Corrective Action Plan:

*The referenced procedure was written in 2003. In the ensuing years, the staffing of the AgriLife Contracts and Grants Office did not keep pace with the growth in contracts and grants or in the increased reporting requirements from the Federal government, even though an internal study indicated the office was understaffed by half.*

*Since the AgriLife Contracts and Grants Office has been merged into the Office of Sponsored Research Services for the Texas A&M University System effective September 1, 2011. All procedures are being reviewed and best practices are being established. These will be finalized by December 31, 2012.*

*Implementation Date:* December 31, 2012

*Responsible Persons:* Michael McCasland, AgriLife Research; Diane Gilliland, OSRS

Reference No. 12-130

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - January 28, 2010 to December 31, 2012**

**Award numbers - CFDA 81.087 DE-EE0003046 (ARRA), subaward number 28302-P**

**Type of finding - Significant Deficiency and Non-Compliance**

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Questioned Cost:	\$ 0
U.S. Department of Energy	

**Texas AgriLife Research (AgriLife) did not identify Recovery Act information when it disbursed Recovery Act funds to the only entity to which it made a subaward of those funds.** This occurred because AgriLife did not have a process to perform that identification. Not identifying this information could result in inaccurate reporting of Recovery Act funds by an entity that receives a subaward. For fiscal year 2011, this affected subaward expenditures totaling \$100,911. AgriLife was a subrecipient of Recovery Act funds (through subaward 28302-P) from the Donald Danforth Plant Science Center (which had originally received the Recovery Act funds through prime award number DE-EE0003046).

**Recommendation:**

AgriLife should develop and implement a process to inform entities to which it makes subawards of required Recovery Act information when it disburses funds to those entities.

**Management Response and Corrective Action Plan:**

**Research and Development Cluster – ARRA**

*These funds were clearly identified at the time the sub award was initiated and approved by both the sub awardee and Texas AgriLife Research. The account was set up at AgriLife and disbursements were made from this account. A review of the requirements for the ARRA reporting are unclear as to whether the ARRA designation needed to be made each and every time a payment was made or whether the award needed to be identified at the time the award (disbursement account) was established. A review of the meaning of disbursement in Webster does not indicate that a disbursement means each and every instance of a payment if the total amount is identified as disbursed at the time the award documents are finalized.*

*In addition, individually marking each check would require manual intervention into the disbursements process delaying the process of paying the subcontractor. The accounting system used by Texas AgriLife does not accommodate this type of specific notation.*

*Since the AgriLife Contracts and Grants Office has been merged into the Office of Sponsored Research Services for the Texas A&M University System effective September 1, 2011. All procedures are being reviewed and best practices are being established. These will be finalized by December 31, 2012.*

*Implementation Date: December 31, 2012*

*Responsible Persons: Michael McCasland, AgriLife Research; Diane Gilliland, OSRS*

## Texas State University - San Marcos

Reference No. 12-131

### Eligibility

(Prior Audit Issues 11-129, 10-70, and 09-65)

#### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104122, CFDA 84.033 P033A104122, CFDA 84.063 P063P100387, CFDA 84.268 P268K110387, CFDA 84.375 P375A100387, CFDA 84.376 P376S100387, CFDA 84.379 P379T110387, and CFDA 93.925 1 T08HP18834-01-00

#### Type of finding - Significant Deficiency and Non-Compliance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0  
U.S. Department of Education  
U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**Texas State University – San Marcos (University) uses full-time budgets to determine COA for all students receiving assistance, regardless of each student's actual or expected enrollment. As a result, for 5 (8 percent) of 60 students tested, the University based the COA on full-time enrollment, although the students indicated that they would attend less than full-time.** Using a full-time COA budget to calculate the COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to calculate COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

#### Recommendation:

The University should calculate each student's COA based on the student's actual or expected enrollment status.

#### Management Response and Corrective Action Plan:

*This issue was addressed with the implementation of a new financial aid system (Banner) in fall 2011.*

*Implementation Date: September 2011*

*Responsible Person: Dr. Christopher Murr*

Reference No. 12-132

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K110387**

**Type of finding - Significant Deficiency and Non-Compliance**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, not earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to ED; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0  
U.S. Department of Education

**Texas State University – San Marcos (University) was unable to provide documentation that it sent disbursement notifications for 5 disbursements to 3 (6 percent) of 55 students tested who received Direct Loans. Additionally, 22 disbursement notifications the University sent to 14 (25 percent) of 55 students tested who received Direct Loans were not sent within 30 days of crediting the students' accounts.** The University sent those disbursement notifications between 33 and 175 days after crediting the students' accounts. Those errors occurred because the University did not manually initiate its automated process for sending disbursement notifications in a timely manner.

Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

**Recommendation:**

The University should implement controls to ensure that it initiates and sends disbursement notifications within required time frames.

**Management Response and Corrective Action Plan:**

*To reduce the potential for such manual error, the disbursement rules and disbursement notification processes have been linked programmatically to ensure that the disbursement process will only go live once the disbursement notification process has been activated. In addition, a quality assurance plan is in place that samples student records at the beginning of each semester to verify the disbursement notification process is activated and sending out notifications within the prescribed timeframe.*

*Implementation Date: September 2011*

*Responsible Person: Dr. Christopher Murr*

Reference No. 12-133

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 11-131, 10-72, and 09-68)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 through June 30, 2011**

**Award numbers - CFDA 84.007 P007A104122, CFDA 84.033 P033A104122, CFDA 84.063 P063P100387, CFDA 84.268**

**P268K100387, CFDA 84.375 P375A100387, CFDA 84.376 P376S100387, and CFDA 84.379**

**P379T110387**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(3)-(4)).

Questioned Cost: \$ 0

U.S. Department of Education

Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

**For 17 (59 percent) of 29 students tested for whom Texas State University – San Marcos (University) should have returned Title IV funds, the University did not return the correct amount.** This occurred because the University calculated the amount of funds to be returned based on an incorrect number of days in the semester. Specifically, in calculating the number of days in the Spring 2011 semester, the University used a spring break of 9 days, when it should have used a spring break of 8 days. As a result of that error, for the 17 students identified during testing, the University returned \$22 more in Title IV funds than it should have returned. No questioned cost is associated with these exceptions, because they resulted, on a net basis, in excess returns of \$22.

The issue discussed above affected a total of 248 students in the Spring 2011 semester. This resulted in increasing the required return amount in some cases, but reducing the required return amount in other cases, depending on the withdrawal date; it also could affect the students' return amounts similarly.

In addition, for 14 (41 percent) of 34 unofficial withdrawals tested, the University did not determine the withdrawal date within 30 days of the end of the period of enrollment. The University incorrectly began its 30-day determination period on the date that it posted student grades, instead of the last day of final exams. Because the University did not post grades until 5 days after the last exam date, this resulted in the University making those 14 determinations between 35 and 36 days after the end of the period of enrollment. Delayed determination of the withdrawal dates could delay the return of Title IV funds.

**Recommendations:**

The University should:

- Ensure that it uses an accurate number of days for spring break in its calculation of the number of days in a semester when determining the amount of Title IV funds to return.

- Begin its withdrawal date determination period for students with unofficial withdrawals on the last day of final exams.

**Management Response and Corrective Action Plan:**

*The university will ensure that it uses an accurate number of days for spring break (i.e., exclude the Saturday before the break due to some classes meeting on that day) when determining the amount of Title IV funds to return. Also, the unofficial withdrawal policy has been revised to begin its withdrawal date determination period, for students with unofficial withdrawals, on the last day of final exams (as opposed to the date on which semester grades are posted).*

*Implementation Date:* Fall 2011

*Responsible Person:* Dr. Christopher Murr

## Texas Tech University

Reference No. 12-134

### Eligibility

(Prior Audit Issue 11-134)

#### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104151, CFDA 84.033 P033A1045151, CFDA 84.063 P063P102328, CFDA 84.268 P268K112328, CFDA 84.375 P375A102328, CFDA 84.376 P376S102328, and CFDA 84.379 P379112328

Type of finding - Significant Deficiency and Non-Compliance

#### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0  
U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 668.2, and 690.2).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**For the 2010-2011 award year, Texas Tech University (University) used full-time budgets to determine COA for all students receiving assistance, regardless of each student's actual or expected enrollment. As a result, for 30 (50 percent) of 60 students tested, the University based the COA on full-time enrollment, although the students attended less than full-time.** Using a full-time COA budget to calculate the COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to calculate COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

#### Pell Awards

For the federal Pell Grant program, the payment and disbursement schedules provided each year by the U.S. Department of Education are used for determining award amounts (Title 34, Code of Federal Regulations, Section 690.62). These schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students. Additionally, a student's eligibility for a Pell Grant must first be determined and considered before a student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, Code of Federal Regulations, Section 685.200).

**For 3 (12 percent) of 25 students who received Pell Grants tested, the University awarded the students more in Pell Grants than the students were eligible to receive. This occurred because of manual errors. Specifically:**

- The University overawarded one student \$800 in Pell Grants as a result of a manual entry error. The student was only enrolled half-time during the Fall 2010 semester, but the University awarded the student a Pell Grant based on full-time enrollment.
- The University overawarded one student \$575 in Pell Grants because it did not adjust the student's award based on the student's final enrollment at the census date.
- The University overawarded one student \$675 in Pell Grants because it counted remedial hours toward the enrollment requirement.

The University corrected the above awards in its financial aid system when auditors brought the errors to its attention; therefore, there are no questioned costs.

**Satisfactory Academic Progress**

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

The University's policy is to assign a "strike" to a student who fails to comply with its financial aid satisfactory academic progress (SAP) policy. After a student receives three strikes, the University's policy is to deny the student financial assistance.

**For 4 (10 percent) of 39 students tested for whom the University was required to review compliance with its SAP policy, the University did not assign a strike when the students failed to meet the University's SAP requirements.** Three of those exceptions occurred because of manual entry errors. For the remaining student, the University did not assign the student a strike in its former financial aid system before converting SAP statuses from that system into its new financial aid system.

Although the University did not appropriately assign strikes to those students as required by its SAP policy, the students were eligible for the assistance they received. However, not assigning strikes to students in accordance with the University's SAP policy increases the risk of awarding financial assistance to ineligible students.

**Recommendations:**

The University should:

- Develop and implement COA budgets for less than full-time enrollment and determine a student's COA budget based on the student's actual or anticipated enrollment.
- Ensure that it does not award students more in federal Pell Grants than the students are eligible to receive.
- Ensure that it assigns strikes to students who do not comply with the University's SAP policy.

**Management Response and Corrective Action Plan:**

- *Developed and implemented COA budgets for less than full-time enrollment beginning with the Fall 2011 semester based on the student's enrollment at disbursement.*
- *Security groups have been updated to restrict access to award form. Additional training has been conducted with staff regarding award procedures.*
- *Developed and implemented updated SAP policy effective July 1, 2011.*

*Implementation Date:* August 2011

*Responsible Person:* Shannon Crossland

Reference No. 12-135

**Reporting**

(Prior Audit Issue 11-135)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.063 P063P102328**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2011, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-22) and Title 34, Code of Federal Regulations, Section 690.83). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-34)).

Questioned Cost: \$ 0

U.S. Department of Education

**For 2 (3 percent) of 60 students tested, Texas Tech University (University) did not report the students' disbursements to the COD System within 30 days of disbursement.** For one of those students, the University reported the Spring 2011 disbursement to the COD System 16 days late. The University could not determine why it did not report that disbursement in a timely manner. For the other student, the University reported the Spring 2011 disbursement 189 days late. For this student, the COD System initially rejected the Fall 2010 disbursement record. The University disbursed the Spring 2011 award before it had resolved the Fall 2010 disbursement record issue. As a result, the student's records remained in rejected status, and the University's automated reporting process did not attempt to report the disbursement to the COD System. The University cleared the source of rejection in August 2011, at which time it reported the student's Fall 2010 and Spring 2011 disbursements to the COD System. Not reporting disbursements in a timely manner can increase the risk of overawards to students and delay the U.S. Department of Education from receiving accurate Pell disbursement information.

**Recommendations:**

The University should:

- Report disbursements to the COD System within 30 days of disbursement.
- Resolve issues that cause the COD System to reject records in a timely manner.

**Management Response and Corrective Action Plan:**

- *Created an adhoc report to identify students with paid amounts on RPAAWRD not equal to YTD amount accepted by COD.*
- *Reject reports are printed weekly and reviewed for resolution. Will be assigning additional staff in COD reconciliation.*

*Implementation Date:* September 2011

*Responsible Person:* Paul Blake

Reference No. 12-136

**Special Tests and Provisions - Verification**

(Prior Audit Issues 11-136 and 09-72)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104151, CFDA 84.033 P033A104151, CFDA 84.063 P063P102328, CFDA 84.268 P268K112328, CFDA 84.375 P375A102328, CFDA 84.376 P376S102328, and CFDA 84.379 P379112328**

**Type of finding - Significant Deficiency and Non-Compliance**

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

Questioned Cost: \$ 0

U.S. Department of Education

**For 2 (3 percent) of 60 verification cases tested, Texas Tech University (University) did not retain support for all verified amounts or did not accurately verify all amounts during the verification process.** Specifically:

- For one case, the University could not locate all required documents necessary to verify that taxes paid, as reported by the student on the student's Institutional Student Information Report (ISIR), were correct.
- For the other case, the University adjusted the student's AGI incorrectly during the verification process. The student's tax return showed that the student had an AGI of \$74,228, but the University entered the AGI as \$74,768 during verification. This was a difference of \$540. As a "zero need" student, the student was not eligible for need-based awards, and the correction of the error did not affect the student's awards. However, the \$540 difference was larger than the verification tolerance that requires the University to request an updated ISIR.

These issues were the result of manual errors. By not retaining support for verification calculations or not accurately recording students' financial information during the verification process, the University risks overawarding financial assistance.

**Recommendations:**

The University should:

- Retain all support for its verification calculations.
- Accurately update its records and ISIRs based on results of its FAFSA verification process.

**Management Response and Corrective Action Plan:**

- *Implemented an audit by student financial aid staff of verification documents retained to ensure compliance with record keeping and electronic storage.*
- *Educated staff on importance of accurately updated verification records.*

*Implementation Date: August 2011*

*Responsible Person: Shannon Crossland*

Reference No. 12-137

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 11-138 and 09-74)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.063 P063P102328 and CFDA 84.268 P268K112328**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(3)-(4)).

Questioned Cost: \$ 5,157

U.S. Department of Education

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (Title 34, Code of Federal Regulations, Section 668.22(e)(2)). Otherwise, the percentage earned by the student is equal to the percentage (60 percent or less) of the payment period or period of enrollment that was completed as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(e)).

Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(j)).

**Texas Tech University (University) did not always correctly perform return calculations or did not always return funds when required.** Specifically:

- For 5 (9 percent) of 56 students tested who began attendance, the University did not return any Title IV funds even though it was required to return funds. Those five students attended less than 60 percent of the semester; therefore, the University should have returned funds for the students. The University's practice was to not return funds for students who attended at least 50 percent of the semester. As a result, for those five students, the University did not return \$2,832 in Pell Grants (associated with award P063P102328) and \$2,325 in Direct Loans (associated with award P268K112328) that it should have returned.
- For Spring 2011, the University used an incorrect length of Spring break in its return of Title IV funds calculations. As a result, the University incorrectly calculated the amount of funds to return for 3 of 56 students tested who began attendance. For those students, the University returned \$15 more than was required; therefore, this error did not result in questioned costs.

**In addition, for 24 (80 percent) of 30 students tested who unofficially withdrew, the University did not determine the students' withdrawal dates within 30 days of the end of the period because its time line for**

**making those determinations exceeded 30 days.** For 6 of those cases, the University's determination of withdrawal dates was furthered delayed due to a typographical error.

**Recommendations:**

The University should:

- Develop and implement controls to ensure that it returns the correct amount of Title IV funds.
- Develop and implement controls to ensure that it accurately determines the payment or enrollment period and institutional charges.
- Develop and implement controls to ensure that it determines unofficial withdrawal dates within 30 days of the end of the period.

**Management Response and Corrective Action Plan:**

- *Implemented and created new internal policy and procedure for administering Return of Title IV Funds based on federal regulations. Updates included using correct dates for reporting and updating the correct policy for unofficial withdrawals.*
- *Educated staff on importance of accurately updating dates for Return of Title IV Funds with regards to Spring Break week.*

*Implementation Date: August 2011*

*Responsible Person: Shannon Crossland*

Reference No. 12-138

**Special Tests and Provisions - Enrollment Reporting**

(Prior Audit Issues 11-139 and 09-75)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K112328**

**Type of finding - Significant Deficiency and Non-Compliance**

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b)).

Questioned Cost:	\$ 0
U.S. Department of Education	

Texas Tech University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.4).

**The University did not always report student status changes to NSLDS in an accurate and timely manner.** Specifically:

- For 18 (30 percent) of 60 students tested, the University did not report to NSLDS that the student had graduated. Seventeen of those 18 students graduated in May 2011. The University did not transmit a graduates file to the NSC for May 2011 graduates. One of those 18 students graduated in August 2010 and, although the University submitted this student's updated status to the NSC, the status change was never reported to NSLDS.
- For 18 (30 percent) of 60 students tested, the University reported an incorrect enrollment change date to NSLDS. According to the NSLDS Enrollment Reporting Guide, the University should have reported the enrollment change date as the date the students completed all course requirements, not the presentation date of the diploma or certificate. All 18 students graduated in May 2011. The guaranty agency (GA) was the only entity that reported May 2011 graduates to NSLDS. However, the GA reported the students' commencement date.
- For 1 (2 percent) of 60 students tested, the University did not report the student's status change to NSLDS within the required 30-day time frame. This student graduated in December 2010, but the University did not report the graduated status to NSLDS until 53 days after the next scheduled roster submission date. The University submitted this student's status change to the NSC in January 2011, but the status change was not reported to NSLDS until February 2011.

The University does not have a monitoring process to ensure that it completely uploads enrollment files to the NSC and to help ensure the accurate and timely reporting of enrollment status information to NSLDS. Inaccurate and delayed submission of information affects determinations made by lenders and servicers of student loans related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

**Recommendations:**

The University should:

- Establish and implement policies and procedures to monitor the enrollment status changes reported to NSLDS on the University's behalf.
- Consistently report the date a student completed course requirements as the enrollment change date transmitted to NSLDS.
- Report changes in student status to NSLDS, guaranty agencies, and lenders within required time frames.

**Management Response and Corrective Action Plan:**

*The following are procedures following by the Texas Tech University Office of the Registrar for ensuring the information uploaded is accurate and timely.*

- *The university does not report to the NSLDS. The National Student Clearinghouse (NSC) reports that data to NSLDS on behalf of Texas Tech University (TTU). We upload data five times per long term according to a schedule. TTU has no control over the timeline NSC reports to NSLDS.*
- *TTU uploads all eligible student data with a social security number to the NSC five times per long term. All data is checked for errors an average of five times prior to sending to the NSC. We also view and process error reports for each upload based on information sent back to TTU from the NSC.*

*Implementation Date:      August 2011*

*Responsible Person:      Bobbie Latham*

Reference No. 12-139

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K112328**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file that consists of a cash summary, cash detail, and (optional at the request of the institution) loan detail records. The institution is required to reconcile these files to the institution's financial records. Up to three Direct Loan program years may be open at any given time; therefore, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 685.303).

Questioned Cost:	\$ 0
U.S. Department of Education	

Texas Tech University (University) disbursed its first Direct Loans in May 2010 and established a reconciliation policy in August 2010. The policy requires the University to prepare monthly reconciliations to compare Direct Loan data from its financial aid system to data in DLSS. **However, the University did not consistently prepare monthly reconciliations in accordance with its policy for the duration of the award year.** The University prepared monthly reconciliations only from July 2010 to January 2011.

**In addition, auditors reviewed a sample of reconciliations the University prepared during award year 2010-2011 and determined that the reconciliations were not effective in identifying and resolving discrepancies between the University's financial aid system and DLSS.** Specifically, the University did not always accurately transfer key totals from its financial aid system and DLSS to the reconciliation worksheet, and it did not always explain or resolve reconciling items. The University experienced challenges when implementing the monthly reconciliation process, including incompatibilities between the U.S. Department of Education's software and the University's financial aid system. As a result of these challenges, the University did not fully complete all monthly reconciliations and sought additional training and federal guidance.

Auditors tested a sample of 40 students who received Direct Loans and determined that the dates and amounts of Direct Loan disbursements in DLSS were supported by data in the University's financial aid system. However, failure to prepare accurate and timely reconciliations between the financial aid system and DLSS increases the risk that Direct Loan disbursement data reported to DLSS could be inaccurate and incomplete.

**Recommendations:**

The University should:

- Ensure that it performs monthly reconciliations between its financial aid system and DLSS consistently throughout the award year.
- Establish controls over the reconciliation process to ensure that reconciliations will effectively identify and resolve discrepancies between its financial aid system and DLSS.

**Management Response and Corrective Action Plan:**

- *Employed a full-time staff member to administer direct loan reconciliations.*
- *Employee was reclassified as part of the loan team in order to better assist with Direct Loan processing and reconciliation.*
- *Reconciliations began occurring on a consistent basis monthly beginning in January 2011.*

**Implementation Date:** January 2011

**Responsible Person:** Paul Blake

## Texas Woman's University

Reference No. 12-140

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.268 P268K112330, CFDA 84.038 Award Number Not Applicable, CFDA 84.379 P379T112330, CFDA 84.063 P063P102330, CFDA 84.007 P007A104153, CFDA 84.033 P033A104153, CFDA 84.375 P375A102330, CFDA 84.376 P376S102330, CFDA 93.364 E4CHP14958-02-00, CFDA 93.925 T08HP18611-01-00, and CFDA 93.407 TOAHP18334-01-00

Type of finding - Significant Deficiency and Non-Compliance

### Pell Grant

The federal Pell Grant Program awards grants to help financially needy students meet the cost of their postsecondary education (Title 34, Code of Federal Regulations, Section 690.1). In selecting among students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, Code of Federal Regulations, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, Code of Federal Regulations, Section 690.75(a)(2)).

Questioned Cost: \$ 4,972

U.S. Department of Education  
U.S. Department of Health  
and Human Services

**Based on a review of the full population of student financial assistance recipients, Texas Woman's University (University) awarded a Pell Grant to a graduate student.** That student received \$2,775 in Pell Grant funds in December 2010 but was ineligible for this assistance as a graduate student. According to the University, the student completed an undergraduate degree in August 2010 and enrolled as a graduate student for the Fall 2010 semester. The University asserted that the error was due to a manual override that a counselor in its Student Financial Aid Office made within the financial aid system. The error resulted in \$2,775 in questioned costs for award P063P102330.

### Federal Supplemental Education Opportunity Grant (FSEOG)

Under the FSEOG Program, an institution may award an FSEOG for an academic year in an amount it determines a student needs to continue his or her studies. Students may receive up to \$4,000 in FSEOG per academic year. When a student participates in an approved study abroad program, the amount of FSEOG may be increased to \$4,400 (Title 34, Code of Federal Regulations, Section 676.20).

**Based on a review of the full population of student financial assistance recipients, the University overawarded one student \$2,197 in FSEOG funds.** That student participated in an approved study abroad program and, as a result, was eligible for \$4,400 in FSEOG funds; however, the University awarded the student \$6,597 in FSEOG funds. The University's financial aid system, Colleague, is designed to award financial aid to students within the yearly maximum limits established by the U.S. Department of Education. However, counselors within the University's Student Financial Aid Office have the authority to override the amount of financial aid Colleague awards, which increases the risk of the University awarding aid to a student in excess of the yearly limits. The University stated that the overaward of \$2,197 was misappropriated to FSEOG and should have been appropriated to Texas Public Education Grant. This error resulted in \$2,197 in questioned costs for award P007A104153.

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books,

supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

**The University calculated COA incorrectly for 7 (11.7 percent) of 60 students tested.** For two of those seven students, the University used the incorrect student enrollment components to calculate COA. For those two students, the University included the incorrect number of months each student was enrolled in its COA calculations, which resulted in understating or overstating each student's cost of attendance. For five graduate students, the University used the undergraduate tuition and fees rate for all or a portion of each student's COA for the award year, which resulted in an understated COA. These errors were caused by manual intervention in the COA calculations within the financial aid system.

The University's methodology for calculating COA does not always ensure consistent COA for students carrying the same academic workload. Incorrect COA calculations increase the risk of the University awarding aid that exceeds a student's need or disbursing awards to ineligible students. None of the 60 students tested received aid that exceeded his or her need.

**One COA budget category in Colleague did not agree with the University's published COA budget.** Specifically, the tuition and fee rates established in Colleague for full-time undergraduate students who are non-Texas residents was \$960 less than the University's established COA budget. As a result, students in that category were potentially underawarded financial assistance. After the University established initial COA budgets in Colleague for the 2010-2011 award year, the University increased its tuition rates. While the University updated its published budgets to reflect the new tuition rates, it did not update the COA budgets in Colleague to reflect the new tuition rates. During the 2010-2011 award year, a total of 66 students were in this budget category and received a total of \$684,925 in federal student financial assistance.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University does not adequately manage user access to its Colleague application.** One University user had access to both award and disburse federal grants and loans; that user also had access to the process through which the University makes refunds to students. That user's job function required only read-only access to produce reports. Additionally, the University has not implemented a formal, periodic review of user access to Colleague. Performing such a review could help identify and remove user access issues. Not maintaining appropriate access to Colleague increases the risk of unauthorized access to key financial aid processes and student records.

#### Recommendations:

The University should:

- Implement a process to ensure that it awards Pell grants only to eligible undergraduate students.
- Enforce financial aid limits established in Colleague or establish a process to monitor students receiving financial aid to help ensure that it does not overaward aid.
- Improve controls to ensure that it calculates COA based on accurate student enrollment, classification, and other applicable factors.
- Review COA budgets it enters into Colleague to ensure that they agree with published budgets.
- Design and implement a formal, periodic process to review user access to the Colleague application.

**Management Response and Corrective Action Plan:**

**Pell Grant**

*Management will strengthen the current awarding process by providing additional training to financial aid staff. Procedures for manual overrides will be modified to include additional eligibility verification to ensure that only eligible undergraduate students receive Pell Grant awards and to prevent ineligible awards of Pell Grant funds. The ineligible Federal Pell Grant disbursement of \$2,775 has been returned to the federal Pell Grant account.*

**Federal Supplemental Education Opportunity Grant (FSEOG)**

*Management will enforce financial aid limits established in Colleague and establish a process to monitor annual and term award amount limits to ensure that the University does not overaward aid. The overawarded FSEOG funds of \$2,197 have been returned to the federal SEOOG account.*

**Cost of Attendance**

*Management will improve controls by providing additional financial aid staff training, updating written procedures, and strengthening automated edits to ensure that the University calculates COA based on accurate student enrollment, classification, and other applicable factors.*

*Reviews will be made each year of budgets entered into Colleague to ensure that they agree with published budgets.*

*Implementation Date: February 2012*

*Responsible Person: Governor Jackson*

**General Controls**

*Management has developed a report that allows the data owners to review Colleague access by person or by mnemonic. Departments have implemented a process to periodically review the report and take necessary action. User accounts are also automatically disabled upon termination. The user in question has had access removed and only has access to job appropriate functions.*

*Implementation Date: May 2011*

*Responsible Person: Donnie McNutt*

Reference No. 12-141

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 1011**

**Award numbers - CFDA 84.268 P268K112330, CFDA 84.038 Award Number Not Applicable, CFDA 84.379 P379T112330, CFDA 84.063 P063P102330, CFDA 84.007 P007A104153, CFDA 84.033 P033A104153, CFDA 84.375 P375A102330, CFDA 84.376 P376S102330, CFDA 93.364 E4CHP14958-02-00, CFDA 93.925 T08HP18611-01-00, and CFDA 93.407 TOAHP18334-01-00**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost:	\$ 0
U.S. Department of Education	
U.S. Department of Health and Human Services	

**For 4 (7 percent) of 57 students tested who received Direct Loans, Perkins Loans, and TEACH Grants, Texas Woman's University (University) did not send disbursement notifications for Perkins Loan or TEACH Grant disbursements.** The University asserts that it did not send disbursement notifications for Perkins Loans or TEACH Grants during the 2010-2011 award year due to a miscommunication between the Office of Student Financial Aid and the programmers responsible for the automated disbursement notification process. A total of 64 students received Perkins Loans and a total of 51 students received TEACH grants during the 2010-2011 award year.

**For 3 (5.3 percent) of 57 students tested, the University did not retain documentation that it sent disbursement notifications to recipients of Direct Loans.** The University asserts that a programming error in the automated disbursement notification process caused the University's financial assistance application to send incorrect disbursement notifications for all disbursements on May 28, 2010, and June 2, 2010. Specifically, the system sent duplicate copies of prior disbursement notifications, instead of notifications for the disbursements that occurred on those dates. The University asserts that it attempted to correct this issue by manually sending the correct disbursement notifications; however, it did not retain documentation of those notifications. The University disbursed Direct Loans to 404 students on these two dates.

Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

**COD System Reporting**

Institutions submit Pell and Direct Loan origination records and disbursement records to the Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. The disbursement date and amount in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (Office of Management and Budget Circular A-133 Compliance Supplement, March 2011, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-34).

**For 1 (1.7 percent) of 60 students tested who received Pell Grants and Direct Loans, the Fall 2010 disbursement date the University reported to the COD System did not match the disbursement date in the University's financial aid system.** However, the University reported the correct disbursement amount for all Pell Grants and Direct Loan disbursements tested.

The University asserts that all Fall and Spring loans were originated with an anticipated disbursement date. When it sends disbursement records to the COD System, the actual disbursement date generally overwrites the anticipated

disbursement date. However, for certain disbursements, the University must manually overwrite the anticipated disbursement date. The University did not accurately manually update that date for the student discussed above.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University does not adequately manage user access to its Colleague application.** One University user had access to both award and disburse federal grants and loans; that user also had access to the process through which the University makes refunds to students. That user's job function required only read-only access to produce reports. Additionally, the University has not implemented a formal, periodic review of user access to Colleague. Performing such a review could help identify and remove user access issues. Not maintaining appropriate access to Colleague increases the risk of unauthorized access to key financial aid processes and student records.

**Recommendations:**

The University should:

- Send disbursement notifications to Perkins Loan and TEACH Grant recipients within 30 days before or after crediting a student's account with funds.
- Retain documentation demonstrating that it sent disbursement notifications within the required time frames.
- Improve oversight to ensure that it sends disbursement records containing correct information for all Direct Loan and Pell Grant disbursements to the COD System in accordance with federal requirements.
- Design and implement a formal, periodic process to review user access to the Colleague application.

**Management Response and Corrective Action Plan:**

*Management has made corrections to software processes to ensure that all disbursement notifications are sent to recipients of Federal Direct Loans, Federal Perkins Loans, and TEACH Grants within 30 days before or after a student's account is credited with the funds. Disbursement notifications have been sent to all Perkins Loan and TEACH Grant recipients who did not receive timely notifications.*

*Management has corrected its automated processes to ensure that dated copies of all disbursement notifications sent to Federal Direct Loan, Federal Perkins Loan, and TEACH Grant recipients are automatically saved to the Financial Aid Office's imaging system.*

*Procedures have been modified to strengthen and improve oversight of the reporting of Direct Loan and Pell Grant disbursement records to COD to ensure that the information is accurate. The necessity of manual data entry has been minimized.*

*Implementation Date: February 2012*

*Responsible Person Governor Jackson*

*Management has developed a report that allows the data owners to review Colleague access by person or by mnemonic. Departments have implemented a process to periodically review the report and take necessary action. User accounts are also automatically disabled upon termination. The user in question has had access removed and only has access to job appropriate functions.*

*Implementation Date: May 2011*

*Responsible Person: Donnie McNutt*

## **Department of Transportation**

Reference No. 12-142

### **Davis-Bacon Act**

(Prior Audit Issues 11-142 and 10-82)

#### **Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award number - NH 2010(086)**

**Type of finding - Significant Deficiency and Non-Compliance**

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141--3147).

Questioned Cost: \$ 0

U.S. Department of  
Transportation – Federal  
Highway Administration

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (Title 29, Code of Federal Regulations (CFR), Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

The Department of Transportation (Department) was not always able to provide documentation showing that it collected certified weekly payrolls from its contractors. **For 1 (2 percent) of 60 projects tested, the Department did not ensure that contractors submitted all weekly certified payrolls for fiscal year 2011.** Specifically, the Department could not provide two certified payrolls for that project during the period tested. The total federal amount expended on that project, including payroll and non-payroll costs, was \$1,464,177.

For the error identified, the contractor provided certified weekly payrolls using the Electronic Project Records System (EPRS). EPRS provides reports that show any gaps in the submission of weekly certified payrolls, which allows the Department to follow up on any missing submissions. The Department asserted that the individual who was responsible for monitoring the project was no longer working for the Department and, as a result, the Department was unable to determine whether it obtained the certified payrolls that it could not provide to auditors.

**The Department does not have a standardized process for tracking certified payrolls that contractors submit.** Each area office within each Department district office determines its own method for ensuring that contractors submit payroll certifications. As of December 28, 2011, the Department's 25 district offices had a total of 89 area offices. Of the 60 projects tested:

- For 23 (38.3 percent) of the 60 projects, area offices used the EPRS system, which allows users to detect missing payrolls by creating missing payroll reports for each vendor for the project.
- For 23 (38.3 percent) of the 60 projects, area offices used a tracking sheet to monitor whether contractors had submitted all weekly certified payrolls.
- For 14 (23.3 percent) of the 60 projects, area offices did not have formal, documented processes to ensure that contractors submitted weekly certified payrolls.

When contractors do not consistently submit required certified payrolls, the Department cannot ensure that contractor and subcontractor employees are properly classified and being paid the appropriate wage rate in accordance with the Davis-Bacon Act.

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### Recommendations:

The Department should:

- Establish and implement formal, documented controls to ensure that contractors submit all required certified payrolls.
- Maintain documentation of its receipt of all certified payrolls.

### Management Response and Corrective Action Plan:

*The Department will continue to evaluate controls to ensure certified payrolls are submitted and maintained by all districts. The Department was able to provide documentation for approximately 700 certified payrolls requested as part of the 60 projects tested.*

*The Electronic Project Records System (EPRS) is an online program offered by the Department to allow contractors to submit payrolls electronically rather than submit a hard copy. The use of EPRS by contractors is encouraged but not mandatory. Additional controls to ensure compliance with the intent of the Davis-Bacon Act include:*

- Preconstruction meetings with contractors to advise them of contract labor requirements and obligations including the Davis-Bacon Act
- Periodic labor interviews during the project with randomly selected employees to ensure contractor compliance with labor laws including the use of a standardized labor review form to document results
- Payroll reviews to ensure contractor employees are compensated at prevailing rates
- Use of the Department's project management system, SiteManager, to schedule key dates and checklist events including labor interviews, payroll reviews and certified payroll submissions
- Interim/Final project audits conducted by field personnel, district offices and divisions which includes reviewing all project payroll records
- New contractors receive training related to state and federal requirements including provisions of the Davis-Bacon Act.

*The Construction Division plans to send an audit action memo to district engineers reminding them of Davis-Bacon Act requirements and procedures for compliance.*

*Implementation Date:* May 2012

*Responsible Person:* John Obr

Reference No. 12-143

### **Period of Availability of Federal Funds**

(Prior Audit Issues 11-143 and 10-81)

### **Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency**

Agencies shall maintain internal control over federal programs that provides reasonable assurance that agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Questioned Cost: \$ 0

U.S. Department of  
Transportation – Federal  
Highway Administration

The Department of Transportation (Department) uses the Federal Project Authorization and Agreement (FPAA) system to process and track project approvals from the Federal Highway Administration. The FPAA system details when federal funds are authorized, which is the starting point for the

## **TRANSPORTATION, DEPARTMENT OF**

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period of availability of federal funds. The Department must obtain approval from the Federal Highway Administration prior to starting construction work on a project and expending federal funds (Title 23, Code of Federal Regulations, Section 630.106).

**The Department did not appropriately restrict access to the FPAA system. Specifically, two programmers had access to move code into the production environment of FPAA.** In general, programmers should not have access to migrate code changes to the production environment. Allowing programmers inappropriate access increases the risk of unauthorized changes and does not allow for adequate segregation of duties.

The Department's Finance Division manages the FPAA system. In fiscal year 2011, the Department made only one change to the FPAA system, and different individuals developed and moved that change to the production environment.

**Recommendation:**

The Department should establish and enforce change management procedures for systems the Finance Division manages, including eliminating programmers' access to migrate code changes to the production environment.

**Management Response and Corrective Action Plan:**

*The Department is in the process of replacing the FPAA system. The new system is currently undergoing system testing by end users and scheduled for full implementation by April 2012. Database and code updates in the new system will be managed by the Department's Information Technology Division. Under the IT Division, controls are present to ensure programmers cannot migrate code into the production environment.*

*The Finance Division has removed access for one of the programmers mentioned. In addition, end users of the FPAA systems have been asked to notify Finance Automation of any usual results or data in the FPAA system until the new system is implemented.*

**Implementation Date:** April 2012

**Responsible Persons:** Mark Pollard and Mark Evans

Reference No. 12-144

**Procurement and Suspension and Debarment**

**Subrecipient Monitoring**

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

(Prior Audit Issues 11-144, 10-84, and 09-80)

**Highway Planning and Construction Cluster**

**Highway Planning and Construction Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Material Weakness and Material Non-Compliance**

The Department of Transportation (Department) is required by the Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements. In addition, the Department is responsible for the construction of all federal aid projects, and it is not relieved of such responsibility by authorizing performance of the work by a local public agency or other federal agency. State transportation departments are responsible for ensuring that such projects receive adequate supervision and inspection to ensure that projects are completed in conformance with approved plans and specifications (Title 23, Code of Federal Regulations, Section 635.105(a)).

Questioned Cost:	\$ 0
U.S. Department of Transportation – Federal Highway Administration	

**Pre Award Monitoring**

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133, Section .400(d), and OMB Circular A-133 Compliance Supplement, Part 3, Section M).

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.220 and 180.970).

Additionally, the Department is required to determine that its subrecipients have adequate project delivery systems for projects approved under Title 23 of the United States Code (USC) (Title 23, USC, Section 106(g)(4)). The Department's rules in the Texas Administrative Code also require the Department to determine whether its subrecipients have adequate project delivery systems to manage contracts in a timely manner, consistent with federal, state, and department regulations, standards, and specifications (Title 43, Texas Administrative Code, Section 15.52). The Department uses an Advance Funding Agreement Special Approval Transmittal Form to ensure that subrecipients have the required project delivery systems.

**Auditors tested 60 Department project agreements with subrecipients and identified issues in all of the agreements tested. Specifically:**

- For 37 (71 percent) of 52 of agreements tested for which the subrecipients were not metropolitan planning organizations, the Department did not complete the Advance Funding Agreement Special Approval Transmittal Form to verify that the subrecipients had the capability to perform the work proposed and to manage the work according to standards.
- For 38 (63 percent) of the 60 agreements tested, the Department did not require the subrecipients to certify that they were not suspended or debarred.
- For 54 (90 percent) of the 60 agreements tested, the Department did not properly identify federal award information to the subrecipients.
- For 1 (2 percent) of the 60 agreements tested, the Department did not notify the subrecipient of Single Audit requirements.
- For 1 (2 percent) of the 60 agreements tested, the Department did not notify the subrecipient of OMB A-87 Cost Principles.
- For 1 (2 percent) of the 55 agreements tested that were subject to requirements for local government training, the Department did not ensure that at least one of the subrecipient's staff attended training on local government project procedures required as part of its agreement (the Department implemented that training to ensure that subrecipients were aware of project and grant requirements).

While the Department uses a standard template for agreements with subrecipients, that template did not consistently identify the federal award title and number, the CFDA title and number, the federal awarding agency, or the compliance requirements. However, the template referred to the master advanced funding template agreement, which requires subrecipients to comply with federal requirements and provides other information regarding allowable costs and other requirements.

The Department's agreement template also requires the subrecipient to refrain from conducting business with other entities that are suspended or debarred; however, the template did not consistently require subrecipients to certify that they are not suspended or debarred. Agreements dated after September 23, 2009, however, contained language requiring the subrecipient to certify it was not suspended or debarred.

Not ensuring that subrecipients have adequate project delivery systems increases the risk that the Department could award federal funds to subrecipients that cannot effectively manage subawards in compliance with federal guidelines. Inadequate identification of federal awards by the Department may lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards (SEFA). Additionally, when the Department does not verify that subrecipients are not suspended or debarred, this increases the risk the Department could enter into an agreement with an entity that is not eligible to receive federal funding. Incomplete communication of federal compliance requirements in the Department's agreements increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards and increases the risk that subrecipients lack the proper understanding of local government project procedures to administer and manage a project. In fiscal year 2011, the Department passed-through \$270,922,797 in federal funds (including Recovery Act funds) to subrecipients.

**Subrecipients of Recovery Act Funding**

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) maintain records that identify adequately the source and application of Recovery Act funds; (2) separately identify the federal award number, the CFDA number, and the amount of Recovery Act funds to each subrecipient, at the time of the subaward and disbursement of funds; and (3) require their subrecipients to include, on their SEFAs, information to specifically identify Recovery Act funds (Title 2, Code of Federal Regulations, Section 176.210).

Recipients of Recovery Act funds are also required to ensure that subrecipients of Recovery Act funds maintain active registrations in the Central Contractor Registration (CCR) and obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number (Title 2, Code of Federal Regulations, Section 176.50, and Recovery Act, Section 1512(h)). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the U.S. Government Accountability Office.

**For 17 (94 percent) of 18 project agreements with subrecipients tested, the Department did not comply with Recovery Act requirements with respect to its subrecipients.** Specifically:

- For 1 (6 percent) of the 18 agreements, the Department did not obtain a correct DUNS number for its subrecipient.
- 14 (78 percent) of the 18 agreements did not contain evidence that the Department notified the subrecipients of all required award information.
- 6 (33 percent) of the 18 agreements did not contain evidence that the Department communicated reporting requirements associated with Recovery Act awards to the subrecipients.
- 6 (33 percent) of the 18 agreements did not contain evidence that the Department ensured that the proposed budgets separately identified Recovery Act funds.

While the Department uses a standard template for award agreements with subrecipients, the template did not consistently identify the federal award title number, the CFDA title and number, the federal awarding agency, or Recovery Act requirements. Additionally, at the time of audit testing, the Department did not have a consistent process to verify a subrecipient's DUNS prior to award.

Inadequate identification of Recovery Act awards by the Department may lead to improper reporting of federal funding in a subrecipient's SEFA. In fiscal year 2011, the Department passed-through \$119,577,779 in Recovery Act funds to subrecipients.

**During-the-award Monitoring**

**The Department does not have standardized processes to ensure adequate during-the-award monitoring of subrecipients by its district offices.** Auditors tested documentation of during-the-award monitoring for 60 subrecipients. That documentation included reviews of invoices for allowability, period of availability, and reporting. Auditors identified the following issues at the Department's district offices:

- For 1 (3 percent) of 34 of subrecipients tested for which Davis-Bacon Act requirements applied, the Department was unable to provide evidence that it monitored its subrecipients' compliance with Davis-Bacon Act requirements.

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- For 21 (40 percent) of 53 of subrecipients tested for which procurement requirements applied, the Department was unable to provide evidence that it approved its subrecipients' procurement policies and procedures or vendor selection.

Through its *Local Government Project Procedures Manual*, the Department provides monitoring guidelines to its district and regional offices for the monitoring of subrecipients. However, implementation of the guidelines and creation of processes for monitoring are determined by the region and district level staff. In addition, the Department does not have a standard process for reviewing each district office's procedures and activities related to subrecipient monitoring.

By not providing direct oversight or review of monitoring procedures and activities at each district office or region, the Department is not able to ensure that sufficient monitoring occurs. This also increases the risk the Department would not detect non-compliance by subrecipients administering federally funded projects.

**Additionally, the Department did not always correctly identify subrecipients in its accounting system. Specifically, auditors identified two projects that should have been identified, but were not identified, as subrecipients in the Department's accounting system, the Financial Information Management System (FIMS).** While the Department has a process to review and track subrecipient projects, it did not identify and flag those two projects in FIMS. Department management asserted that this occurred because of the inaccurate identification of one of the projects and delayed project setup for the other project. Auditors identified \$41,838 in expenditures for those two projects. Not correctly identifying and tracking all subrecipients increases the risk that the Department could fail to sufficiently monitor subrecipient expenditures.

### Recommendations:

The Department should:

- Ensure that existing award documentation and award documentation templates with subrecipients include all required award notification and information according to federal requirements, including CFDA title and number, federal award name and number, whether the award is research and development, name of the federal awarding agency, and applicable compliance requirements.
- Ensure that all subrecipients certify that they are not currently suspended or debarred.
- Ensure that at least one member of each subrecipient's staff attends the local government project procedures training.
- Develop and implement a process to notify its subrecipients, at the time of the award, of the requirement to provide appropriate identification of Recovery Act funds in their SEFAs.
- Develop and implement a process to verify that all subrecipients that receive Recovery Act funds are registered with the CCR and have obtained a DUNS number.
- Develop and implement a standardized process for conducting during-the-award monitoring of subrecipients statewide.
- Develop and implement a standardized process for reviewing district offices to ensure that they properly monitor subrecipient compliance with federal requirements, including compliance with the Davis-Bacon Act.
- Ensure that it correctly identifies and tracks all subrecipients.

### Management Response and Corrective Action Plan:

*The Department is establishing a Local Government Projects Office under the direction of the Department's Deputy Executive Director. The office will direct and oversee the administration of state and federally funded projects and programs developed and delivered by local governments. The Department is currently in the process of hiring a director for this office.*

*As of August 2011, the Contract Services Division has established new templates that include all required information to meet federal requirements. As of the end of December 2011, the Division implemented corrective*

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*action on past contracts including amending agreements with subrecipients to include required information. The Contract Services Division will work with the new Local Government Projects Office to ensure all project agreements with subrecipients contain necessary information and provisions.*

*The Finance Division will increase the frequency of procedures performed to verify the accuracy of subrecipient designations in FIMS. Interim procedures performed will now be included as part of the year-end financial close-out process. For the Highway Planning and Construction cluster the Department reported approximately \$270 million in federal expenditures to non-state entities.*

*Implementation Date:* August 2012

*Responsible Person:* John Barton

Reference No. 12-145

### **Reporting**

(Prior Audit Issues 11-145 and 10-83)

#### **Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

#### PR-20 Reports

The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement requires the Department of Transportation (Department) to submit a PR-20, Voucher for Work Under Provisions of the Federal-Aid and Federal Highway Acts, as Amended (OMB No. 2125-0507). The PR-20 is required by the Federal Highway Administration (FHWA) to report the total expenditures for a project that received federal aid. The report should be completed and submitted promptly after the close-out of a project.

Questioned Cost:	\$ 0
U.S. Department of Transportation - Federal Highway Administration	

**The Department has a significant backlog of PR-20 reports it must still submit to the FHWA.** As of August 31, 2011, the Department had not submitted PR-20 reports for 1,423 projects that had been closed for more than 90 days. The projects for which the Department must still submit PR-20 reports date back to December 2002. Auditors identified this issue in the prior two audit periods, and the Department began implementing a corrective action plan to reduce the backlog of reports in fiscal year 2010. Department management asserted that the Department focused on submitting PR-20 reports for American Recovery and Reinvestment Act (Recovery Act) projects before other projects in fiscal year 2011 due to the higher visibility and limited period of availability associated with Recovery Act projects. In fiscal year 2011, the Department submitted 1,077 PR-20 reports. The FHWA relies on the Department to submit PR-20 reports to close out funding and records on federally funded projects. Auditors tested a sample of 25 PR-20 reports the Department submitted during fiscal year 2011 and did not identify any compliance errors.

#### Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding their first-tier subawards that exceed \$25,000. The prime recipient is required to report subaward information through the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) by the end of the month following the month in which the subaward was signed (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Additionally, recipients must report all required elements established in the Office of Management and Budget's *Open Government Directive- Federal Spending Transparency and Subaward and Compensation Data Reporting* (August 27, 2010), Appendix C, including the subaward date, subawardee Dun and Bradstreet Data Universal

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Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number.

**The Department did not always report accurate and complete information as required by the Transparency Act.** Specifically:

- For 1 (7 percent) of the 14 subaward projects tested for which the Department was required to submit reports, the Department did not submit the required report to FSRS. The Department did not identify that this subaward met the requirements established by Title 2 CFR, Chapter 170; as a result, it did not submit the report.
- For 2 (15 percent) of the 13 subaward projects tested for which the Department submitted the required reports, the Department did not report all required information accurately. For one project, the Department reported an incorrect subrecipient name and DUNS number that was not supported by its award documentation. For the other project, the Department reported the incorrect DUNS number because it did not correctly verify information provided by the subrecipient.

The Department relies on the federal award identification numbers (FAIN) on the USASpending.gov Web site to identify awards that are subject to Transparency Act requirements. Using that information, Department staff cross-reference the FAIN to an award number to determine which projects have associated subawards that are subject to Transparency Act reporting. However, that process does not ensure that the Department reports on all subawards subject to Transparency Act requirements, including those that may not be in USASpending.gov.

Not reporting all required subawards to FSRS or reporting inaccurate information decreases the reliability of information provided to the awarding agency and other intended users of that information.

**Recommendations:**

The Department should:

- Reduce the backlog of PR-20 reports it must submit to FHWA.
- Develop and implement a process to ensure that it submits all reports required by the Transparency Act.
- Report required Transparency Act information accurately.

**Management Response and Corrective Action Plan:**

**Reporting PR-20**

*The Department continues to implement its corrective action plan. In addition management requested a review by internal audit to assist in identifying potential areas for improvement. Management is currently evaluating recommendations made by internal audit including prioritization of project close-out and benchmarking.*

*The Department anticipates improved performance during FY2012 with the reduced number of ARRA projects and additional personnel dedicated to federal project closeout. As of management response, the oldest project for which the Department must submit a PR-20 report is June 2007.*

*Implementation Date:*      *Currently implemented.*

*Responsible Person:*      *Brian Ragland*

**Transparency Act Reporting**

The Department will continue to work with the Federal Highway Administration to properly report under the Federal Transparency Act. As noted by the SAO, reporting requirements began in fiscal year 2011 (October 1, 2010) and the Department has been working with the FHWA to resolve technical issues that have arisen at both the FHWA and Department. One issue the Department encountered was submitting reports for which no FAIN existed for the project. A FAIN was necessary so the Department could accurately report into FHWA systems (FSRS). The Department now notifies the FHWA of instances when a FAIN is not located for a project in FSRS.

*Implementation Date:* August 2012

*Responsible Person:* John Obr

Reference No. 12-146

**Special Tests and Provisions - Quality Assurance Program**

(Prior Audit Issues 11-146, 10-87, and 09-81)

**Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award numbers – STP 2009(485)ES, STP 2011(301), STP 2010(624)MM, NH 2010(849), STP 2002(141)ESTE, STP 2009(124), STP 2011(623)ES, CM 2009(732), STP 2009(516)ES, NH 2010(913), STP 2011(362), IM 353(275), and NH 2011(742)**

**Type of finding - Significant Deficiency and Non-Compliance**

**Control Weaknesses in SiteManager**

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Questioned Cost:	\$ 0
U.S. Department of Transportation - Federal Highway Administration	

The Department of Transportation (Department) uses SiteManager as its system of record for quality assurance testing on its highway construction projects. However, **SiteManager does not have sufficient controls to ensure that (1) only certified testers are able to enter and sign off on test records and (2) a tester does not also sign off as the reviewer.**

**For 48 (22 percent) of 216 quality assurance samples tested, the tester and reviewer were the same individual.** Management at Department district offices attributed those errors to limited resources and reductions in staff levels. Not segregating testing and reviewing responsibilities increases the risk that the Department may not detect project deficiencies that could cost time and money to correct.

**Quality Assurance Program**

Each state transportation department must develop a quality assurance program that will assure that the materials and workmanship incorporated into each federal-aid highway construction project on the National Highway System conform with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in Title 23, Code of Federal Regulations, Section 637.207, and be approved by the U.S. Department of Transportation's Federal Highway Administration (FHWA) (Title 23, CFR, Section 637.205). Sampling and testing must be performed by qualified laboratories, and qualified sampling and testing personnel must be used in the acceptance decision (Title 23, CFR, Section 637.209).

The Department did not always comply with its quality assurance program approved by the FHWA. Specifically:

- **For 6 (10 percent) of 60 highway construction projects tested, the Department did not comply with the testing requirements for each type of material as specified in the Department's Guide Schedule for**

## TRANSPORTATION, DEPARTMENT OF

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**Sampling Testing.** For 4 of the 6 projects, the Department did not perform 11 tests listed on its sampling checklist. For the remaining two projects, the sampling checklist did not list all required material tests; as a result, the Department did not perform three required tests.

- **Quality assurance tests for 9 (15 percent) of 60 projects tested were conducted by an individual who was not a certified tester.** Due to the limitations within SiteManager discussed above, the Department does not have sufficient controls to ensure that only qualified personnel complete quality assurance sampling testing.

Recommendations:

The Department should:

- Implement controls to ensure that there is appropriate segregation of duties between personnel conducting quality assurance sample testing and personnel reviewing that testing.
- Implement controls to ensure that only qualified personnel perform quality assurance sample testing.
- Implement policies and procedures to ensure that its sampling checklists identify all the required tests prior to construction.
- Perform quality assurance sampling for all required tests as documented on its sampling checklist.

Management Response and Corrective Action Plan:

*The Construction Division will continue to work with the districts to ensure proper quality assurance (QA) procedures are followed. The FHWA approved QA program is accessible on-line to all responsible personnel and incorporates the Department's project management system, SiteManager, to ensure required tests are performed in accordance with Departmental policy. In addition the Department has developed additional tools such as the Inspector Development Program (IDP) which provides inspectors with the resources needed to perform daily QA activities in the field. Part of the IDP includes inspectors certifying acknowledgement of sampling and testing requirements*

*The Construction Division has sent an audit action memo to all district engineers notifying them of issues identified by the State Auditor's Office. This memo highlights available tools and procedures to address reported issues.*

*The Construction Division also plans to discuss with the Department's Information Technology Division about improving controls within SiteManager to restrict the same individual from signing-off as tester and reviewer.*

*Implementation Date:*      March 2012

*Responsible Person:*      John Obr

Reference No. 12-147

**Davis-Bacon Act**

**CFDA 20.106 - Airport Improvement Program**

**Award years - Multiple**

**Award numbers - 3-48-SBGP-37-2006, 3-48-SBGP-41-2007, 3-48-SBGP-49-2008, 3-48-SBGP-54-2009, 3-48-SGBP-57-2009, and 3-48-SBGP-66-2009**

**Type of finding - Significant Deficiency and Non-Compliance**

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40,

Questioned Cost:                  \$ 0

U.S. Department of  
Transportation - Federal  
Aviation Administration

United States Code (USC), Sections 3141-3144).

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (Title 29, Code of Federal Regulations (CFR), Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

**The Department of Transportation (Department) was not always able to provide documentation showing that it collected certified weekly payrolls required by the Davis-Bacon Act.** Specifically, for 2 (20 percent) of 10 projects tested, the Department could not provide one of the required weekly certified payrolls for the quarter tested. The total federal amount expended on the projects associated with those payrolls in fiscal year 2011, including payroll and non-payroll costs, was \$1,969,350.

These errors occurred because the Department did not always accurately complete the tracking spreadsheet it uses to ensure that contractors submit all certified weekly payrolls. For one project, the tracking spreadsheet, which lists the date of each required report and the date that the report was submitted, did not list all weeks for which certified payrolls should have been submitted; as a result, the Department did not collect certified payrolls for those weeks. For the remaining project, the tracking spreadsheet showed that the Department received the certified payroll; however, the Department could not locate the certified payroll.

When contractors do not consistently submit certified payrolls, the Department cannot ensure that contractors and subcontractors properly classify and pay their employees the appropriate wage rate in accordance with the Davis-Bacon Act.

Additionally, for 3 (30 percent) of 10 projects tested, the Department did not record the date on which it received the required certified payrolls. The Department relies on the tracking spreadsheet to ensure that it collects the required certified payrolls. As a result, when the Department does not complete its tracking spreadsheet correctly, it cannot ensure that contractors submit required payroll certifications and comply with the Davis-Act Act.

**Recommendations:**

The Department should:

- Maintain documentation of its receipt of certified payrolls.
- Record on its tracking spreadsheet the dates on which certified payrolls should be submitted and the dates on which it receives certified payrolls.

**Management Response and Corrective Action Plan:**

*The two missing reports were acquired from the contractors, and presented to the auditor, showing that no work was performed for the week. While the tracking spreadsheet was missing the date of receipt of three reports, all three reports were received by the Division and were on file. The Division was utilizing temporary employees to receive and track payroll compliance reports. The Division is in the process of hiring a full time employee who will be trained to thoroughly track certified payroll compliance reports. Additionally, we will add a column to our tracking spreadsheet representing dates the reports are due. Furthermore, grant managers will monitor their projects on the tracking spreadsheet to ensure proper tracking and compliance with Davis Bacon requirements.*

*Implementation Date: March 2012*

*Responsible Person: David Fulton*

## TRANSPORTATION, DEPARTMENT OF

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Reference No. 12-148

### **Reporting**

(Prior Audit Issue 10-91)

#### **CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**Award years - Multiple**

**Award numbers - TX-18-X031-02, TX-18-X033-01, TX-18-X032-01, TX-86-X002-01, and TX-86-X003-00**

**Type of finding - Significant Deficiency and Non-Compliance**

Recipients are responsible for managing, monitoring, and reporting performance and financial information for each project, program, subaward, function, or activity supported by the award. Recipients use the *Financial Status Report* SF-269 or SF-269A to report the status of funds for non-construction projects (Title 2, Code of Federal Regulations (CFR), Section 215.52). The *Federal Financial Report* SF-425 is used to report expenditures under federal awards, as well as cash status. Reporting instructions for the SF-425 report specify that the recipient's share of expenditures be based on actual cash disbursements or outlays, including payments to subrecipients and contractors. Additionally, according to the reporting instructions, entities should submit quarterly reports no later than 30 days after the end of each reporting period.

Questioned Cost: \$ 0

U.S. Department of  
Transportation - Federal  
Transit Administration

**The Department of Transportation (Department) did not submit 2 (25 percent) of 8 SF-425 reports tested by the required due dates.** The Department asserted that it submitted those reports late because of changes in the procedures and forms it used to submit those reports.

**Additionally, for all three SF-425 reports tested that had matching requirements, the Department reported non-federal share amounts that were not supported by its accounting records.** The Department was unable to support the amounts it reported as its non-federal share of expenditures because it did not consistently track the local amount of the non-federal share. Instead, the Department determined the non-federal share of expenditures by multiplying its federal outlays by the required match percentage. While the Department changed its process for monitoring subrecipients to include collecting information on local amount of the non-federal share, it did not always carry that information forward to its SF-425 reports.

#### Recommendations:

The Department should:

- Submit reports by the required due date.
- Develop and implement a process to track and report non-federal amounts related to actual non-federal costs incurred by subrecipients.

#### Management Response and Corrective Action Plan:

*The Public Transportation Division (PTN) will continue to improve on its reporting procedures. During fiscal 2011 the Federal Transit Administration (FTA) amended its reporting requirements including data to be submitted and report format. In response, the Division updated its reports and procedures based on new guidance causing slight delays. New report formats and procedures are currently in place and all future reports will be submitted by required due dates.*

*The Division will continue to improve on its data collection process. The Division has implemented procedures to collect non-federal share of expenditures data for new grants. The Division is currently developing procedures to collect this information for active prior year grants.*

*Implementation Date: June 2012*

*Responsible Person: Cheryl Mazur*

Reference No. 12-149

**Subrecipient Monitoring**

(Prior Audit Issues 10-92 and 10-93)

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas- ARRA**

**Award years - Multiple**

**Award numbers - TX-18-X031-02, TX-18-X033-01, TX-18-X032-01, TX-86-X001, and TX-86-X003-00**

**Type of finding - Significant Deficiency and Non-Compliance**

The Department of Transportation (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements. The Department monitors 38 rural transit districts and several intercity bus providers to ensure that they comply with the requirements for the Formula Grants for Other Than Urbanized Areas program. Monitoring is accomplished through the Department's 24 district public transportation coordinators who oversee various federal programs within their jurisdictions. Public transportation coordinators perform numerous duties, including quarterly on-site visits, annual compliance on-site reviews, reviews of financial records, approval of monthly invoices, tracking procurement activities, reviews of reports, issuance of improvement action plans when deficiencies are noted, discussion of problems encountered or need for technical assistance, and monitoring of compliance with federal regulations and provisions of grant agreements.

Questioned Cost: \$42,655

U.S. Department of  
Transportation - Federal  
Transit Administration

**Pre-award Documentation**

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133, Section .400(d), and OMB Circular A-133 Compliance Supplement, Part 3, Section M).

For 2 (20 percent) of 10 subrecipient agreements tested, the Department did not notify its subrecipients of the federal award number in its project grant agreements. This occurred because the Department issued those awards using a template that did not include that information. In July 2010, the Department corrected its template to include the federal award number, and agreements that auditors tested after that date communicated all required award information.

Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards (SEFA).

**Subrecipients of American Recovery and Reinvestment Act Funding**

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) maintain records that identify adequately the source and application of Recovery Act funds; (2) separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, the CFDA number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their SEFA information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

The Department did not always notify its subrecipients, at the time of disbursement, of required Recovery Act information. Specifically, **for 3 (60 percent) of 5 subrecipients tested, the Department did not notify its subrecipients of the federal award number, CFDA number, and the amount of Recovery Act funds provided at each disbursement.** This occurred because the Department used an outdated request for reimbursement form to communicate award information to the subrecipients, and that form did not include the required Recovery Act information. In September 2010, the Department created a new form that included all required information, and auditors did not identify compliance errors after the Department's implementation of the new form.

Inadequate identification of Recovery Act awards could lead to improper reporting of federal funding in a subrecipient's SEFA.

**During-the-award Monitoring**

The Department is required to monitor local project activity and to ensure compliance with federal requirements by all subrecipients (Federal Transit Administration Circular C\_9040.1f, Page II-3). The Department monitors its subrecipients' compliance with federal requirements through several methods. As part of its monitoring process, the Department's public transportation coordinators conduct monthly invoice reviews to ensure that subrecipients comply with matching, cash management, period of availability, and program income requirements. Those reviews do not include a review for the allowability of items that subrecipients purchase with federal funds; however, the Department conducts quarterly on-site visits that include a limited review of transactions for allowable costs and activities.

The Department also conducts annual compliance reviews of its subrecipients. Those reviews cover nine program areas. In addition, public transportation coordinators are expected to review subrecipients' real property acquisitions to verify that an appraisal was performed prior to a subrecipient's purchase of real property.

During fiscal year 2011, the Department did not consistently conduct during-the-award monitoring activities for all subrecipients. Specifically:

- For 1 (10 percent) of 10 of subrecipients tested, the Department did not perform an annual compliance review for fiscal year 2011. That subrecipient received less than \$500,000 in federal funds during fiscal year 2011; as a result, it was exempt from the requirement to obtain a Single Audit as specified in OMB Circular A-133, Section .200. Because the subrecipient was not required to obtain a Single Audit, it was particularly important for the Department to conduct an annual compliance review at this subrecipient to monitor the subrecipient's compliance with federal requirements.
- For 1 (10 percent) of 10 of subrecipients tested, the Department did not conduct required quarterly on-site visits for three consecutive quarters. As a result, the Department did not properly monitor this subrecipient for compliance with allowable costs requirements
- For the only subrecipient tested that acquired real property during fiscal year 2011, the Department did not verify that the subrecipient obtained an appraisal prior to purchasing the real property. Specifically, the Department did not verify that an appraisal was performed or ensure that an appraisal was reviewed by a state certified appraiser. The subrecipient purchased the property for \$42,655.
- For 2 (29 percent) of 7 of subrecipients tested, the Department could not provide evidence that it monitored the subrecipients' compliance with requirements of the Davis-Bacon Act.

While the Department has developed processes to monitor its subrecipients through annual compliance reviews and quarterly on-site visits, it has not consistently implemented those processes. Additionally, the Department has not established a standardized process to monitor its subrecipients' compliance with requirements for real property acquisitions or with the Davis-Bacon Act.

When the Department does not consistently conduct quarterly and annual on-site visits at subrecipients, this increases the risk that subrecipient noncompliance could go undetected.

**Recommendations:**

The Department should:

- Include the federal award number in award documentation it provides to all subrecipients.
- Communicate required Recovery Act information at the time of disbursement of funds.
- Conduct annual compliance reviews for all subrecipients.
- Conduct quarterly on-site monitoring visits for all subrecipients.

## **TRANSPORTATION, DEPARTMENT OF**

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- Develop and implement a standard monitoring process to ensure subrecipient compliance with requirements for real property acquisition and the Davis-Bacon Act.

**Management Response and Corrective Action Plan:**

*As reported by the SAO, the Division has established new contract templates as of July 2010 that includes all required information. The Division will review active grants awarded prior to July 2010 and communicate additional information to grantees.*

*As reported, the Division has procedures to monitor subrecipients through annual compliance reviews and quarterly on-site visits. Field staff has received additional training and guidance to ensure consistent application of monitoring procedures.*

*The Division will evaluate controls in place to monitor compliance with real property acquisition and the Davis-Bacon Act. Currently a procurement checklist form is used to monitor compliance.*

*Implementation Date:*      June 2012

*Responsible Person:*      Cheryl Mazur

## University of Houston

Reference No. 12-150

### Eligibility

#### Special Tests and Provisions - Institutional Eligibility

##### Student Financial Assistance

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104166, CFDA 84.063 P063P102333, CFDA 84.268 P268K112333, CFDA 84.375 P375A102333, CFDA 84.376 P376S102333, CFDA 84.033 P033A104166, and CFDA 84.379 P379T112333

Type of finding - Significant Deficiency and Non-Compliance

##### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 5,591

U.S. Department of Education

**For 31 (52 percent) of 60 students tested, the University of Houston (University) did not correctly calculate COA based on published budgets.** Specifically, 26 students had room and board or transportation budgets that did not match the University's published budgets, 1 student had a book budget that did not match the University's published budgets, and 2 students had tuition budgets that did not match the University's published budgets; for the final 2 students, the University's published less-than-half-time-budgets did not tie to the COA that the University established for those 2 students in its financial aid system. Automated controls testing confirmed that budget tables within the financial aid system did not match published budgets. The University did not always correctly enter COA budgets into its financial aid system. In addition, the University asserted that published amounts may change due to legislative or University of Houston System mandates, but that the financial aid function does not always update budget tables within the financial aid system to reflect those changes. As a result of these errors, two students received Direct Loans associated with award P268K112333 totaling \$1,391 in excess of their COA.

##### Federal Pell Grants

For the federal Pell Grant program, the payment and disbursement schedules that the U.S. Department of Education provides each year are used for determining award amounts (Title 34, Code of Federal Regulations, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students. Additionally, a student's eligibility for a Pell Grant must first be determined and considered before a student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, Code of Federal Regulations, Section 685.200).

For 1 (3 percent) of 32 Pell Grant recipients tested, the University incorrectly calculated and awarded the student's Pell Grant amount. The University awarded and disbursed the grant based on full-time enrollment when the student was budgeted and enrolled three-quarters time. This resulted in an excess of \$425 in Pell Grant assistance awarded to the student; those funds were associated with award P063P102333. The error occurred because the University did not manually adjust the student's budget correctly.

##### Federal Supplemental Educational Opportunity Grant (FSEOG)

The FSEOG program provides grants to eligible undergraduate students. Priority is given to Federal Pell Grant recipients who have the lowest EFC. Institutions decide the amount of the grant, which can be up to \$4,000 but not less than \$100 for an academic year. The maximum amount may be increased to \$4,400 for a student participating

in a study abroad program that is approved for credit by the student's home institution (Title 34, Code of Federal Regulations, Sections 676.10 and 676.20).

The University awarded FSEOG assistance to one student who did not receive a Pell Grant. The University's financial aid office asserted that the student was listed as a graduate on the student's Institutional Student Information Record (ISIR) and was considered ineligible to receive a Pell Grant. However, after the University determined that the student was not a graduate and, therefore, was eligible for a Pell Grant, it awarded the student FSEOG but it did not adjust the Pell Grant award.

Post-baccalaureate Students

A student is eligible to receive a FSEOG for an award year if the student meets the relevant eligibility requirements in Title 34, Code of Federal Regulations, Section 668.32; is enrolled or accepted for enrollment as an undergraduate student; and has financial need (Title 34, Code of Federal Regulations, Section 676.9). A student is eligible to receive a Pell Grant for the period of time required to complete his or her first undergraduate course of study (Title 34, Code of Federal Regulations, Section 690.6).

Based on a review of the population of students who received assistance during the award year, the University awarded a Pell Grant and an FSEOG award to one post-baccalaureate student who had previously graduated and, therefore, was not eligible for that assistance. Questioned costs resulting from that error include \$2,775 in Pell Grant funds associated with award P063P102333 and \$1,000 in FSEOG funds associated with award P007A104166. The student graduated in Summer 2010; however, the student's degree was not posted until October 8, 2010. The University did not have a review process to identify potential post-baccalaureate graduated students in a timely manner. As a result, the University incorrectly awarded the student assistance in Fall 2010.

Institutional Eligibility

Institutions must establish and publish reasonable standards for measuring whether eligible students are maintaining satisfactory progress in their educational program. These standards must include a quantitative component that consists of a maximum time frame for completion of the education program. That time frame must, for an undergraduate program, be no longer than 150 percent of the published length of the educational program. Additionally, it must be divided into increments not to exceed the lesser of one academic year or one-half the published length of the educational program. Furthermore, it must include a schedule designating the minimum percentage or amount of work a student must successfully complete at the end of each increment to complete his or her education program within the maximum time frame (Title 34, Code of Federal Regulations, Section 668.16(e)(2)).

**For the 2010-2011 award year, the University's satisfactory academic progress (SAP) policy allowed for a maximum program length that exceeded 150 percent of the published length of the educational program.** This occurred because the University did not have a sufficient review process to ensure that its SAP policy met the minimum federal requirement. Establishing a SAP policy that does not comply with all federal requirements could result in the University awarding federal assistance to students who are not eligible to receive assistance.

Recommendations:

The University should:

- Ensure that the COA budgets in the financial aid system match published budgets.
- Ensure that it correctly calculates and reviews Pell Grant awards based on enrollment.
- Ensure that it disburses FSEOG funds to eligible students who have already received Pell Grant funds.
- Establish a review process to identify students who have recently graduated prior to disbursing financial assistance.
- Update its SAP policy to meet minimum federal requirements.
- Establish a review process to ensure that its SAP policy meets minimum federal requirements.

Management Response and Corrective Action Plan:

We have modified our procedures to maintain an archive of all published budgets in the event the estimated COA is adjusted subsequent to the Financial Aid packaging process. We have reviewed the budgeting functionality within the Financial Aid System and have made adjustment to help ensure that student COA calculations match with the published budgets. We determined that the incorrect Pell Grant awards resulted from the Financial Aid System's use of an incorrect university census date. We have modified the Financial Aid System to help ensure that the correct university census date is used in the calculation. This modification in addition to the budgeting adjustment will help ensure that Pell Grant awards are accurately calculated and reviewed. We will modify our procedures to generate and review a report of all students scheduled to graduate prior to disbursing financial assistance. We have implemented reconciliation procedures for FSEOG to ensure that these funds do not disburse to students who do not receive Pell and to help ensure that all Pell recipients are awarded. We have updated our Satisfactory Academic Progress (SAP) policy to comply with Federal requirements and we have developed a periodic review process to help ensure that the SAP minimum Federal requirements are continuously met.

*Implementation Date:* December 2011

*Responsible Persons:* Sal Loria, Izzy Anderson and Jessica Thomas

Reference No. 12-151

**Reporting**

(Prior Audit Issues 11-151, 10-94, and 09-83)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.063 P063P102333**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2011, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-22) and Title 34, Code of Federal Regulations, Section 690.83). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-34)).

Questioned Cost: \$ 0

U.S. Department of Education

**For 13 (22 percent) of 60 students tested, the University of Houston (University) did not report disbursements to the COD System within 30 days of the disbursement for the Fall 2010 or Spring 2011 semesters.** The University reported them to the COD System between 33 and 104 days after it made those disbursements. The University attributed those errors to personnel changes in Fall 2010 and to issues in the management of its Pell program. Specifically, the University asserted that those errors occurred because it did not resolve data inconsistencies that caused the COD System to reject some files, which resulted in those disbursement records not being successfully submitted to the COD System in a timely manner.

**Additionally, for 6 (46 percent) of the 13 students discussed above, the University reported the incorrect disbursement dates to the COD System. For those 6 students, the University incorrectly reported the date it disbursed funds as the date it submitted disbursement records to the COD System.** As a result, disbursements that occurred on January 18, 2011, or February 9, 2011, were incorrectly reported to the COD System with disbursement dates in April 2011. The University attributed those issues to manual data entry errors that it made

when it manually submitted disbursement records to the COD System after it had determined that the COD System had rejected some files due to data inconsistencies.

As a result of the errors described above, the U.S. Department of Education did not receive timely or accurate Pell disbursement data for some disbursements during the award year.

Recommendations:

The University should:

- Submit Pell disbursement reports to the COD System within the required 30-day time frame.
- Report the actual disbursement date of Pell disbursements to the COD System.

Management Response and Corrective Action Plan:

*We have implemented procedures that will help ensure that all Pell disbursement reports to the COD System are submitted within the required 30-day time frame. Procedures are in place to help ensure that the actual disbursement date is transmitted to the COD System within the same file. We have identified issues that prevented these items from being submitted electronically and in a timely manner and have implemented procedures that will help eliminate the need for manual data reconciliation.*

*Implementation Date: December 2011*

*Responsible Persons: Izzy Anderson and Claudia Guzman*

Reference No. 12-152

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 11-153, 10-97, and 09-86)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104166, CFDA 84.063 P063P102333, CFDA 84.268 P268K112333, CFDA 84.375 P375A102333, CFDA 84.376 P376S102333, and CFDA 84.379 P379T112333**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Section 668.22(a)).

Questioned Cost: \$17,365

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or returned to the U.S. Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(j)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV

grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(e)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

When a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return, and it must determine which funds were disbursed directly to a student. For funds that were disbursed directly to the student, the institution must notify the lender or the Secretary of the U.S. Department of Education that the student did not begin attendance so that the Secretary can issue a final demand letter (Title 34, Code of Federal Regulations, Section 668.21). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21(b)).

**For 2 (6 percent) of 35 students tested who began attendance and later withdrew, the University of Houston (University) incorrectly calculated the amount of Title IV assistance earned and the amount to be returned.** The University used incorrect withdrawal dates in its return calculations, resulting in an incorrect determination that it did not need to return any funds. Based on the correct withdrawal dates, the University should have returned \$2,655 in Direct Loan funds and the two students should have returned \$2,978 in Direct Loan funds associated with award number P268K112333

**For 2 (6 percent) of 32 students who never began attendance, the University did not make required returns of Title IV funds.** The University did not request proof of course completion forms from those students and, as a result, it did not make required returns. Those two errors resulted in questioned costs of \$2,775 in Pell Grant funds associated with award P063P102333 and \$8,957 in Direct Loan funds associated with award P268K112333.

**Additionally, for 1 (3 percent) of 32 students tested who never began attendance, the University did not return funds within the required time frame.** Although this student was identified as an unofficial withdrawal, the University did not follow up on a deadline extension it granted the student for submission of acceptable proof of course completion documentation. As a result, funds were not returned until July 2011.

**For all 39 students tested who were identified as unofficial withdrawals, the University did not determine the withdrawal dates within the required 45-day time frame.** Specifically:

- For 31 students, the University determined withdrawal dates between 10 and 15 days late. The University implemented new procedures to identify unofficial withdrawals during Fall 2010; those procedures required students who received all Fs in a semester to complete a proof of course completion form providing evidence that they had attended at least one class. However, the University incorrectly used the dates it sent the forms to students as its determination of the withdrawal date, instead of the date it actually determined that the students had withdrawn or never attended.
- For 6 students with unofficial Fall semester withdrawals, the University's determination of the withdrawal date ranged between 63 days and 206 days after the end of the semester. The University granted two students deadline extensions for submission of acceptable proof of course completion documentation, and it did not identify 4 students as unofficial withdrawals until later in the Spring semester.
- For 2 students, the University did not make a required return as discussed above. The University did not request a proof of course completion documentation from those students. As a result, it did not determine the students' withdrawal dates.

Recommendations:

The University should:

- Use the correct withdrawal dates in its Title IV fund return calculations.
- Return Title IV funds no later than 30 days after it becomes aware that a student will not or has not begun attendance.
- Update its written procedures to clarify the time line to use for determining a student's withdrawal date and for returning Title IV funds. The University should use the actual date that it determined the withdrawal date for a student who withdraws without providing notification as the "institution determination date," and it should ensure that this date is no later than 30 days after the end of the semester. The University also should ensure that it identifies all unofficial student withdrawals in a timely manner to help ensure the completeness of Title IV fund returns processing.
- Implement additional review controls to ensure that it consistently applies its written guidelines for (1) sending out proof of course completion form requests to all students with unofficial withdrawals, (2) enforcing deadlines it grants to students for returning acceptable proof of course completion documentation, and (3) processing the documentation it receives.

Management Response and Corrective Action Plan:

*We have modified our procedures to help ensure that all staff use the correct withdrawal date on the Title IV Return calculation. We have implemented procedures to identify students that require a Return of Title IV calculation within the required 30 day time frame after we become aware of the students' non-attendance. Written procedures have been modified to clarify the timeline for determining a student's withdrawal date. Procedures are in place to identify unofficial withdrawals in a timely manner and to help ensure that the "institution determination date" is used in the Return of Title IV calculation. Additionally, staff are now required to implement procedures for managing the Proof of Course Completion Forms (PCCF) process by sending them out timely, enforcing deadlines and processing the documentation provided to the Financial Aid Office.*

*Implementation Date:* December 2011

*Responsible Persons:* Jessica Thomas and Candida DuBose

Reference No. 12-153

**Special Tests and Provisions - Enrollment Reporting**

(Prior Audit Issues 11-154, 10-98, 09-87, 08-74, and 07-58)

**Student Financial Assistance Cluster**

**Award year- July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K112333**

**Type of finding - Significant Deficiency and Non-Compliance**

Unless an institution expects to submit its next student status confirmation report to Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b)).

Questioned Cost:	\$ 0
U.S. Department of Education	

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports

all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes, when required, to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.4).

**For 10 (17 percent) of 60 student status changes tested, the University did not report the status change to NSLDS.** The University must report a student status change to NSLDS within the required time frame to ensure that accurate data is maintained regarding the students loan status. The 10 students never attended classes and were considered unofficial withdrawals from the University.

**The University does not have an adequate process to report enrollment status to NSLDS for withdrawn students.** Without an adequate process to ensure accurate and timely reporting, the University is not able to detect non-compliance and take appropriate and timely action to address issues. Inaccurate and delayed information affects determinations made by lenders, servicers of student loans related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

Recommendation:

The University should ensure that it has a process to report all students status changes accurately to NSLDS within the required time frame.

Management Response and Corrective Action Plan:

*Procedures have been implemented to help ensure that all unofficial withdrawals are reported to the NSC within the required timeframe and to help ensure that student status changes are reported to NSLDS in a timely manner.*

*Implementation Date: December 2011*

*Responsible Persons: Jessica Thomas and Candida DuBose*

Reference No. 12-154

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**  
(Prior Audit Issue 11-155)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K112333**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file, which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to its financial records. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 685.303).

Questioned Cost:	\$ 0
U.S. Department of Education	

**For 4 (7 percent) of 60 students tested, the University of Houston (University) did not report disbursements to the COD System within 30 days of the disbursement for the Fall 2010 or Spring 2011 semesters.** The University reported those disbursements to the COD System between 31 and 199 days after it made them. This

occurred because the University did not adequately follow up on disbursement transactions that the COD System rejected to ensure that the University could correct transactions in a timely manner.

**For 1 (25 percent) of the 4 students discussed above, the University reported the incorrect disbursement date to the COD System.** The University attributed this error to a manual data entry error, which occurred when the University was attempting to correct a disbursement transaction the COD System had rejected.

As a result of the errors described above, the U.S. Department of Education did not receive timely or accurate Direct Loan disbursement data for some disbursements during the award year.

**In addition, the University did not reconcile SAS data files to its financial records during the award year.** The University's financial aid office was unaware of the reconciliation requirement and, therefore, it had not implemented a process to reconcile SAS data files to its accounting records. Failure to prepare accurate and timely reconciliations between SAS data files and financial records increases the risk that Direct Loan disbursement data reported to DLSS could be inaccurate and incomplete.

Recommendations:

The University should:

- Submit Direct Loan disbursement reports to the COD System within the required 30-day time frame.
- Report the actual disbursement date of Direct Loan disbursements to the COD System.
- Implement a process to reconcile SAS data files to its financial records on a monthly basis.

Management Response and Corrective Action Plan:

*We have implemented procedures that will help ensure that all loan disbursement reports to the COD System are submitted within the required 30-day time frame. Procedures are in place to help ensure that the actual disbursement date is transmitted to the COD System within the same file. We have identified issues that prevented these items from being submitted electronically and in a timely manner and have implemented procedures that will help eliminate the need for manual data reconciliation. New procedures have been implemented to reconcile financial records of loan disbursements against SAS data files on a monthly basis.*

*Implementation Date: December 2011*

*Responsible Persons: Jessica Thomas and Lear Hickman*

## University of North Texas

Reference No. 12-155

### Eligibility

#### Special Tests and Provisions - Institutional Eligibility

##### Student Financial Aid Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.033 P033A104085, CFDA 84.375 P375A102293, CFDA 84.376 P376S102293, CFDA 84.379 P379T112293, CFDA 84.007 P007A104085, CFDA 84.268 P268K112293, and CFDA 84.063 P063P102293

##### Type of finding - Significant Deficiency and Non-Compliance

##### Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost: \$ 0  
U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations (CFR), Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

**The University of North Texas (University) uses full-time COA budgets to determine COA for all students receiving financial assistance who enroll prior to the start of the term, regardless of each student's actual or expected enrollment.** For 1 (2 percent) of 60 students tested, the University based the students' COA on full-time enrollment, although the student indicated that the student would attend less than full time. As a result of that error, the University overawarded the student \$191 in Federal Direct Loans for award P268K112293. However, the University returned those funds on October 3, 2011, after auditors brought this matter to its attention. Using a full-time COA budget to estimate COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need.

##### Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act (HEA) Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy must be the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving assistance. Additionally, the SAP policy should include a qualitative component that consists of grades, work projects completed, or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (Title 34, CFR, Section 668.16(e)).

**The University's SAP policy is not as strict as its standards for a graduate student who is not receiving Title IV funds.** Specifically, the University's policy for financial aid eligibility requires graduate students to have a cumulative grade point average of 2.75 to receive financial assistance. However, the University's institutional policy requires graduate students to maintain a 3.0 grade point average to remain in good academic standing. This results in an increased risk that the University could award financial assistance to students who meet the financial aid SAP policy, but who do not meet the University's institutional requirements to remain in good academic standing.

Recommendations:

The University should:

- Determine each student's COA and financial need based on the student's expected or actual enrollment.
- Ensure that its SAP policy for graduate students receiving financial assistance is at least as strict as its institutional requirements to remain in good academic standing.

Management Response and Corrective Action Plan:

*Management acknowledges the recommendation of the auditors to base each student's COA and financial need on the student's expected or actual enrollment.*

*Implementation Date: December 2011*

*Responsible Persons: Zelma DeLeon and Lacey Thompson*

*Management acknowledges the necessity to revise and update its Satisfactory Academic Progress Policy for graduate students to have a cumulative grade point average of 3.0 to receive financial assistance and be as strict as UNT's requirements for students to remain in good academic standing.*

*Implementation Date: August 2011*

*Responsible Persons: Zelma DeLeon and Lacey Thompson*

## University of Texas at Arlington

Reference No. 12-156

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104177, CFDA 84.033 P033A102335, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P102335, CFDA 84.268 P268K112335, CFDA 84.375 P375A102335, CFDA 84.376 P376S102335, CFDA 84.379 P379T112335, CFDA 93.264 E01HP12986, and 93.408 E0AHP18918

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Questioned Cost: \$ 188  
U.S. Department of Education  
U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 668.2, and 690.2).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**For the 2010-2011 award year, the University of Texas at Arlington (University) used full-time budgets to determine COA for all students receiving assistance, regardless of each student's actual or expected enrollment. As a result, for 3 (5 percent) of 61 students tested, the University based the COA on full-time enrollment, although the students indicated that they would attend less than full-time.** Using a full-time COA budget to calculate the COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to calculate COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

### Academic Competitiveness Grant

The Academic Competitiveness Grant (ACG) program provides grants to eligible students enrolled as first-year or second-year students in an ACG-eligible program. Grants are up to \$750 for first-year students and \$1,300 for second-year students (Title 34, Code of Federal Regulations, Sections 691.6 and 691.62). A student who meets certain requirements is eligible to receive an ACG if the student is receiving a federal Pell Grant disbursement in the same award year (Title 34, Code of Federal Regulations, Section 691.15).

Based on a review of the entire population, **the University disbursed an ACG award of \$188 to one student who did not receive a federal Pell Grant for the same award period.** In June 2011, the University asserted that it determined that the student was enrolled full-time at another institution. As a result, the University canceled the student's federal Pell Grant, but it did not cancel the ACG award. This exception was associated with award P375A102335.

Recommendations:

The University should:

- Calculate each student's COA based on the student's actual or expected enrollment status.
- Ensure that it awards ACG only to students who also received a federal Pell Grant for the same award period.

Management Response and Corrective Action Plan:

*Cost of Attendance*

*The University has contacted all spring 2012 financial recipients and requested information if the student intended to enroll in less than full time hours at UT Arlington. Spring COA budgets have been calculated based on expected enrollment information provided by the student and aid adjusted if necessary.*

*We are working with the Office of Information Technology (OIT) to implement a process so that students will enter their enrollment plans into a page that will automatically update the Financial Aid system. Once identified, COA budgets and aid for these students will be adjusted prior to enrollment.*

*Implementation Dates:* November 1, 2011 for spring 2012  
February 15, 2012 for 2012-2013

*Responsible Persons:* Karen Krause and Beth Reid

*Academic Competitiveness Grant*

*The Federal Pell Grant for this student was cancelled due to a Multiple Reporting Record situation with another school. The ACG should have been cancelled at the same time. Upon discovery of the error, UT Arlington cancelled the ACG award and returned the funds to the U.S. Department of Education. The ACG Program was not funded beyond the 2010-2011 award year, so this error cannot occur in the future.*

*Implementation Date:* November 1, 2011

*Responsible Person:* Karen Krause

Reference No. 12-157

**Reporting**

(Prior Audit Issue 10-109)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.063 P063P092335 and P063P102335**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2011, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-22) and Title 34, Code of Federal Regulations, Section 690.83). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-34)).

Questioned Cost: \$ 0

U.S. Department of Education

**For 8 (13 percent) of 60 students tested, the University of Texas at Arlington (University) did not report the date and amount of Pell disbursement to the COD System within 30 days.** The University reported those disbursements to the COD System between 13 and 21 days late. The University's financial aid system will not transmit information to the COD System if a student's disbursed amount does not match the scheduled award amount, and this will continue until the University makes a manual adjustment. The University did not have an adequate process during the Fall 2010 semester to identify and correct those discrepancies. The University refined its query and review procedures, and auditors did not identify any exceptions in the Spring 2011 semester. Failure to report correct amounts in a timely manner results in inaccurate information in the COD System.

Recommendations:

The University should:

- Adjust and report Pell disbursement amounts in a timely manner.
- Identify and correct reporting errors in a timely manner.

Management Response and Corrective Action Plan:

*To ensure timeliness of reporting, the financial aid staff has developed a series of reports to identify students whose records do not transmit to COD due to the disbursed award being prorated for less than full time enrollment.*

*Correcting the awards to match the disbursed amounts is a staff priority as is evidenced by the fact that there were no errors in the 2011 spring term. We are also working with OIT toward an automated solution to update the awards through a batch process.*

*Implementation Date: January 1, 2011 for the 2011 spring term – UT Arlington recognized the problem from the fall, 2010 and resolved the issue for the 2011 spring term*

*Responsible Persons: Karen Krause, Beth Reid, Jason Young, and Ron Taylor*

Reference No. 12-158

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P102335, CFDA 84.268 P268K112335, CFDA 84.007 P007A104177, CFDA 84.033 P033A102335, CFDA 84.375 P375A102335, CFDA 84.376 P375S102335, CFDA 84.379 P379T112335, CFDA 93.264 E01HP12986, and CFDA 93.408 E0AHP18918**

**Type of finding - Significant Deficiency and Non-Compliance**

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

Questioned Cost:	\$ 0
U.S. Department of Education	
U.S. Department of Health and Human Services	

Policies and procedures for verification must include: (1) the time period within which an applicant shall provide the documentation; (2) the consequences of an applicant's failure to provide required documentation within the specified time period; (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's expected family contribution (EFC) changes and results in a change in the applicant's award or loan; (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error; and (5) the procedures for making referrals under Title 43, Code of Federal Regulations, Section 668.16. The procedures must provide that the institution shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of application information, including the deadlines for completing required actions and the consequences of failing to complete any required action (Title 34, Code of Federal Regulations, Section 668.53).

**For 1 (2 percent) of 60 students tested, the University of Texas at Arlington (University) did not accurately verify the amount of the student's U.S. income tax paid when reviewing FAFSA information.** For that student, the University understated the student's EFC by \$713, resulting in an overaward of a Pell Grant by \$525.

**For 1 (2 percent) of 60 students tested, the University did not accurately verify the amount of the parents' AGI when reviewing FAFSA information.** For that student, the University overstated the student's EFC by \$1,379, resulting in an underaward of a Pell Grant by \$1,400.

Each of those issues resulted from manual errors the University made during the verification process. The two errors combined resulted in Pell Grants being underawarded by a net \$875. The University corrected the errors in August 2011 and adjusted the Pell Grant awards accordingly.

In addition, the University's policies and procedures for the verification process did not meet 6 of the 7 applicable requirements. Specifically, the University's verification policies and procedures did not include:

- The period within which applicants selected for verification are required to provide documentation.
- Consequences for failure to produce documentation within the specified period.
- The methods by which the University notifies applicants of the results of verification and any resulting changes in the applicant's EFC or award or loan amounts.
- The procedures that the University requires applicants to follow to correct application information determined to be in error.
- The procedures for making referrals under Title 34, Code of Federal Regulations, Section 668.16.
- A requirement that, in a timely manner, the University will provide the applicants selected for verification with a clear explanation of each applicant's responsibilities with respect to the verification of application

information, including the deadlines for completing the required actions and the consequences of failing to complete any required action.

Having inadequate policies and procedures increases the risk that the University may not perform verification in accordance with federal requirements.

Recommendations:

The University should:

- Implement controls to verify FASFA information, correctly update its records, and request an updated ISIR when required.
- Ensure that its verification policies and procedures include all required elements.

Management Response and Corrective Action Plan:

*The university has conducted additional training with the verification staff to ensure that they have sufficient knowledge to complete the verification process accurately. We have also implemented a process to review a large sample of verified records for accuracy for all verification components. Such review will take place in November each year.*

*Implementation Date: November 15, 2011*

*Responsible Persons: Jason Young, Margaret Humphries, and Norma Canter*

*The University has always met all of the required verification policies and procedures in terms of notifying students of the verification components; however, the components were written in multiple places. They have now all been combined into one policy and procedure statement that meets the requirements.*

*Implementation Date: October 1, 2011*

*Responsible Persons: Jason Young and Karen Krause*

Reference No. 12-159

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Audit Issue 10-111)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.379 P379T112335**

**Type of finding - Significant Deficiency and Non-Compliance**

If an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to

Questioned Cost:	\$ 0
U.S. Department of Education	

cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

**The University of Texas at Arlington (University) did not send disbursement notifications for 148 (98 percent) of 151 TEACH Grant disbursements for the 2010-2011 award year.** The University uses separate queries to produce TEACH Grant disbursement notifications and Direct Loan and Perkins Loans disbursement notifications, and it did not run the query for TEACH Grant disbursement notifications during the 2010-2011 award year. The University disbursed \$215,356 in TEACH Grants for that award year. Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans or TEACH Grants.

**Recommendation:**

The University should ensure that it notifies all TEACH Grant recipients of their disbursements within 30 days of crediting their account.

**Management Response and Corrective Action Plan:**

*Due to a change in staffing, the TEACH Grant right to cancel disclosures were not sent to students. The query was in place to identify TEACH Grant recipients, and all TEACH Grant recipients beginning with the fall, 2011 term have been sent the appropriate notice. A copy of the notice is electronically kept in each individual student's file.*

*Implementation Date: October 1, 2011*

*Responsible Person: Jon Rodriguez*

Reference No. 12-160

**Special Tests and Provisions - Return of Title IV Funds**  
(Prior Audit Issue 10-112)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.063 P063P102335, CFDA 84.268 P268K112335, CFDA 93.264 E01HP12986, CFDA 93.408 E0AHP18918, CFDA 84.379 P379T112335, CFDA 84.007 P007A104177, CFDA 84.033 P033A102335, CFDA 84.375 P375A102335, CFDA 84.376 P376S102335, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (3)-(4)).

Questioned Cost: \$7,060

U.S. Department of Education  
U.S. Department of Health and Human Services

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more

than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(e)).

**For 3 (5 percent) of 59 students tested who began attendance, the University of Texas at Arlington (University) incorrectly calculated the amount of Title IV assistance earned and, as a result, the amount of Title IV funds to be returned.** The University used incorrect semester end dates in its calculations, which resulted in an incorrect calculation of the percentage of the semester the students completed. This occurred because the University manually enters the enrollment period used to calculate the percentage of funds earned into its financial aid application, and it does not have a sufficient review process to ensure the accuracy of that information. The issue affected all students who had a return in the Summer 2010 semester and resulted in \$2 in questioned costs associated with Pell Grant award P063P102335 and \$16 in questioned costs associated with Direct Loan award P268K112335. The University subsequently identified an additional \$424 to return as a result of this issue.

**In addition, for 6 (16 percent) of 37 students tested who began attendance, the University did not return funds until after auditors brought the necessary returns to its attention. As a result, the University did not complete returns within 45 days of the date it determined that the students withdrew.** While it calculated and returned the correct amount for those students after auditors brought this matter to its attention, the University's lack of sufficient review over manually initiated returns prevented it from detecting and correcting the oversight prior to the audit work. The University identified the students as needing a return, but it did not manually initiate the procedure to perform the returns for those students. Not returning funds in a timely manner reduces federal funds available for disbursement and increases the risk that the institution may not properly return funds.

**Finally, for 4 (67 percent) of 6 students tested who did not begin attendance, the University did not return all funds.** Those four students unofficially withdrew from the University, and the University could not provide evidence that they attended at least one class during the enrollment period. Although the University did not have evidence that the students attended, its financial aid office used the semester midpoint when calculating the amount of aid to return for those students; as a result, it returned only 50 percent of funds for those students. Additionally, three of those four students received Direct Loans, and the University did not notify the Secretary of the U.S. Department of Education that they had never attended. These errors resulted in the University not returning all funds for the four students and resulted in questioned costs of \$347 associated with Pell Grant award P063P102335 and \$6,695 in questioned costs associated with Direct Loan award P268K112335. The University asserted that it had 391 unofficial withdrawals during the award year.

Recommendations:

The University should:

- Ensure that it performs calculations and returns funds in a timely manner.
- Ensures that it returns all necessary funds.
- Establish and implement a sufficient review process to ensure that it calculates and processes manually initiated returns in a timely manner.
- Correctly identify and return funds for students who never attended classes.

## UNIVERSITY OF TEXAS AT ARLINGTON

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### Management Response and Corrective Action Plan:

*To ensure that the university performs the R2T4 calculations and returns funds in a timely manner, we have worked with the Office of Admissions, Records and Registration to establish the term beginning, ending, and 60% dates for the next two calendar years. These dates have been shared with the FAO staff.*

*Additional training has occurred to ensure that staff understands the R2T4 calculation process. The training included information regarding the required timeframe to return funds and the R2T4 calculation process itself.*

*We have verified that the reports currently being used indicating students who have withdrawn are working properly.*

*Beginning with the fall, 2011 term, we have changed our policy regarding students who receive term grades of all Fs so that we will assume that the student never began attendance in calculating the appropriate amount of funds to return unless the student can prove that he/she began attendance in the term. Such proof will include graded class assignments, tests, verifiable group project work, verification from faculty of attendance, or other reasonable means that will prove the students attendance in the course. The latest date that can be verified from such documentation will be used as the last date of enrollment for R2T4 calculations.*

*UT Arlington has returned the required funds for the students found by the audit team.*

**Implementation Date:** August 25, 2011 for handling students who receive grades of Fall  
October 25, 2011 additional training and review of withdrawal report

**Responsible Persons:** Lea Anne Sikora, Karen Krause, Beth Reid, and Jon Rodriguez

Reference No. 12-161

### **Special Test and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award number - CFDA 84.268 P268K112335**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file, which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to its financial records. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 685.303).

Questioned Cost:	\$ 0
U.S. Department of Education	

**For 3 (5 percent) of 60 students tested, the University of Texas at Arlington (University) reported incorrect disbursement dates to the COD System more than one year late.** According to the University, transmission errors caused by incorrect data for those three students prevented the timely and accurate reporting of these disbursements to the COD System. The errors were associated with those three students' Summer 2010 disbursements, and the University did not have a compensating control to effectively identify these errors in Summer 2010 (its first semester on the Direct Loan program). The University improved its use of error reports in subsequent semesters, and auditors did not identify any errors for the Fall 2010 or Spring 2011 semesters.

**In addition, the University did not reconcile SAS data files to its financial records during the award year.** Failure to report information to DLSS within required time frames results in inaccurate and incomplete COD System

information. Failure to prepare accurate and timely reconciliations between the financial aid system and DLSS increases the risk that Direct Loan disbursement data reported to DLSS could be inaccurate and incomplete.

Recommendations:

The University should:

- Identify DLSS submission errors in a timely manner.
- Report Direct Loan disbursements to the COD System within required time frames.
- Reconcile SAS data files to its financial records on a monthly basis.

Management Response and Corrective Action Plan:

*The errors concerning incorrect disbursement dates were limited to the first semester that we participated in the Federal Direct Loan Program as cited by the audit review team. We have created sufficient reports and developed appropriate processes to identify such situations that there were no such incidences after the initial term.*

*Steps have been put into place to ensure that in addition to the internal reconciliation that has occurred each month, we are also reconciling the Direct Loan records with the SAS data files on a monthly basis. Staff has attended in person and webinar training to assist in learning best practices in completing this process.*

*Implementation Date: October 1, 2011*

*Responsible Persons: Lea Anne Sikora and Amber Holcomb*

Reference No. 12-162

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - September 1, 2010 to August 31, 2011 and August 15, 2008 to November 30, 2011**

**Award numbers - CFDA 11.611 70NANB5H1005 and 70NANB10H304, and CFDA 81.087 DE-FG36-08GO88170**

**Type of finding - Significant Deficiency and Non-Compliance**

Direct Costs

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations (CFR), Section 220, Appendix A, C.2). In addition, *Cost Principles for Educational Institutions* states that costs associated with contributing to organizations established for the purpose of influencing the outcomes of elections are unallowable (Title 2 CFR, Section 220, Appendix A, J.28(a)(2)).

Questioned Cost: \$ 305

U.S. Department of Commerce

U.S. Department of Energy

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on the actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally supported activities of the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the

aggregate costs of the services. Service rates shall be adjusted at least biennially and shall take into consideration over/under applied costs of the previous period(s) (Title 2 CFR, Section 220, Appendix A, J.47)

**One (2 percent) of 66 direct cost transactions tested at the University of Texas at Arlington (University) was unallowable.** The University paid \$305 for a principal investigator's membership fee in a business league. All membership contributions for the business league are used to support lobbying expenses. The University made the payment using a procurement card and, although the University reviewed the related invoice, the review process did not determine that the fee would be used for lobbying.

**In addition, 2 (3 percent) of 66 direct cost transactions tested were charged to an internal service center that did not comply with requirements for internal services related to the installation of purchased equipment.** The University's service center charged labor expense to the federal award. The rates for labor were not designed to recover only the cost of services to the University. After auditors identified these errors, the University transferred these costs to non-federal accounts.

#### Cost Accounting Disclosure Statement

An institution that receives more than \$25 million in federal funding in a fiscal year must prepare and submit a disclosure statement (DS-2) that describes the institution's cost accounting practices (Title 2 CFR, Section 220, Appendix A, C.14). The institution is required to submit a DS-2 within six months after the end of the institution's fiscal year (Title 2 CFR, Section 220, Appendix A, C.14).

**The University did not prepare and submit a DS-2 to its federal cognizant agency within the required time frame.** In the fiscal year ending August 31, 2010, the University reported spending \$29,288,387 in federal funds on research and development; as a result, the University was required to prepare and submit a DS-2 by February 28, 2011. The University was in the process of preparing the DS-2 during fiscal year 2011 and had delayed completing it until after it had completed an indirect cost rate proposal.

#### Other Compliance Requirements

Although the general controls weaknesses described below apply to cash management, period of availability of federal funds, and procurement and suspension and debarment, auditors identified no compliance issues regarding these compliance requirements.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for two systems.** The University uses the Departmental Financial Information Network (DEFINE) and the Human Resources Management System (HRMS), both of which the University of Texas at Austin hosts. Programmers for those systems have access to migrate code into the production environment, which increases the risk of unauthorized programming changes being made to critical information systems.

#### Recommendations:

The University should:

- Establish and implement procedures to ensure that it does not charge unallowable costs to federal awards.
- Prepare and submit a disclosure statement (DS-2) to its federal cognizant agency within the required time frame.
- Establish and implement a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

- Establish and implement procedures to ensure that it does not charge unallowable costs to federal awards.

*Policies and procedures are in place to help ensure that unallowable costs are not charged to federal awards. Management has confidence that the current process and controls provide assurance to prevent against unallowable costs from being charged to federal awards. Training will be provided to research faculty and staff on campus to further enforce these controls.*

*Implementation Date:*      Ongoing - additional training completed by June 2012

*Responsible Person:*      Sarah Panepinto

- Prepare and submit a disclosure statement (DS-2) to its federal cognizant agency within the required time frame.

*The DS-2 has been submitted to the cognizant agency.*

*Implementation Date:*      Completed

*Responsible Person:*      Kelly Davis

- Establish and implement a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

*UT Austin has provided the following response for the systems they manage (HRMS and DEFINE):*

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Research and Development area will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice we do segregate software development and deployment duties. At present, all change requests within the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the Office of Accounting IT team are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*Implementation Date:*      Change Management - March 2012

*Responsible Person:*      Fred Friedrich

Reference No. 12-163

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - December 1, 2009 to August 31, 2011**

**Award number - CFDA 81.117 DE-EE0002680**

**Type of finding - Significant Deficiency and Non-Compliance**

Subrecipients of Recovery Act Funds

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and amount of Recovery Act funds. In addition, recipients must require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funds (Title 2, Code of Federal Regulations, Section 176.210).

Questioned Cost:	\$ 0
U.S. Department of Energy	

**During fiscal year 2011, the University of Texas at Arlington (University) used Recovery Act funds to pay one entity to conduct work as a subrecipient before it had a signed subrecipient agreement with that entity.** On August 19, 2011, the University made a payment to the entity for work the entity performed; however, the subrecipient agreement was not signed until September 27, 2011. The signed subrecipient agreement contained all required award and reporting information. The University had only one subrecipient that received Recovery Act funds during the fiscal year. By not obtaining a signed subrecipient agreement prior to paying the entity, the University risked expending funds on unallowable costs, obligating funds for unintended costs, and limiting recourse for disputes. In addition, this increased the risk that the entity that received the payment might not properly account for and report Recovery Act funds in its accounting records, SEFA, and other financial reports.

**During fiscal year 2011, the University did not send the required notification at the time of disbursement of funds to its one Recovery Act subrecipient.** The University did not have a process to ensure that it sent that notification at the time of disbursement. The University sent a notification to the subrecipient on September 23, 2011, for a payment it made to the subrecipient on August 19, 2011. Without receiving a notification at the proper time, subrecipients could report inaccurate Recovery Act expenditures. The notification the University sent to the subrecipient contained all required information.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for two systems.** The University uses the Departmental Financial Information Network (DEFINE) and the Human Resources Management System (HRMS), both of which the University of Texas at Austin hosts. Programmers for those systems have access to migrate code into the production environment, which increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The University should:

- Establish and implement procedures to ensure that it makes payments only to subrecipients with which it has signed subrecipient agreements.
- Establish and implement procedures to ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.

- Establish and implement a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

- Establish and implement procedures to ensure that it makes payments only to subrecipients with which it has signed subrecipient agreements.

*Additional procedures have been developed and implemented whereby Grant and Contract Accounting will not authorize payment of invoices without a fully executed subrecipient agreement.*

*Implementation Date:*      Additional Procedures were implemented on October 4, 2011

*Responsible Persons:*      Sarah Panepinto and Nora Tsay

- Establish and implement procedures to ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.

*A procedure has been developed whereby purchasing notifies subrecipients of required ARRA information. UT Arlington has fulfilled all subrecipient obligations; there are no longer any active subrecipient agreements under ARRA awards. No further ARRA disbursements will be made.*

*Implementation Date:*      Implemented

*Responsible Person:*      Sarah Panepinto

- Establish and implement a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

*UT Austin has provided the following response for the systems they manage (HRMS and DEFINE):*

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Research and Development area will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice we do segregate software development and deployment duties. At present, all change requests within the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the Office of Accounting IT team are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*Implementation Date:*      Change Management - March 2012

*Responsible Person:*      Fred Friedrich

## University of Texas at Austin

Reference No. 12-164

### Eligibility

#### Activities Allowed or Unallowed

#### Cash Management

#### Period of Availability of Federal Funds

#### Program Income

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Verification

#### Special Tests and Provisions - Enrollment Reporting

#### Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loans)

### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104173, CFDA 84.033 P033A104173, CFDA 84.038 P038A044173, CFDA 84.063 P063P102336, CFDA 84.268 P268K112336, CFDA 84.375 P375A102336, and CFDA 84.376 P376S102336

### Type of finding - Significant Deficiency and Non-Compliance

#### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component which consists of grades, work projects completed or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum timeframe within which a student must complete his or her education (Title 34, CFR, Section 668.16(e)).

Questioned Cost: \$ 48,271

U.S. Department of Education

According to the University of Texas at Austin's (University) SAP policy, a student who is not making reasonable progress toward his or her education is given a "strike" (or "bar") within the financial aid system. If the student receives three strikes, the student is not eligible for additional financial aid funds without an appeal.

For 1 (2.5 percent) of 40 students tested, the University did not appropriately determine whether the student was making satisfactory academic progress to receive financial aid. This occurred because the University did not incorporate Direct Loans into the financial aid system programming code as an aid type that requires a SAP compliance determination. Additionally, because of other programming errors, the University did not appropriately assign strikes to students who dropped hours but remained eligible for Title IV financial assistance.

As a result of the programming errors discussed above, the University reported that it did not initially perform SAP compliance determinations for 706 students who received Title IV financial assistance during the 2010-2011 award year. The University became aware of the programming errors after it performed SAP compliance determinations for Spring 2011. The University then corrected the programming errors and performed the SAP compliance determinations for the 2010-2011 award year. Based on those determinations, the University asserted that it should have assigned SAP strikes to 176 students who received Title IV financial assistance. Based on the University's review, **5 of those 176 students received Title IV financial assistance when they should have been ineligible to receive that assistance.** For those 5 students, the University calculated \$48,271 in questioned costs, which included:

- \$34,559 in Direct Loans associated with award P268K112336.
- \$2,000 in Federal Perkins Loans associated with award P038A044173.
- \$9,712 in Federal Pell Grants associated with award P063P102336.
- \$2,000 in Federal Supplemental Education Opportunity Grants associated with award P007A104173.

Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, cash management, period of availability of federal funds, program income, special tests and provisions – separate funds, special tests and provisions – verification, special tests and provisions – enrollment reporting, and special tests and provisions – borrower data transmission and reconciliation (direct loans), auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Continue to ensure that its SAP program code assesses all students' compliance with its SAP policy.
- Establish a formal change management process that prevents programmers in the Office of Accounting and Office of Student Financial Services from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Office of Accounting and the Office of Student Financial Services will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice the university has already begun to segregate software development and deployment duties. At present, all change requests within the Office of Student Financial Services and the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the OSFS and Office of Accounting IT teams are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*The Office of Student Financial Services (OSFS), after conducting its own annual SAP program review in May, 2011, discovered the SAP program errors. An immediate analysis was made of the problem, program updates were made, and OSFS re-evaluated 100% of all Title IV recipients for the 2010-11 award year with the updated SAP logic. All affected Title IV recipients were notified and had their eligibility status updated. Of all Title IV recipients, only 5 were identified and deemed ineligible for Title IV during that period.*

*Our office now has controls in place to monitor SAP compliance, which determine any inconsistencies and report them to auditors.*

*Implementation Date:      Design of software deployment tools and procedures - March 2012  
                                  SAP compliance updates - August 2011*

*Responsible Persons:      Design of software deployment tools and procedures - Glenn Friedrich  
                                  SAP compliance - Gloria De Leon*

Reference No. 12-165

**Reporting**

(Prior Audit Issue 11-165)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104173, CFDA 84.033 P033A104173, CFDA 84.038 P038A044173, CFDA 84.063**

**P063P102336, CFDA 84.268 P268K112336, CFDA 84.375 P375A102336, and CFDA 84.376**

**P376S102336**

**Type of finding - Significant Deficiency and Non-Compliance**

Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2011, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-22) and Title 34, Code of Federal Regulations, Section 690.83). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-34)).

Questioned Cost: \$ 0

U.S. Department of Education

**For 7 (12 percent) of 60 students tested, the University of Texas at Austin (University) did not report Pell origination and disbursement records to the COD System within 30 calendar days as required.** In all instances, the University reported the students' records to the COD System 31 calendar days after disbursement. An automated program pulled the students' records prior to 30 calendar days; however, the transmission of the records to the COD System failed. The University discovered the failed transmission 12 calendar days later and successfully transmitted the records at that time. Not reporting disbursements in a timely manner can increase the risk of overawards to students and delay the U.S. Department of Education from receiving accurate Pell disbursement information.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Report origination and disbursement records to the COD System within 30 calendar days in accordance with federal requirements.
- Establish a formal change management process that prevents programmers in the Office of Accounting and Office of Student Financial Services from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Office of Accounting and the Office of Student Financial Services will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.

While not fully controlled by an automated process until March, 2012, in practice the university has already begun to segregate software development and deployment duties. At present, all change requests within the Office of Student Financial Services and the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the OSFS and Office of Accounting IT teams are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.

The University concurs with the finding. Files that missed the 30-day reporting window were caused by two programming issues and by a human error that miscalculated the window deadline date. Once the designated OSFS personnel discovered what caused the errors, actions were taken immediately to fix the issues; and files were successfully re-transmitted. The OSFS is working with its IT section to have more user-friendly, internal Pell error reports delivered to designated personnel on a weekly basis. To avoid future human error, the window deadline date will be confirmed by the area supervisor.

**Implementation Date:**      *Design of software deployment tools and procedures - March 2012  
Pell Programming – June 2012*

**Responsible Persons:**      *Design of software deployment tools and procedures - Glenn Friedrich  
Pell reporting - Gloria De Leon*

Reference No. 12-166

**Special Tests and Provisions - Disbursements To or On Behalf of Students**  
(Prior Audit Issue 11-166)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104173, CFDA 84.033 P033A104173, CFDA 84.038 P038A044173, CFDA 84.063 P063P102336, CFDA 84.268 P268K112336, CFDA 84.375 P375A102336, and CFDA 84.376 P376S102336**

**Type of finding - Significant Deficiency and Non-Compliance**

Disbursement Notifications

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost:	\$ 0
U.S. Department of Education	

**For 2 (4 percent) of 55 students tested who received Direct Loans, the University of Texas at Austin (University) did not send a disbursement notification to the student as required.** In both cases, the disbursements were applied to a previous academic term, which required a manual post-closing adjustment to the students' accounts to properly post the award to the correct period. However, the University's automated program

that sends disbursement notifications to students generates notifications only for disbursements in the current term. Not receiving a disbursement notification could impair a student's or parent's ability to cancel their loans.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Ensure that it sends disbursement notifications to loan or TEACH Grant recipients within 30 days before or after crediting a student's account.
- Establish a formal change management process that prevents programmers in the Office of Accounting and Office of Student Financial Services from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Office of Accounting and the Office of Student Financial Services will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice the university has already begun to segregate software development and deployment duties. At present, all change requests within the Office of Student Financial Services and the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the OSFS and Office of Accounting IT teams are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*The OSFS reviewed processes set in place for disbursement notifications and identified the population that was not being properly notified. The missed population consisted of students whose disbursements were to be applied to a previous academic term. IT has already modified the program to include this population.*

*Implementation Date:*      *Design of software deployment tools and procedures - March 2012*  
*Disbursement Notification - October 2011*

*Responsible Persons:*      *Design of software deployment tools and procedures - Glenn Friedrich*  
*Disbursement Notification - Gloria De Leon*

Reference No. 12-167

### Special Tests and Provisions - Return of Title IV Funds

#### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104173, CFDA 84.033 P033A104173, CFDA 84.038 P038A044173, CFDA 84.063 P063P102336, CFDA 84.268 P268K112336, CFDA 84.375 P375A102336, and CFDA 84.376 P376S102336

Type of finding - Significant Deficiency and Non-Compliance

#### Return of Title IV Funds

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(3)-(4)).

Questioned Cost: \$ 3,354

U.S. Department of Education

When a recipient does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. For remaining amounts of Direct Loan funds disbursed directly to the student for the payment period or period of enrollment, the institution must immediately notify the lender or the Secretary of the U.S. Department of Education, as appropriate, when it becomes aware that the student will not or has not begun attendance, so that the lender or the Secretary of the U.S. Department of Education will issue a final demand letter to the borrower (Title 34, Code of Federal Regulations, Sections 668.21(a)(1) and(2)). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21(b)).

**For 1 (2 percent) of 60 students tested, the University of Texas at Austin (University) processed the student as an “unofficial withdrawal” and calculated the amount of Title IV funds to return using the half-way point in the semester, but the University could not provide evidence that the student attended at least one class for the semester.** Because the University was unable to support that the student attended during the semester, the University should have considered the student “never attended,” and it should have returned all of the \$6,642 in Title IV funds awarded to the student for the semester. Instead, the University determined that only \$3,288 needed to be returned. The \$3,354 in unreturned funds was associated with awards P063P102336 and P268K112336.

When a student receives all Fs in his or her courses for a semester, the University has a process to contact the student's instructors to determine the last date of academic activity. The University then uses that date in its financial aid return calculation. However, if none of the instructors responds to the University's inquiry, the University uses the midpoint of the semester as the last date of attendance for its financial aid return calculation. As a result, students who do not begin attendance for the semester may be allowed to retain unearned Title IV funds.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and

migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Verify that all students who unofficially withdrew actually began attendance.
- Establish a formal change management process that prevents programmers in the Office of Accounting and Office of Student Financial Services from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Office of Accounting and the Office of Student Financial Services will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice the university has already begun to segregate software development and deployment duties. At present, all change requests within the Office of Student Financial Services and the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the OSFS and Office of Accounting IT teams are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*The OSFS re-examined its withdrawal policy and concluded that, even as an ‘institution not required to take attendance,’ we had a responsibility to verify whether a Title IV recipient, who failed to earn at least one passing grade, even began the classes. Our institution initiated this policy change when evaluating summer 2011 unofficial withdrawals. Since then, the institution considers any Title IV recipient who failed to earn at least one passing grade to have ‘never attended’ and therefore cancels all Title IV aid unless academic participation can be documented.*

**Implementation Date:**      *Design of software deployment tools and procedures – March 2012  
Title IV review – August 2011*

**Responsible Persons:**      *Design of software deployment tools and procedures – Glenn Friedrich  
Title IV review- Gloria De Leon*

Reference No. 12-168

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 11-167, 10-116, and 09-91)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104173, CFDA 84.033 P033A104173, CFDA 84.038 P038A044173, CFDA 84.063 P063P102336, CFDA 84.268 P268K112336, CFDA 84.375 P375A102336, CFDA 84.376 P376S102336, and CFDA 93.264 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Loan Deferments and Cancellations**

A borrower may defer making a scheduled installment repayment on a Federal Perkins loan if the borrower is enrolled and in attendance at least half-time as a regular student at an eligible institution. If the borrower is enrolled and attending an institution of higher education at least half-time for a full academic year and intends to enroll at least half-time as a regular student in the next academic year, the borrower is entitled to a deferment for 12 months. If

Questioned Cost:	\$ 0
U.S. Department of Education	
U.S. Department of Health and Human Services	

the borrower provides the institution satisfactory documentation of economic hardship, the borrower need not repay principal, and interest does not accrue for a period of up to one year at a time during which the borrower is suffering an economic hardship (Title 34, Code of Federal Regulations, Section 674.34).

For the Nursing Faculty Loan Program, the institution shall cancel 20 percent of the principle of, and the interest on, the outstanding loan upon completion by the borrower of each of the first, second, and third year of full-time employment as a faculty member in a school of nursing (Title 42, United States Code, Chapter 6A, Subchapter VI, Section 297n-1).

**For 14 (23 percent) of 60 students tested, the University of Texas at Austin (University) incorrectly deferred or partially cancelled a loan or did not retain adequate supporting documentation of the student's qualifications.** Specifically:

- For 12 students, the University deferred the repayment when the students were ineligible for deferment because they had graduated, were not enrolled at an eligible institution, or were enrolled less than half-time.
- For 1 student, the University was unable to provide documentation to support that the student was eligible for the economic hardship deferment the University granted.
- For 1 student, the University partially canceled a Nursing Faculty Loan Program loan for a second year of service before the student was eligible for the cancellation. The University identified the error prior to this audit, but it was unable to reverse the cancellation due to limitations in its accounting system.

In addition, for students who are currently enrolled at the University, the deferment dates recorded in the University's accounting system were not reliable. The University asserts that a programming error incorrectly changed some deferment dates in the accounting system.

The University asserts that the deferment and cancellation issues noted above were due to either manual or programming errors. Deferment or partial cancellation of a student's loan while the student is ineligible for deferment or partial cancellation could result in delayed repayment of the loan.

#### Defaulted Borrowers

Under the Federal Perkins Loan Program, an institution must ensure that it conducts exit counseling with each borrower either in person, by audiovisual presentation, or by interactive electronic means (Title 34, Code of Federal Regulations, Section 674.42(b)(1)).

Institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period. The institution shall inform the borrower about the total amount remaining outstanding on the loan account, including principal and interest accruing over the remaining life of the loan (Title 34, Code of Federal Regulations, Section 674.42(c)(2)).

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)). If the borrower does not respond to the final demand letter within 30 days, the institution shall attempt to contact the borrower by telephone before beginning collection procedures (Title 34, Code of Federal Regulations, Section 674.43(f)).

If the borrower does not satisfactorily respond to the final demand letter or following telephone contact, the institution is required to report the account as being in default to a national credit bureau and either use its own personnel to collect the amount due or engage a collection firm to collect the account (Title 34, Code of Federal Regulations, Section 674.45(a)).

**The University did not consistently perform required collection procedures for defaulted borrowers.** Specifically:

- The University could not provide evidence that it conducted exit interviews with 7 (12 percent) of 60 defaulted borrowers tested. A programming error resulted in students not receiving an exit interview if they withdrew or the University canceled their classes. Not receiving an exit interview could result in borrowers not understanding the requirements and their obligations for the funds they received.
- The University did not send a first overdue notice, second overdue notice, or final demand letter to 2 (3 percent) of 60 borrowers tested. When those borrowers exited forbearance, the University placed them in a hold status, which did not trigger the automated process to send overdue notices or the final demand letter. Borrowers who do not receive overdue notices and final demand letters may not have full knowledge of their loan status and their financial obligation.
- The University did not report the borrower's default status to a credit bureau for 31 (52 percent) of 60 borrowers tested. This occurred because of problems with the University's credit reporting program. Not reporting a borrower's default status to a credit bureau could prevent current and future creditors from having complete information regarding the credit obligations of the borrower.

Additionally, the template for the first grace letter the University sends to borrowers includes the interest rate, but it does not include the interest accruing over the remaining life of the loan. Without complete information about the interest requirements of their loans, borrowers may not be fully aware of their financial obligation.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Improve controls to ensure that all students receive an exit interview.
- Improve controls to ensure that both its manual and automated processes grant deferment and cancellation of loans only to eligible students.
- Retain supporting documentation for students' loan deferment qualifications.
- Send all required notices and letters to borrowers within the required time frames and contain all necessary information.
- Improve controls to ensure that it reports all students whom it is required to report to a credit bureau.
- Establish a formal change management process that prevents programmers in the Office of Accounting and Office of Student Financial Services from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in*

*the Office of Accounting and the Office of Student Financial Services will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice the university has already begun to segregate software development and deployment duties. At present, all change requests within the Office of Student Financial Services and the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the OSFS and Office of Accounting IT teams are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

*The University agrees deferment periods should be accurately recorded for students. A programming error was found that impacted the deferment period if a student was enrolled during consecutive semesters. Procedures have been implemented to review and correct, if necessary, the deferment dates of all students enrolled in consecutive semesters. Testing of the programming change is currently being conducted.*

*We concur that credit information should be reported to students and credit bureaus within the required time frame. Our process was changed as of October 1, 2011 to send the correct warning letters and make the required two collection calls prior to sending loans previously in forbearance to a collection agency. Corrections to the credit reporting program are being conducted now ensuring loans will continue being reported to the credit bureau until paid in full. Also first grace letter change updates have been implemented since December 8, 2011, that now include the estimated amount of interest paid over the life of a loan. This interest information has been part of the Consumer Cost Disclosure that is part of the exit interview packet.*

**Implementation Date:**      *Design of software deployment tools and procedures - March 2012  
Required notices to borrowers and loan deferment changes - January 2012  
Design of software updates - January 2012*

**Responsible Persons:**      *Design of software deployment tools and procedures - Glenn Friedrich  
Required notices to borrowers on loan deferment changes - Karen DeRouen  
Design of software updates - Charles Jones*

Reference No. 12-169

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Procurement and Suspension and Debarment**

**Reporting**

**Special Tests and Provisions - Awards with ARRA Funding**

**Special Tests and Provisions - Key Personnel**

**Special Tests and Provisions - Indirect Cost Limitation**

(Prior Audit Issue 11-168)

**Research and Development Cluster**

**Research and Development Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

**Allowable Costs/Cost Principles**

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the

Questioned Cost:	\$ 0
Federal Agencies that provide R&D Awards	

aggregate costs of the services. Service rates shall be adjusted at least biennially and shall take into consideration over/underapplied costs of the previous period(s) (Title 2, Code of Federal Regulations, Section 220 Appendix A, J.47). Working capital reserves are generally considered excessive when they exceed 60 days of cash expenses for normal operations incurred for the period, exclusive of depreciation, capital costs, and debt principal costs (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 3, Section B).

**The University of Texas at Austin (University) did not ensure that the costs of services provided by specialized service facilities were designed to recover only the aggregate costs of the services. In addition, the University did not adjust service rates as required.**

One (8 percent) of the 13 service centers auditors tested had working capital reserves that exceeded 60 days of cash expenses. During fiscal year 2011, that service center had annual operating expenses of \$806,264 (or average monthly expenses of \$67,189) and a year-end fund balance of \$1,002,304, (approximately 14 months of operating expenses).

It is the University's practice to review fiscal year-end service center fund balances annually to identify service centers with excessive fund balances. In addition, the University reviews its service center rates every two years to ensure that service center rates are appropriate to cover expenses. According to the University, the service center discussed above was scheduled for a review during Fall 2011; however, that review had not been completed at the time of this audit.

#### Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, procurement and suspension and debarment, reporting, special tests and provisions – awards with ARRA funding, special tests and provisions – key personnel, and special tests and provisions – indirect cost limitation, auditors identified no compliance issues regarding these compliance requirements.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University did not have sufficient change management controls for the information systems that its Office of Accounting uses. Specifically, the University has not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer research and development awards.

#### Recommendations:

The University should:

- Establish policies and procedures to ensure that it adjusts service center rates at least every two years and does not maintain working capital balances that exceed 60 days of cash expenses.
- Establish a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

#### Management Response and Corrective Action Plan:

*The University's Handbook of Business Procedures, Service Center Policy Summary, Sections 10.2.5 and 10.2.6 states The Costing & Analysis section of the Office of Accounting will conduct rate reviews on a biennial basis and*

*service centers will have balances reviewed based on the effective balance calculation to determine if surplus balances exist.*

*The University agrees that the review of the service center was not completed by the end of the SAO visit in December. The review of the questioned service center was scheduled to begin December 2011 and will be completed by August 31, 2012. As noted in last year's response to the same finding, the review is a two-year plan and we are in the second year. As of January 2012, 39% of biennial reviews were completed with an additional 29% service centers in-process. The University continues to work towards 100% completion by August 31, 2012.*

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Research and Development area will be in compliance by March 1, 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March, 2012, in practice we do segregate software development and deployment duties. At present, all change requests within the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the Office of Accounting IT team are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

**Implementation Dates:**      *Rate and Service Center Reviews - August 2012  
Change Management - March 2012*

**Responsible Persons:**      *Rate and Service Center Review - Janie Kohl  
Change Management - Dana Cook*

Reference No. 12-170

### **Equipment and Real Property Management**

#### **Research and Development Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

#### Equipment and Real Property Management

A recipient's equipment records for equipment acquired with federal funds and federally owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment.

Questioned Cost:      \$122,856

U.S. Department of Defense  
U.S. Department of Energy  
National Science Foundation

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and the continued need for the equipment.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the federal government, the recipient shall promptly notify the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.34 (f)).

**The University of Texas at Austin (University) did not maintain adequate property records or ensure that it had adequate safeguards for 6 (10 percent) of 60 equipment items tested. Specifically:**

## UNIVERSITY OF TEXAS AT AUSTIN

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- The University transferred three items off site more than two years ago, but it did not update its property records with the new location of the items.
- The University replaced one item under warranty, but it did not update its property records to reflect the new item's serial number. In addition, the University was unable to locate the new item at the time of the audit.
- The University did not ensure that it had adequate safeguards to prevent the loss of two items. The University was unable to locate those two items during the audit, and the items are now considered to be missing.

The issues above affected the following awards:

<b>CFDA</b>	<b>Agency</b>	<b>Award Number</b>	<b>Award Period</b>	<b>Questioned Cost</b>
12.300	U.S Department of Defense - Navy	N00039-91-C-0082 N00039-96-E-0077	December 4, 1990 to December 31, 2001 May 1, 1996 to September 30, 2003	\$ 11,072
81.000	U.S. Department of Energy	DE-FG03-93ER14334	March 1, 1993 to June 30, 2004	7,336
47.049	National Science Foundation	CHE-9319640	January 1, 1994 to December 31, 1999	6,164
12.300	U.S. Department of Defense - Navy	N00024-01-D-6600 N00039-96-E-0077	October 22, 2001 to May 7, 2003 May 1, 1996 to September 30, 2003	5,258
12.300	U.S. Department of Defense - Navy	N00024-01-D-6600	January 23, 2002 to December 30, 2010	5,088
47.000	National Science Foundation	EIA-0303609	September 1, 2003 to August 31, 2008	37,938
12.300	U.S. Department of Defense - Navy	N00024-01-D-6600	March 20, 2007 to March 19, 2011	50,000
<b>Total Questioned Costs</b>				<b>\$122,856</b>

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University did not have sufficient change management controls for the information systems that its Office of Accounting uses. Specifically, **the University has not segregated duties for personnel who make programming changes and migrate those changes to the production environment**. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer research and development awards.

### Recommendations:

The University should:

- Develop and implement processes to ensure that it maintains complete and accurate property records for equipment.
- Develop and implement controls to ensure that it has adequate safeguards to prevent the loss, damage, or theft of equipment.
- Establish a formal change management process that prevents programmers from making code changes and also migrating those changes to the production environment.

Management Response and Corrective Action Plan:

*While the University has existing processes to maintain complete and accurate property records for equipment, we agree that better efforts can be made to ensure that these processes are consistently applied by staff at all levels within the University. In the past several years, we have begun programs to increase education and training at a departmental level, as well as raising awareness of available resources.*

*The University's requirement of an annual physical inventory meets and exceeds the biennial standard for the federally-funding property. The DE437 Inventory Policies and Procedures class is required once every fiscal year for departmental inventory contacts. In this class, departments learn the step-by-step methods of conducting an annual physical inventory and reconciling this physical inventory of equipment in their possession to the official equipment listing. The University requires that any discrepancies be investigated thoroughly and remediated.*

*The University has already implemented several resources to improve the dissemination of inventory information, policies and procedures:*

- *Frequently asked questions, or FAQ's, regarding inventory policies and procedures are currently being updated and moved to a centralized knowledge web base location called askUS. This is scheduled for completion by February 29, 2012*
- *An on-line training module, "CW536 Inventory Re-certification" has been made available and the content will be updated by August 31, 2012.*
- *We have begun steps to update the content in the Handbook of Business Procedures (HBP), Section 16.5 "United States Government-Owned Equipment" to comply with FAR, and will be updated by August 2012.*

*The Annual Physical Inventory Certification form is currently required to submit annual physical inventory results and must be signed by the inventory contact and departmental administrator or department head in order for the certification for a department to be considered complete by Inventory Services. In addition, as part of the Fiscal Year 2012/2013 certification process, we will begin requiring proof that the inventory contact has attended a DE 437 Policies and Procedures class or has taken the CW536 Inventory Re-certification on-line ensuring departments are aware and familiar with Inventory policies and procedures. This new and additional requirement will be implemented by November 2012.*

*The University has begun a program to enhance the University's existing controls ensuring adequate safeguards to prevent the loss, damage, or theft of equipment. The program produces a regular, automated report notifying Inventory Services when the status of high-profile items are marked missing; in particular, items with Federal ownership and any non-Federal equipment with historical value of \$50,000 or greater. The target date of this report notification is February 2012.*

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and we are on schedule with a two-year plan to enact enhanced change management controls. Systems in the Research and Development area will be in compliance by March 2012. As noted in last year's response to this same finding, this is a two-year plan and we are in the second year.*

*While not fully controlled by an automated process until March 2012, in practice we do segregate software development and deployment duties. At present, all change requests within the Office of Accounting are logged and monitored through an incident and change management tool. Only select, senior members of the Office of Accounting IT team are able to deploy code to production, and the offices maintain logs that allow for post-deployment review.*

<i>Implementation Dates:</i>	<i>Creation of report notification when item marked missing - February 2012</i>
	<i>Updating Frequently Asked Questions and store in AskUS data base - February 2012</i>
	<i>Updating CW536 Inventory Re-Certification on-line training - August 2012</i>
	<i>Updating HBP 16.5 United States Government-owned Equipment - August 2012</i>
	<i>Updating FY 12/13 Physical Inventory Certification form - November 2012</i>
	<i>Change Management - March 2012</i>

<i>Responsible Persons:</i>	<i>Equipment - Janie Kohl, Cecilia Jacobson and Jeff Lyon</i>
	<i>Change Management - Dana Cook</i>

## University of Texas Health Science Center at San Antonio

Reference No. 12-171

### Davis-Bacon Act

#### Research and Development Cluster- ARRA

Award years - December 17, 2010 to September 8, 2011 and March 18, 2010 to December 31, 2011

Award numbers - CFDA 93.701, 3 UL1 RR025767-03S1and CFDA 81.041, DE-EE00000116

Type of finding - Significant Deficiency and Non-Compliance

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141-3144, 3146, and 3147). All projects funded in whole or in part by the American Recovery and Reinvestment Act of 2009 (Recovery Act) are required to comply with Davis-Bacon Act requirements (Title 2, Code of Federal Regulations (CFR), Section 176, Subpart C).

Questioned Cost:	\$ 0
U.S. Department of Health and Human Services	
U.S. Department of Energy	

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL's regulations (Title 29, CFR, Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

**The University of Texas Health Science Center at San Antonio (Health Science Center) did not comply with requirements of the Davis-Bacon Act for construction contracts funded by the Recovery Act.** The Health Science Center used Recovery Act funds to partially fund construction of the South Texas Research Facility. The University of Texas System's (System) Office of Facilities Planning and Construction (OFPC) managed that construction project, and the OFPC's procedures required the contractor to maintain certified payrolls and to retain them for OFPC's review upon request. However, OFPC did not require the contractor to provide weekly certified payrolls. The two Recovery Act-funded projects associated with the construction of the South Texas Research Facility totaled \$1,207,862.

#### Recommendation:

The Health Science Center should work with OFPC to develop and implement a process to collect certified payrolls from contractors when required.

#### Management Response and Corrective Action Plan:

*HSC: We acknowledge these findings and will strengthen our controls by adding additional procedures to assist with identification of sources of funds during the contracting phase or when additional funds are added to a project. If applicable, the funding sources will be relayed to OFPC for their use during contract development or contract revision.*

*Implementation Date:* July 31, 2012

*Responsible Person:* Ray Martin

*OFPC: These risks are currently addressed in our Risk Mitigation & Monitoring Plan. We acknowledge these findings and will continue to train our staff to prevent any non-compliance. Follow up training will be provided in our January 20th lessons learned video conference regarding these findings.*

*Implementation Date:*      **January 20, 2012**

*Responsible Person:*      **Gary Barnard**

Reference No. 12-172

**Equipment and Real Property Management**

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Reporting**

**Special Tests and Provisions - Key Personnel**

**Special Tests and Provisions - Indirect Cost Limitation**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

**Equipment Management**

A recipient's equipment records for equipment acquired with federal funds and federally-owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or in the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment (Title 2, Code of Federal Regulations, Section 215.34(f)).

Questioned Cost:                  \$ 0

National Institutes of Health  
National Science Foundation  
Army Medical Research  
Acquisition Activity

The University of Texas Health Science Center at San Antonio's (Health Science Center) *Handbook of Operating Procedures* states that all new equipment that costs \$5,000 or more and all items defined by the Texas Comptroller of Public Accounts as "controlled" items that cost \$500 to \$4,999.99 will be tagged with an inventory number and placed on the official property records.

**The Health Science Center did not always maintain accurate property records or adequately safeguard and maintain equipment.** Specifically:

- The Health Science Center was initially unable to locate 5 (8 percent) of 60 equipment items tested. The Health Science Center later located these items, but its property records were not sufficient to identify the location of the assets. The total value of the 5 assets that the Health Science Center initially could not locate was \$62,275.
- 7 (12 percent) of 60 equipment items tested did not have an asset tag affixed to the item or nearby the item. The total value of the 7 items that were not tagged was \$68,717.

The Health Science Center's property control unit does not have documented procedures for conducting an annual inventory of equipment, which could result in a lack of accountability and errors in the location field in the Health Science Center's property records. The Health Science Center asserts that attaching a tag to sensitive assets could affect the performance of the asset. However, for the exceptions noted, the Health Science Center was unable to explain why it did not affix an asset tag near the asset or on the asset's container.

The following awards were affected by the issues noted above:

<b>CFDA</b>	<b>Award Number</b>	<b>Award Year</b>
12.420	W81XWH-07-2-0025	December 17, 2007 to February 14, 2008
47.xxx	MCB-9604124	February 1, 1999 to January 31, 2000
93.xxx	R01 GM24365	March 1, 1980 to March 31, 2004
93.121	R21 DE14928	May 1, 2003 to April 30, 2005
93.273	5 R37 AA12297-01/05	March 1, 2000 to February 28, 2005
93.279	P01 DA016719	June 1, 2003 to April 30, 2009
93.856	R01 AI064537	April 1, 2005 to December 31, 2010

**Other Compliance Requirements**

Although the general controls weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, cash management, period of availability of federal funds, reporting, special tests and provisions - key personnel, and special tests and provisions - indirect cost limitation, auditors identified no compliance issues regarding those compliance requirements.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Health Science Center did not maintain sufficient user access controls for its PeopleSoft Financials, and PeopleSoft Human Capital Management (HCM), or Time & Effort applications. Specifically:**

- Seven programmers had administrative access to the application servers supporting PeopleSoft HCM. Two of those programmers also had administrative access to the application servers supporting PeopleSoft Financials.
- Five users (three programmers and two internal auditors) had administrative access to the Time & Effort application even though their job duties did not require them to have administrative access.
- Two individuals whose employment had been terminated still had active administrator accounts on the production database servers associated with the PeopleSoft Financials and PeopleSoft HCM.

Additionally, the Health Science Center had not performed periodic reviews of access to the production databases and servers supporting the PeopleSoft Financials, PeopleSoft HCM, or Time & Effort applications during the audit period. According to the Health Science Center, management reviews access to the database and servers only when a major upgrade is made to an application. Inappropriate access to automated systems increases the risk of unauthorized or unintended changes made to the critical information systems that the Health Science Center uses to administer research and development awards. Further, a lack of a periodic review of access increases the risk of inappropriate access to the critical applications and their associated databases and servers.

**Recommendations:**

The Health Science Center should:

- Ensure that its property records contain accurate information about each asset's location and that it updates those records in a timely manner when it relocates assets.
- Ensure that it appropriately tags property and controlled assets as required by its policy.
- Establish and implement written procedures for conducting an annual inventory of equipment.

- Ensure that access to critical information systems that support Research and Development functions is appropriate based on users' job duties.
- Periodically review user accounts on the production servers and production databases associated with the PeopleSoft Financials, PeopleSoft HCM, and Time & Effort applications.

Management Response and Corrective Action Plan:

**A. General Controls (Equipment & Property Mgmt)**

*We acknowledge the A-133 audit Equipment Management findings. We wish to note that The Health Science Center routinely expends significant effort to account for equipment as required by Federal, State and institutional policy. In our FY 2011 annual inventory, 124 assets out of 22,062 could not be found and were removed from inventory. The net book value of the missing assets was \$17,547.81 out of \$75,586,240.44 net book value of all equipment, a missing ratio of .023%. Each year, during the conduct of annual inventory, detailed instructions that spell out the responsibilities of staff performing the actual physical review of inventoried equipment are consistently produced and distributed. Missing items noted during the course of the audit were all subsequently found or accounted for. To ensure the quality of physical inventory results, we will draft and implement written internal procedures to describe the annual and ongoing inventory processes, to clarify the responsibilities of all parties involved in the physical inventory effort, and to address actions to be taken to remediate non-compliance. To ensure compliance with federal asset management regulations, we will modify and implement both policy and procedures to address Property Control accounting for sensitive pieces of equipment and intangible assets such as software.*

*Implementation Date: April 30, 2012*

*Responsible Person: Ralph Kaster*

**B. IT General Controls**

*Management concurs with the finding and all inappropriate access was removed at the time of discovery. IMIS will develop a plan for reviewing privileged or special access to servers and PeopleSoft databases on an annual basis. The Time & Effort application reviewed during audit will no longer be used; the new application will be included in the annual review.*

*Implementation date: January 31, 2012*

*Responsible Person: Anna Maloy*

Reference No. 12-173

**Procurement and Suspension and Debarment**

**Research and Development Cluster- ARRA**

**Award years - December 17, 2010 to September 8, 2011 and March 18, 2010 to December 31, 2011**

**Award numbers - CFDA 93.701, 3 UL1 RR025767-03S1and CFDA 81.041, DE-EE00000116**

**Type of finding - Significant Deficiency and Non-Compliance**

Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code

Questioned Cost:	\$ 0
U.S Department of Health and Human Services	
U.S. Department of Energy	

of Federal Regulations (CFR), Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.210 through 180.220 and 180.970).

**The University of Texas Health Science Center at San Antonio (Health Science Center) did not ensure that one construction contractor was not suspended or debarred.** The Health Science Center used American Recovery and Reinvestment Act (Recovery Act) funds to partially fund construction of the South Texas Research Facility. The University of Texas System's (System) Office of Facilities Planning and Construction (OFPC) managed that construction project. However, the OFPC did not maintain evidence that it verified that the contractor for this construction project was not suspended or debarred. Auditors reviewed the EPLS and determined that the contractor was not suspended or debarred.

Not verifying that vendors are not suspended or debarred could result in contracting with vendors that are not eligible to receive federal funds.

Buy American

Section 1605 of the Recovery Act prohibits the use of Recovery Act funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. A provision regarding this requirement must be included in all Recovery Act-funded awards for construction, alteration, maintenance, or repair of a public building or public work (Title 2, CFR, Section 176.140).

**The Health Science Center did not ensure that a Buy American provision was included in the contract with the contractor for the South Texas Research Facility.** Specifically, one portion of that contract was funded with Recovery Act funds; however, the OFPC did not include the Buy American clause in the contract or in a change order for a portion of the construction.

Not including the required Buy American clause in a contract could result in the vendor being unaware of the requirement to purchase iron, steel, and manufactured goods for the project that are manufactured in the United States.

Recommendations:

The Health Science Center should coordinate with the OFPC to:

- Obtain and document suspension and debarment verification for construction contracts that equal or exceed \$25,000.
- Include Buy American clauses in Recovery Act-funded construction contracts.

Management Response and Corrective Action Plan:

*HSC: We acknowledge these findings and will strengthen controls to identify sources of funds during the contracting phase or when additional funds are added to a project. If applicable, the funding sources will be relayed to OFPC for their use during contract development or contract revision. HSC will design procedures to ensure that suspension and debarment supporting evidence is retained.*

*Implementation Date: July 31, 2012*

*Responsible Person: Ray Martin*

**UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO**

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*OFPC: These risks are currently addressed in our Risk Mitigation & Monitoring Plan. We acknowledge these findings and will continue to train our staff to prevent any non-compliance. Follow up training will be provided in our January 20th lessons learned video conference regarding these findings.*

*Implementation Date:*      *January 20, 2012*

*Responsible Person:*      *Gary Barnard*

## University of Texas Health Science Center at Tyler

Reference No. 12-174

### Allowable Costs/Cost Principles

#### Research and Development Cluster

Award years - July 1, 2011 to June 30, 2012; July 1, 2010 to June 30, 2011; June 1, 2010 to May 31, 2011; July 1, 2009 to June 30, 2011; February 1, 2009 to January 31, 2012; June 1, 2010 to May 31, 2012; June 1, 2011 to May 31, 2012; September 23, 2010 to August 31, 2011; January 1, 2009 to December 31, 2010; September 1, 2005 to August 31, 2011; December 1, 2008 to November 30, 2010; September 1, 2009 to August 31, 2011; February 1, 2010 to January 31, 2011; and February 1, 2011 to January 31, 2012

Award numbers - CFDA 93.837 5R18HL092955-03 and 1R21HL093547-01A2; CFDA 93.701 5R21AG031880-02; CFDA 93.701 3R01HL087017-04S1; CFDA 93.838 5R01HL087017-06; CFDA 93.701 5R21AI082335-02; CFDA 93.855 5R01AI088201-02; CFDA 93.855 1R56AI085135-01A1; CFDA 93.855 5R01AI054629-05; CFDA 93.838 1P01HL076406-05; CFDA 93.855 5R21AI073612-02; CFDA 93.855 5R21AI079747-02; and CFDA 93.838 2R01HL076206-05

Type of finding - Significant Deficiency and Non-Compliance

#### Indirect Costs

Research grants may be subject to laws and/or administrative regulations that limit the allowance for indirect costs under each grant to a stated percentage of the direct costs allowed. The maximum allowable under the limitation should be established by applying the stated percentage to a direct cost base, which shall include all items of expenditure authorized by the sponsoring agency for inclusion as part of the total cost for the direct benefit of the work under the grant (Title 45, Code of Federal Regulations, Subtitle A, Part 74, Appendix E, Section v(C)).

Questioned Cost: \$ 4,743  
U.S. Department of Health and Human Services

In addition, the University of Texas Health Science Center at Tyler's (Health Science Center) indirect cost rate agreement with the U. S. Department of Health and Human Services requires indirect cost calculations to use a modified total direct cost base consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships and fellowships, and the portion of each subgrant or subcontract in excess of \$25,000.

**For 4 (7 percent) of 60 transactions tested, the Health Science Center overcharged indirect costs to the federal award.** All four transactions related to award 5R18HL092955-03. For that award, the Health Science Center incorrectly included charges for patient care in the modified total direct cost base it used to calculate indirect costs. As of August 31, 2011, this resulted in \$2,003 in excess indirect costs associated with that award. This occurred because the Health Science Center manually determines the modified total direct cost base it uses to calculate indirect costs based on a monthly summary of expenditures for each award. The Health Science Center charged patient care charges to the medical services account, but it should have excluded patient care charges from the modified total direct cost base for this award. One individual at the Health Science Center performs indirect costs calculations, and those calculations are not subject to an independent review.

#### After-the-fact Confirmation of Payroll

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220, Appendix A, (J)(10)).

**For 3 (9 percent) of 35 payroll items tested, the Health Science Center did not complete effort certifications.** As a result, auditors could not verify whether the employees associated with those payroll items committed effort to the projects from which they were paid. Two of those errors occurred because an employee changed from being paid

on an hourly status to being paid on a salaried status, but the Health Science Center did not process a necessary personnel action form; as a result, that employee was not added to the effort certification process. For the remaining error, the Health Science Center did not obtain an effort certification report before an employee transferred to another university. The total of those three payroll transactions was \$2,450.

**Approval of Non-payroll Transactions**

For three non-payroll transactions tested, the Health Science Center did not obtain the correct approvals for payments to subrecipients. Specifically, the Health Science Center personnel who approved each of the expenditures associated with those transactions were not the appropriate personnel to approve those expenditures based on the Health Science Center's approval procedures. However, auditors did not identify any compliance issues associated with those transactions.

**National Institutes of Health Salary Limit**

Appropriated funds for the National Institutes of Health (NIH) shall not be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level 1 of the federal executive pay scale (Public Law 111-117: Consolidated Appropriations Act, 2010, Section 203). The Executive Level 1 annual salary rate was \$199,700 effective January 1, 2010 (NOT-OD-10-041, Salary Limitation on Grants, Cooperative Agreements, and Contracts) and extended through fiscal year 2011 (NOT-OD-11-073, Salary Limitation on Grants, Cooperative Agreements, and Contracts).

**For 2 (15 percent) of 13 payroll items tested, the Health Science Center used NIH funds to pay one employee more than the salary limit.** Specifically, one faculty member was paid \$1,727 more than the salary limit for one project and \$36 more than the salary limit for another project. For the first project, the Health Science center incorrectly calculated the monthly salary limit, which it uses to set up the payroll payments. For the other project, the faculty member is paid on a bi-weekly basis and Health Science Center management asserted it paid out funds for fiscal year 2012 in fiscal year 2011. This resulted in questioned cost of \$2,740 (\$2,685 associated with award 2R01HL076206-05 and \$55 associated with award 1P01HL076406-05), which included salary, indirect cost, and benefits paid in excess of the NIH salary limit.

**Internal Service Charges**

Charges made from internal service, central service, pension, or similar activities or funds must follow applicable cost principles. Specifically, to be allowable under federal awards, costs must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally supported activities of the higher education institution, including usage by the institution for internal purposes and (2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both the institution's direct costs and its allocable share of all facilities and administrative costs. Rates shall be adjusted at least biennially, and they shall take into consideration over/underapplied costs of the previous period(s) (Title 2, Code of Federal Regulations, Section 220, Appendix A, J (47)).

**Auditors did not identify excessive rates for internal service charges to federal grants; however, for 9 (60 percent) of 15 internal service charge transactions tested, auditors could not determine whether the Health Science Center developed rates for those internal service charges based on actual costs and adjusted them to eliminate profits.** The nine transactions related to charges for vivarium, patient study, and pathology services. For those items, the Health Science Center was not able to provide sufficient documentation on how it established rates for internal service charges or how it periodically monitored those rates. Internal service charges totaled \$53,599 in fiscal year 2011.

**Recommendations:**

The Health Science Center should:

- Exclude patient care charges from the modified total direct cost base it uses to charge indirect costs to federal awards.

- Implement a process to ensure the accuracy and completeness of its indirect costs calculations.
- Ensure that all employees certify after-the-fact effort certification reports in a timely manner.
- Obtain required approvals for all transactions.
- Verify that its monthly salary cap calculations are accurate.
- Improve documentation of the methodology it uses to charge the costs of each internal service to awards, including how it determines and monitors rates for internal service charges.

**Management Response and Corrective Action Plan:**

*Management concurs with these recommendations. Corrective action plans follow:*

**Patient Care Charges**

*The Health Science Center processed corrections to remove the excess indirect costs that resulted from inadvertently including patient care charges in the modified total direct cost base in FY 2011. The institution has also modified processes to ensure patient care charges are excluded from the modified total direct cost base used to charge indirect costs to federal awards.*

*Implementation Date: September 2011 (implemented)*

*Responsible Person: David Anderson*

**Indirect Cost Calculations**

*The Health Science Center will implement a second level review of indirect cost calculations to ensure the accuracy and completeness of the calculations.*

*Implementation Date: February 29, 2012*

*Responsible Person: David Anderson*

**Effort Certifications**

*On September 1, 2011, the Health Science Center implemented a new time and effort reporting system, Huron Consulting Group's ecr<sup>®</sup>. This system is integrated with the institution's financial and payroll systems and has greatly diminished past challenges with time and effort certifications. Ecr<sup>®</sup> imports monthly data from payroll records, which are then reconciled by Pre-Award staff. This new system and corresponding process improvements are expected to improve the completion rates of effort certifications in a timely manner.*

*Implementation Date: April 30, 2012*

*Responsible Person: Conna Sutton*

**Transaction Approvals**

*Procedures for required approvals for all transactions have been in place. The Health Science Center had already identified shortcomings in consistent application of these procedures during the fiscal year. Institutional senior leadership reinforced the importance of these procedures at that time, with the expectation and corresponding*

## UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT TYLER

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*accountability at both the departmental and centralized levels that only properly approved transactions be processed.*

*Implementation Date:* August 31, 2011 (*implemented*)

*Responsible Person:* Crystal Smith

### NIH Salary Cap

*The Health Science Center processed corrections to remove the salary, benefits, and associated indirect cost inadvertently paid in excess of the NIH limit. Additionally, the Director of Pre-Award Services will verify that the calculations for salary cap on Personnel Action Forms (PA) are correct before signing off on these forms. Also, the institution's new ecrt® time and effort system will play a key role in preventing payment to any employee above the NIH salary cap. Since the ecrt® system is integrated with the Health Science Center's payroll records and has a robust reporting capability, in early July of each year the Office of Pre-Award Services will run a Certification Payroll Report from ecrt® to determine if a payroll adjustment needs to be made. The Finance Administrator will run a report from the PeopleSoft payroll system doing the same analysis. A reconciliation of the two analyses will then be performed to ensure the Health Science Center does not exceed the salary cap for the fiscal year. Pre-Award Services will then prepare revised PA forms to support adjustments, if any, by each fiscal year ending date.*

*Implementation Dates:* Salary cap corrections and PA form verification - December 31, 2011 (*implemented*)  
Salary cap verification for current fiscal year - August 31, 2012

*Responsible Person:* Conna Sutton

### Internal Service Costing

*On a quarterly basis, the Cost Accounting department will review and update the costs of internal service charges for the Research and Grant areas, collaborating with Research Administration when developing costs for research cores. The Cost Accounting department will provide reports and calculation sheets to the Office of Pre-Awards, Research Administration, and institutional areas that provide services that are appropriately charged to sponsored research. Research Administration will ensure internal services charges are communicated to principal investigators as they are updated to facilitate budget management for their grants.*

*Implementation Date:* February 29, 2012

*Responsible Person:* Heather Hesser

Reference No. 12-175

### **Cash Management**

#### **Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

A state must minimize the time between its drawdowns of federal funds and the disbursement of those funds for federal program purposes. The timing and amount of the funds transfer must be as close as is administratively feasible to a state's actual cash outlays (Title 31, Code of Federal Regulations, Section 205.33(a)).

Questioned Cost:	\$ 0
Federal Agencies that provide R&D Grants	

## **UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT TYLER**

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The University of Texas Health Science Center at Tyler (Health Science Center) operates on a reimbursement basis under which its drawdowns of federal funds should be based only on expended amounts. **However, the Health Science Center has not established controls to ensure that it excludes expenses that have been incurred but not yet been paid (such as accounts payables) from its drawdown requests.** The Health Science Center uses a report from its financial system, PeopleSoft, to determine the amount of federal funds that it should draw down. While that report correctly excludes some types of transactions (such as purchase orders and requisitions), it does not exclude expenses that have been incurred but not yet paid. As a result, the Health Science Center is not able to consistently minimize the time between its drawdowns of federal funds and its disbursement of those funds.

Additionally, the report the Health Science Center uses to determine the amount of federal funds that it should draw down is available only at a summary level and, therefore, cannot be traced to individual transactions. As a result, auditors could not determine whether the Health Science Center requested funds only for items for which it had already paid. However, it is important to note that none of the 11 reimbursement requests that the Health Science Center made as a subrecipient included items for which the Health Science Center had not already paid.

The Health Science Center has established procedures requiring federal drawdowns to be performed on a monthly basis. However, those procedures do not include a review or approval process to ensure that drawdown amounts are correct. Not requiring review or approval of drawdown amounts increases the risk that the Health Science Center could draw down an incorrect amount of federal funds.

**Recommendations:**

The Health Science Center should:

- Exclude accounts payable from reports it prepares to draw down federal funds.
- Implement a review and approval process for drawdowns of federal funds.

**Management Response and Corrective Action Plan:**

*Management concurs with these recommendations. Corrective action plans follow:*

**Draw down reports**

*The Health Science Center will exclude accounts payable from the reports prepared to draw down federal funds.*

*Implementation Date: April 30, 2012*

*Responsible Person: David Anderson*

**Draw down review and approval**

*The Health Science Center will institute a second level review and approval process for drawdowns of federal funds.*

*Implementation Date: February 29, 2012*

*Responsible Person: David Anderson*

Reference No. 12-176

**Period of Availability of Federal Funds**

**Research and Development Cluster**

**Award years - August 1, 2008 to July 31, 2010**

**Award number - CFDA 93.855 1R56AI073966-01A2**

**Type of finding - Significant Deficiency and Non-Compliance**

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, Code of Federal Regulations, Section 215.71).

Questioned Cost:	\$ 3
U.S. Department of Health and Human Services	

**The University of Texas Health Science Center at Tyler (Health Science Center) did not always charge to a grant only allowable costs resulting from obligations incurred during the funding period.** Specifically, for 2 (12 percent) of 17 transactions tested that were liquidated after the funding period, the Health Science Center obligated funds 51 and 53 days after the end of the funding period. This occurred because the Health Science Center charged those costs to a non-American Recovery and Reinvestment Act (non-ARRA) grant that had expired instead of to the equivalent ARRA grant that had not yet expired. Those two transactions resulted in a net overcharge of \$3.

Additionally, the Health Science Center did not adequately review 2 (11 percent) of 19 adjustments to federal grant expenditures tested. For one of those adjustments, the post-award finance administrator did not review one interdepartmental transfer form as required by the Health Science Center's policy. For the other adjustment, the accounting department did not adequately review one payroll adjustment, and some of the transactions included in that adjustment were reclassified to the wrong grant department. Although the lack of review for those two adjustments did not result in non-compliance, not reviewing adjustments as required increases the risk that the Health Science Center could make adjustments to federal grants expenditures for transactions that did not occur within the period of availability.

**Recommendations:**

The Health Science Center should:

- Strengthen controls to ensure that it does not obligate funds outside of a grant's funding period
- Adequately review all adjustments to federal grant expenditures.

**Management Response and Corrective Action Plan:**

*Management concurs with these recommendations. Corrective action plans follow:*

**Fund Obligation Period**

*Expenditures are reviewed to ensure they are in the proper account. Controls will be strengthened by undergoing a second level review to ensure that expenditures posted after the funding period were obligated before the period ended.*

*Implementation Date: January 31, 2012*

*Responsible Person: David Anderson*

**Adjustments Review**

*Procedures for approval of adjustments have been in place. The Health Science Center will reinforce these procedures with departments to ensure all adjustments are adequately reviewed.*

*Implementation Date:*      **January 31, 2012**

*Responsible Person:*      **David Anderson**

Reference No. 12-177

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - September 1, 2009 to August 31, 2012, September 26, 2008 to September 25, 2011, September 1, 2005 to August 31, 2011, September 30, 2001 to September 30, 2011, September 1, 2010 to August 31, 2011, and August 1, 2010 to July 31, 2013**

**Award numbers - CFDA 93.887 1C76HF16036-01-00, CFDA 93.000 HHSN27500800035C, , CFDA 93.838 1P01HL076406-05, CFDA 93.262 5U50OH007541-10, CFDA 93.887 C76HF19545-01-00, and CFDA 93.262 1K01OH009674-01A1**

**Type of finding - Material Weakness and Non-Compliance**

**Competition in Procurement**

Title 2, Code of Federal Regulations (CFR), Chapter 215, establishes uniform administrative requirements for federal grants and agreements awarded to higher education institutions. Title 2, CFR, Section 215.43, requires that “all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.” In addition, Title 2, CFR, Section 215.46, requires that procurement records and files include, at a minimum, (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price.

Questioned Cost:      \$ 40,220

National Institutes of Health  
National Institute for  
Occupational Safety and  
Health  
Health Resources and Services  
Administration

The University of Texas Health Science Center at Tyler (Health Science Center) has procurement guidelines that require all purchases that equal or exceed \$5,000 to either (1) go through a competitive bidding process or (2) when competitive bids or offers are not obtained, document the reason competition was limited by completing a “Sole Source Justification or Proprietary Purchases” document prior to a purchase being agreed upon with a vendor.

**For 3 (27 percent) of 11 procurements with limited competition that auditors tested, the Health Science Center did not document an adequate basis for contractor selection or the rationale for the method of procurement.** The Health Science Center selected contractors to perform consulting and research services, but it did not document why competition for those procurements was limited using the sole source justification form required by its procurement guidelines. This occurred because the Health Science Center processed the payments to those contractors using purchase orders that were incorrectly identified as subcontractor payments. These three errors resulted in questioned costs of \$12,000 associated with award 5U50OH007541-10 and \$13,170 associated with award HHSN27500800035C.

**The Health Science Center also did not secure bids or document its rationale for the method it used to procure services for 1 (14 percent) of 7 procurements that required bidding.** This procurement was for the construction of an animal research facility and resulted in questioned costs of \$15,050 associated with award C76HF19545-01-00 during fiscal year 2011. The Health Science Center documents competitive bids with a bid tabulation sheet. However, the Health Science Center’s physical plant contractor selected the vendor and did not use the Health Science Center’s bidding process.

**Suspension and Debarment**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, CFR, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.210 through 180.220 and 180.970).

**The Health Science Center did not document that it verified that vendors and subrecipients were not suspended or debarred from federal procurements.** Specifically, the Health Science Center could not provide evidence that it verified the suspension and debarment status for (1) all seven procurement contracts exceeding \$25,000 that auditors tested and (2) all seven subrecipient agreements that auditors tested. The Health Science Center asserted that it verified that the vendors and subrecipients were not suspended or debarred by searching EPLS as required, but it did not begin documenting its search until Summer 2011, after an internal audit of its procurement. However, for the fiscal year 2011 procurement contracts and subrecipient agreements tested, the Health Science Center did not document its EPLS search. Auditors searched the EPLS and verified that the vendors and subrecipients for the procurements and subrecipient awards tested were not suspended or debarred.

**Recommendations:**

The Health Science Center should:

- Maintain documented justification to support procurements for which competition is limited.
- Secure bids for procurements that require competitive bidding.
- Document its suspension and debarment verification for all vendors and subrecipients.

**Management Response and Corrective Action Plan:**

*Management concurs with these recommendations. The Health Science Center had previously identified these issues during an internal audit of purchasing and contracting that was completed late in fiscal year 2011. At that time institutional senior leadership quickly addressed the internal audit recommendations and had implemented corrective actions prior to this audit by the SAO. However, since the scope of the SAO audit was also fiscal year 2011, the SAO had similar findings. Health Science Center senior leadership continues to monitor implementation of the corrective action plans, all of which have been implemented, as follows:*

**Limited competition documentation**

*The Health Science Center has strengthened the level of justification and authorization required to ensure procurements with limited competition have adequate and documented bases for contractor selection and the rationale for the method of procurement. This process improvement was facilitated by issuance of a more rigorous Sole Source/Proprietary Justification Form that is strictly enforced by the Purchasing department, with the support of institutional senior leadership. This updated form requires six signatures to hold departmental, centralized procurement, and administrative personnel accountable to the decision that the transaction at hand meets regulatory requirements for limiting competition and that no other sources are available. Completed forms will be maintained in the Purchasing department as supporting documentation for these procurement transactions, as well as uploaded to the institution's centralized contract management system when associated with contracts.*

*Implementation Date: September 2011 (implemented)*

*Responsible Person: Crystal Smith*

Competitive bidding

*The Health Science Center continues to secure competitive bids for procurement of goods and services that equal or exceed \$5000. 00. The institution will continue to improve processes to ensure all documentation is maintained to support the competitive bidding process. A physical plant operator whose contract was not renewed by the institution early in fiscal year 2011 selected the vendor for the procurement that lacked bidding documentation. The Health Science Center no longer outsources this physical plant operation.*

*Implementation Date:*     September 2011 (*implemented*)

*Responsible Person:*     Crystal Smith

Suspension and debarment verification documentation (vendors)

*The Purchasing department has implemented a checklist process applicable to all grant-funded procurement transactions expected to equal or exceed \$25,000. The completed checklist will be maintained in the Purchasing department as supporting documentation for these procurement transactions, along with an EPLS screen print verifying the entity is not suspended, debarred, or otherwise excluded from federal contracts.*

*Implementation Date:*     August 2011 (*implemented*)

*Responsible Person:*     Crystal Smith

Suspension and debarment verification documentation (subrecipients)

*Pre-Award Services will continue to complete a Subrecipient Risk Assessment form for each subaward issued, and is now saving a screen print of the EPLS check made on each. This process is being performed at the beginning of a new subaward and at each subsequent renewal date to ensure the Health Science Center does not enter agreements with subrecipients that are suspended, debarred, or otherwise excluded from federal contracts.*

*Implementation Date:*     June 2011 (*implemented*)

*Responsible Person:*     Conna Sutton

## University of Texas Medical Branch at Galveston

Reference No. 12-178

### Equipment and Real Property Management

#### Research and Development Cluster

Award years - Multiple

Award numbers - Multiple

Type of finding - Significant Deficiency

When a recipient of a federal award is authorized or required to sell equipment purchased under a federal award, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return. When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance certain standards. For equipment with a current per unit fair market value of \$5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original federal awarding agency or its successor. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the federal awarding agency. The federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern (Title 2, Code of Federal Regulations (CFR), Section 215.34).

Questioned Cost:	\$ 0
Federal Agencies that Provide R&D Awards	

In addition, when a recipient of a federal award acquires equipment that is funded from the award, the recipient is required to maintain effective controls over and accountability for all funds, property, and other assets (Title 2, CFR, Section 215.21(3)). The University of Texas Medical Branch at Galveston's (*Medical Branch Asset Management Handbook*) also requires the use of designated equipment disposition forms that document the appropriate approvals needed for the disposition of equipment acquired using federal funds.

**The Medical Branch did not maintain the proper equipment disposition forms or have other documentation of the required approvals for 4 (31 percent) of the 13 equipment dispositions tested.** Specifically:

- The Medical Branch could not provide documentation showing required approvals for three of those equipment dispositions.
- For the remaining equipment disposition, the Medical Branch used an incorrect form when transferring the equipment to another higher education institution. As a result, the Medical Branch did not have documentation of approval from its Office of Institutional Compliance, which monitors the disposition of federally funded equipment.

The Medical Branch relies on equipment disposition forms to ensure that dispositions are appropriate and comply with federal requirements. Not completing these forms increases the risk that the Medical Branch could dispose of equipment without providing required compensation to the federal awarding agency, or without following guidelines established by the federal awarding agency. However, auditors did not identify any compliance exceptions related to equipment and real property management.

#### Recommendation:

The Medical Branch should establish and implement a monitoring process to ensure that it tracks and disposes of equipment purchased using federal funds in accordance with its policy.

#### Management Response and Corrective Action Plan:

*Management agrees with the recommendation and has implemented a review process prior to the disposition or transfer of all equipment to determine the source of funds that purchased the equipment. In those cases where federal funds purchased the equipment, a request for review and approval of the disposition or transfer will be sent to the Office of Sponsored Programs Post-Award Administration. Additionally, Asset Management is working with*

## UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

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*Information Services to update the e-form used for dispositions and transfers of federally purchased equipment to route electronically to Office of Sponsored Programs Post-Award Administration as part of the work flow. The paper forms will be updated to follow the same routing as the e-forms. As a final step, Asset Management will maintain a federal equipment disposition and transfer log for audit purposes.*

*Implementation Date:* August 2012

*Responsible Person:* Craig Ott

Reference No. 12-179

**Reporting**

(Prior Audit Issue 10-131)

**Research and Development Cluster**

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance and financial information for each project, program, subaward, function, or activity supported by the award. Recipients use the *Financial Status Report* SF-269 or SF-269A to report the status of funds for non-construction projects (Title 45, Code of Federal Regulations (CFR), Section 74.52). The *Federal Financial Report* SF-425 is used to report expenditures under federal awards, as well as cash status. The National Institutes of Health (NIH) requires recipients to report on financial and personnel resources using the NIH 2706 form. Awarding entities may establish time frames for the submission of required financial reports. Typically, those time frames are between 30 and 90 days after the end of the reporting period.

Questioned Cost: \$ 0

National Institutes of Health  
U.S. Department of Defense  
U.S. Department of Energy

The University of Texas Medical Branch at Galveston (Medical Branch) did not always submit required financial reports within the required time frames. **Specifically, for 33 (55 percent) of 60 financial reports tested, the Medical Branch submitted the reports between 2 and 323 days late.** The Medical Branch submitted 15 of those 33 financial reports more than 60 days late. The Medical Branch has a process to identify financial reports that are due, but it does not have a process to ensure that it submits those reports in a timely manner. The Medical Branch asserted that delays in grant closeout resulted in the late submission of financial reports.

By not submitting financial reports in a timely manner, the Medical Branch risks suspension or termination of award funding or other enforcement actions from awarding entities.

The following awards were affected by the issues noted above:

CFDA	Award Number	Award Year
12.300	N000140610300	December 19, 2005 to September 29, 2010
12.420	DAMD170110417	August 1, 2001 to August 31, 2011
81.049	DEFG0207ER64347	February 1, 2007 to December 31, 2010
93.xxx	N01AI25489	September 30, 2002 to December 31, 2010
93.110	5R40MC066340403	January 1, 2006 to January 31, 2011
93.113	5T32ES00725419S1	July 1, 2006 to June 30, 2012
93.242	5P20DA024157-04	September 30, 2007 to July 31, 2011
93.242	5U01MH083507-04	June 5, 2008 to April 30, 2013

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<b>CFDA</b>	<b>Award Number</b>	<b>Award Year</b>
93.279	5F30DA02031405	May 24, 2006 to November 23, 2010
93.279	5T32DA00728713	July 1, 2007 to June 30, 2012
93.359	1D11HP097570100	July 1, 2008 to June 30, 2011
93.389	5UL1RR029876-03	July 14, 2009 to March 31, 2014
93.398	5T32CA11783405	July 1, 2006 to June 30, 2011
93.399	5P50CA10563105S1	September 1, 2003 to August 31, 2010
93.701	5R1GM081685-05	March 10, 2010 to February 28, 2011
93.701	5U01AI082202-02	August 1, 2009 to July 31, 2012
93.837	5R01HL07116304	April 15, 2004 to February 28, 2011
93.853	5R01NS04432405	April 1, 2003 to March 31, 2011
93.855	2U54A105715606	March 1, 2009 to February 28, 2014
93.855	5R01AI031431-18	June 1, 2005 to May 31, 2011
93.855	5R01AI052428-04	March 1, 2004 to August 31, 2010
93.855	5R21AI06627302	September 1, 2008 to January 31, 2011
93.855	5U01AI07128305	September 30, 2006 to August 31, 2011
93.855	5U54AI057156-07	March 1, 2009 to February 28, 2014
93.859	5T32GM00825620	July 1, 2006 to June 30, 2011
93.865	5K12HD001269-12	September 30, 2009 to August 31, 2014
93.865	5K12HD05202305	August 29, 2005 to July 31, 2010
93.865	5P01HD03983305	September 1, 2003 to June 30, 2010
93.865	5R21NS05841702	February 1, 2008 to January 31, 2011
93.865	5T32HD00753911	May 1, 2006 to April 30, 2011
93.865	5U10HD05309704	April 15, 2006 to March 31, 2011
93.866	5R21AG023951-03	August 2, 2004 to June 30, 2010
93.867	5R01EY01421805	September 15, 2003 to August 31, 2010

**Recommendation:**

The Medical Branch should establish and implement procedures to ensure that it submits financial reports to awarding entities within the required time frames.

**Management Response and Corrective Action Plan:**

*Management agrees with the auditor's recommendation and will take steps to review and revise the procedures for preparation and review of financial status reports submitted to Federal sponsors. Although the Office of Sponsored Programs Finance and Post-Award Administration is responsible for the preparation and submission of these reports, we determined that 31 of 33 delayed reports were due to delays in receiving information from the recipient departmental staff and/or principle investigators. Additional steps will be taken to ensure that the recipient departmental staff and the principal investigators are being more responsive on their review and follow up actions.*

*Implementation Date:*     *August 31, 2012*

*Responsible Person:*     *Glenita Segura*

Reference No. 12-180

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

Award year - September 13, 2008

Award number - FEMA-1791 -DR-TX

Type of finding - Significant Deficiency and Non-Compliance

Costs related to fines and penalties resulting from an institution's failure to comply with requirements are unallowable (Title 2, Code of Federal Regulations (CFR), Appendix A, Section 220 (J)(19)).

Allowable costs must be reasonable, allocable to sponsored agreements, and be treated consistently. A major consideration involved in the determination of the reasonableness of a cost is whether the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement. A cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement or it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods (Title 2 CFR, Appendix A, Section 220 (C)(2-4)).

Questioned Cost:	\$ 0
U.S. Department of Homeland Security	

**Two federal expenditures tested at the University of Texas Medical Branch at Galveston (Medical Branch) were unallowable.** Specifically:

- 1 (1.4 percent) of 70 expenditure transactions tested was unallowable because the expenditure of \$175 was for interest that the Medical Branch incurred for a late payment on an invoice. This expenditure affected Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program project worksheet number 30039. According to Medical Branch reports, the Medical Branch expended \$1,660 in federal funds on interest charges it incurred on late payments it made between June 2009 and November 2011 (\$400 was applicable to fiscal year 2011). The Medical Branch transferred all of those costs to non-federal sources after auditors brought this matter to its attention.
- 1 (7.7 percent) of 13 expenditure transfers tested included a line item that the Medical Branch transferred to a federal account; however, the expenditure could not be tied to a Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program project worksheet or validation package. Therefore, there was no documentation to support that this cost of \$265,159 on food and paper products was reasonable or allocable to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program. The Medical Branch transferred this cost to non-federal funds after auditors brought this matter to its attention. The Medical Branch originally charged this expenditure against Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program project worksheet number 30027.

**Recommendations:**

The Medical Branch should:

- Refrain from using federal funds to pay interest expenses it incurs on late payments, and develop and implement procedures to prevent late payment penalties.
- Transfer costs to federal accounts only for allowable activities and costs that support the program to which it charges those costs.

**Management Response and Corrective Action Plan:**

*Management agrees with the audit finding and recommendation and has taken steps to ensure that late payment interest, if incurred, is not charged to Public Assistance awards. The Controller's Office implemented a configuration change to our accounting system that will redirect late payment interest expense to an appropriate, non-federal source. A similar configuration exists to redirect late payment interest if incurred for all other federally*

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*sponsored grants and contracts. This control will provide assurance that late payment interest will not be charged to federal funds in the future. We have also taken steps to review all Public Assistance expenditures to transfer any late payment interest previously charged to Public Assistance awards to an appropriate, non-federal source.*

*It is the university's intent to charge expenditures to the appropriate source when they are originated. Additionally, UTMB accounting staff regularly reviews Public Assistance expenditures for appropriateness and transfers any unsupportable costs to non-federal funds as appropriate. At the point of final determination and final obligation; UTMB will perform a final, thorough review of expenditures charged to a Public Assistance project worksheet to ensure that all, and only, allowable and supportable costs have been charged, before closing the project.*

*Implementation Date:* March 31, 2012

*Responsible Person:* Craig Ott

Reference No. 12-181

### Equipment and Real Property Management

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award year - September 13, 2008**

**Award number -FEMA-1791-DR-TX**

**Type of finding - Significant Deficiency and Non-Compliance**

A recipient's equipment records for equipment acquired with federal funds and federally owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment.

Questioned Cost: \$60,386  
U.S. Department of Homeland Security

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and the continued need for the equipment.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the federal government, the recipient shall promptly notify the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.34 (f))

**The University of Texas Medical Branch at Galveston (Medical Branch) did not adequately safeguard equipment and did not sufficiently document its investigative efforts or the resolution of its investigations regarding the loss or theft of 4 (17percent) of 23 capital equipment items that it acquired during recovery from Hurricane Ike.** Those four items were reported missing during the Medical Branch's annual inventory process, and the Medical Branch recorded them as missing in its asset management system. For the two vehicles, the Medical Branch attempted to determine why the items were missing; however, it did not document a resolution.

The missing items were:

Equipment Item	Acquisition	Inventory Addition Date	Missing as of Date
Mastercycler-Gradient PRC	\$ 5,607	June 22, 2010	August 31, 2011
RADCAL Software	\$ 24,300	July 1, 2010	August 31, 2011
2010 Chevrolet HHR SUV	\$ 15,886	April 6, 2010	August 31, 2011
Kubota RTV900 RL Truckster	\$ 14,593	March 16, 2010	August 31, 2011

Recommendations:

The Medical Branch should:

- Develop and implement controls to ensure that it has adequate safeguards to prevent the loss, damage, or theft of equipment.
- Sufficiently document its investigative efforts regarding missing equipment and the results of those investigations.

Management Response and Corrective Action Plan:

*Management agrees with the recommendation and will review existing policies and procedures to improve controls over equipment inventory, including the documentation of efforts taken to locate items initially identified as “unaccounted for” or “missing”.*

*For the four items identified by the State Auditor during the audit as missing, which due to their movable nature were not accounted for during the most recent physical inventory or located while the auditor's were onsite, UTMB's Office of Audit Services located and validated the physical existence of both vehicles and the software on January 19, 2012. The internal auditors determined that the fourth item, the Mastercycler-Gradient PRC, had been returned to the manufacturer, a credit received and the replacement installed with a new identification number. UTMB is in the process of updating the inventory records.*

*Implementation Date:* August 31, 2012

*Responsible Person:* Craig Ott

Reference No. 12-182

**Procurement and Suspension and Debarment**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award year - September 13, 2008**

**Award number - FEMA-1791-DR-TX**

**Type of finding - Significant Deficiency and Non-Compliance**

Title 2, Code of Federal Regulations (CFR), Chapter 215, establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education. Title 2, CFR, Section 215.43, requires that “all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.” In addition, Title 2, CFR, Section 215.46, requires that procurement records and files include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price.

Questioned Cost: \$ 71,052

U.S. Department of Homeland Security

The University of Texas Medical Branch at Galveston (Medical Branch) has established guidelines for all procurements that equal or exceed \$5,000. Specifically, such procurements must be made through one of the following methods:

- Make the procurement through a competitive bid.
- When an equivalent product or service specified is not available or limited to one manufacturer (sole source), provide a justification with key elements including an explanation of the need for the specific item and the reason competing products were not used.
- When the procurement needs to be processed on an emergency basis due to “patient care or unforeseen situations,” provide a justification with explanations prior to the procurement.

**The Medical Branch did not ensure competition for 2 (3 percent) of 60 procurements tested.** For those two procurements, the Medical Branch did not follow its guidelines to competitively bid, provide a justification for limiting competition, or identify an emergency basis for limiting competition. Instead, the Medical Branch selected vendors that had previously provided services for the Medical Branch and attempted to obtain the best value. However, without adhering to its guidelines, the Medical Branch could not ensure competition. This increases the risk that the Medical Branch could contract with vendors that are not the most qualified for the work to be performed or do not provide the best value. The total cost of the items the Medical Branch obtained through the two procurements was \$31,617.

**The Medical Branch also did not maintain documentation that justified limiting competition for 1 (5 percent) of 20 procurements tested for which competition was limited.** The Medical Branch identified that procurement as having limited competition at the time it selected the vendor; however, it did not maintain a sole source justification form. Without the sole source justification form, the justification for vendor selection could not be determined. The total cost of the item the Medical Branch obtained through that procurement was \$39,435.

**Recommendations:**

The Medical Branch should:

- Maintain documented justification to support procurements for which competition is limited.
- Adhere to its guidelines for all procurements through obtaining competitive bids, providing justification for limiting competition, or identifying an emergency basis for limiting competition.

**Management Response and Corrective Action Plan:**

*Management agrees with the audit finding and recommendation and will take the appropriate measures to reinforce the existing procurement policies and procedures. Additionally, a quality review process will be implemented for Public Assistance worksheet purchases over \$5,000 to ensure that all supporting documentation related to contract bid and award is available.*

*Implementation Date: March 31, 2012*

*Responsible Person: Kyle Barton*

## University of Texas at San Antonio

Reference No. 12-183

### Eligibility

#### Activities Allowed or Unallowed

#### Cash Management

#### Period of Availability of Federal Funds

#### Reporting

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Verification

#### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)

#### Special Tests and Provisions - Institutional Eligibility

#### Special Tests and Provisions - Written Arrangements with Another Institution, Consortium, or Organization to Provide Educational Programs

### Student Financial Assistance Cluster

Award years - July 1, 2010 to June 30, 2011

Award numbers - CFDA 84.007 P007A104169, CFDA 84.033 P033A104169, CFDA 84.038 Award Number Not

Applicable, CFDA 84.063 P063903294, CFDA 84.268 P268K113294, CFDA 84.375 P375A103294,

CFDA 84.376 P376S103294, and CFDA 84.379 P379T113294

Type of finding - Significant Deficiency and Non-Compliance

### SMART Grant

Under the National Science and Mathematics Access to Retain Talent (SMART) Grant Program, a student who meets certain eligibility requirements is also eligible to receive a SMART Grant if the student is receiving a federal Pell Grant disbursement in the same award year (Title 34, Code of Federal Regulations, Section 691.15(a)).

Questioned Cost: \$ 4,000

U.S. Department of Education

The maximum SMART Grant scheduled for an eligible student may be up to \$4,000 for each of the third and fourth academic years of the student's eligible program (Title 34, Code of Federal Regulations, Section 691.62). Additionally, while enrolled in a SMART Grant-eligible program, a student is eligible to receive up to one SMART Grant scheduled award while enrolled as a third-year student; one SMART Grant scheduled award while enrolled as a fourth-year student; and, in the case of a Smart Grant-eligible program with five full years of coursework, one SMART Grant scheduled award while enrolled as a fifth-year student (Title 34, Code of Federal Regulations, Section 691.6).

**The University of Texas at San Antonio (University) overawarded two students SMART Grants during the 2010-2011 award year.** Those two students were enrolled as third-year students during Fall 2010 and fourth year students during Spring 2011, and each received \$2,000 in SMART Grants for both the Fall and Spring semesters, for a total of \$4,000 per student. In February 2010, the University ran an automated process that erroneously awarded each of those students an additional \$2,000 for the Fall 2010 semester and classified those awards as fourth-year SMART Grants, resulting in a total of \$6,000 being awarded to each student. As a result, those two students received assistance for which they were not eligible, and they received SMART Grants in excess of the \$4,000 annual limit. Those two overawards resulted in total questioned costs of \$4,000 associated with award P376S103294.

### Other Compliance Requirements

Although the general controls weakness described below applies to activities allowed or unallowed; cash management; period of availability of federal funds; reporting; special tests and provisions - separate funds; special tests and provisions – verification; special tests and provisions – disbursements to or on behalf of students; special tests and provisions - borrower data transmission and reconciliation (Direct Loan); special tests and provisions – institutional eligibility; and special tests and provisions – written arrangements with another institution, consortium, or organization to provide educational programs, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to the operating environment associated with its financial aid application, Banner.** Specifically, three information technology application development managers had database administrator access within the Banner database that allowed them to both develop and introduce code changes into the Banner application and database environments. This increases the risk of inappropriate changes to the operating environment and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Ensure that students do not receive more than one SMART Grant per year and do not receive more than the maximum for which they are eligible each year.
- Restrict database administrator access for application development staff and management.

Management Response and Corrective Action Plan:

*Beginning with the 2011-12 award year, the SMART grant program is no longer in existence. In the 2010-11 year, students could receive more than 1 SMART grant based on eligibility and advancement in grade level. The awarding rule was adjusted to ensure students did not receive above the maximum grant for the year even though the student moved to a new grade level. The questioned cost of \$4000 has been returned.*

*Implementation Date: August 2011*

*Responsible Person: Lisa Blazer*

*The database administrator role was removed from the IT Managers accounts on 12/2/11. The database administrators will upload code and package changes. Programming staff will submit code changes to be reviewed by the appropriate IT manager. Once the IT manager has reviewed the proposed changes, the IT manager will submit a move request to a DBA in order to move the code into production. We are still working on fully implementing the process, but it will be completed by 2/28/12.*

*Implementation Date: February 2012*

*Responsible Person: Anthony Espinoza*

Reference No. 12-184

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 11-183)

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.007 P007A104169, CFDA 84.033 P033A104169, CFDA 84.063 P063903294, CFDA 84.268 P268K113294, CFDA 84.375 P375A103294, CFDA 84.376 P376S103294, CFDA 84.379 P379T113294, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Return of Title IV Funds**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Section 668.22(a)).

Questioned Cost: \$ 166

U.S. Department of Education

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

Additionally, when a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return, and it must determine which funds were disbursed directly to the student. For funds that were disbursed directly to the student, the institution must notify the lender or the Secretary of the U.S. Department of Education that the student did not begin attendance so that the Secretary can issue a final demand letter (Title 34, Code of Federal Regulations, Section 668.21). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21(b)).

**For 5 (83 percent) of 6 students tested who unofficially withdrew from the University of Texas at San Antonio (University), the University did not determine the withdrawal date within 30 days after the end of the payment period or period of enrollment, academic year, or educational program.** Each of those students unofficially withdrew from the University during the Fall 2010 semester. The University determined that it was not processing all unofficial withdrawals through a compliance review conducted in Spring 2011. Although the University corrected that error, determined withdrawal dates, and processed return of Title IV funds for those students, its correction of the error occurred between 86 and 111 days after the end of the payment period or period of enrollment; as a result, the University did not correct the error in a timely manner.

**For 1 (25 percent) of 4 students who did not begin attendance at the University, the University did not return the correct amount of funds to the U.S. Department of Education.** While the University determined that this student withdrew from the University and calculated the amount of funds due back to the U.S. Department of Education, it determined the amount due using a date that was after the start of the semester, instead of returning all funds awarded for the semester. As a result, the University did not return \$166 in federal funds due for award P268K113294.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to the operating environment associated with its financial aid application, Banner.** Specifically, three information technology application development managers had database administrator access within the Banner database that allowed them to both develop and introduce code changes into the Banner application and database environments. This increases the risk of inappropriate changes to the operating environment and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Develop and implement controls to ensure that it correctly determines student withdrawal dates and the amount of Title IV funds due to the U.S. Department of Education.
- Restrict database administrator access for application development staff and management.

Management Response and Corrective Action Plan:

*To ensure return of title IV is processed correctly and to implement additional controls, our compliance officer will be performing a 100% quality review of all students who receive federal title IV aid and withdraw from the university during the 2011-12 award year. The questioned cost of \$166 has been returned.*

*Implementation Date: November 2012*

*Responsible Person: Lisa Blazer*

*The database administrator role was removed from the IT Managers accounts on 12/2/11. The database administrators will upload code and package changes. Programming staff will submit code changes to be reviewed by the appropriate IT manager. Once the IT manager has reviewed the proposed changes, the IT manager will submit a move request to a DBA in order to move the code into production. We are still working on fully implementing the process, but it will be completed by 2/28/12.*

*Implementation Date: February 2012*

*Responsible Person: Anthony Espinoza*

Reference No. 12-185

**Special Tests and Provisions - Enrollment Reporting**

**Student Financial Assistance Cluster**

**Award years - July 1, 2010 to June 30, 2011**

**Award numbers - CFDA 84.268 P268K113294, CFDA 84.007 P007A104169, CFDA 84.063 P0639103294, CFDA 84.375 P375A103294, CFDA 84.376 P376S103294, CFDA 84.379 P379T113294, CFDA 84.033 P033A104169, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Enrollment Reporting**

Unless an institution expects to submit its next student status confirmation report to Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Direct Subsidized, Direct Unsubsidized or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b)).

Questioned Cost:	\$ 0
U.S. Department of Education	

The University of Texas at San Antonio (University) uses the service of the National Student Clearinghouse (NSC) to report student status changes to the National Student Loan Data System (NSLDS). Under this arrangement, NSLDS (rather than the University) sends the Enrollment Reporting Roster to NSC. NSC then communicates student status changes to lenders and guaranty agencies, as appropriate, and to NSLDS. Although the University uses the services of NSC, it is still the University's responsibility to submit timely, accurate, and complete responses to the Enrollment Reporting Rooster and to maintain documentation (NSLDS *Enrollment Reporting Guide*, Chapter 1.3.1.1).

**For 1 (1.7 percent) of 60 student status changes tested, the University did not report the change to NSLDS within the required 60-day time frame.** When the University submitted its student status changes to NSC in November 2010, the information it submitted contained errors for four students, which resulted in rejection of the roster file it submitted. The University's subsequent December roster file submissions were also rejected because the errors had not been resolved. On December 28, 2010, the University identified and corrected the errors in the roster file, and NSC accepted the roster file at that time. In Spring 2011, the University determined that its procedures were not adequate to detect and correct rejection errors in a timely manner; as a result, it implemented new procedures to resolve rejected roster files. During testing, auditors did not identify any errors in status changes submitted after the University implemented the revised procedures.

Submitting information late affects determinations made by guarantors, lenders, and servicers of student loans related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to the operating environment associated with its financial aid application, Banner.** Specifically, three information technology application development managers had database administrator access within the Banner database that allowed them to both develop and introduce code changes into the Banner application and database environments. This increases the risk of inappropriate changes to the operating environment and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Report student status changes to NSLDS within the required time frame.
- Restrict database administrator access for application development staff and management.

Management Response and Corrective Action Plan:

*The compliance team within the Financial Aid and Enrollment Services Office had reviewed the SSCR information and found this error prior to the audit in June 2011 and reported it to the Registrar. The Registrar's office then implemented new processes as of February 2011 to ensure the student status changes are reported within the appropriate timeframes. A sample of students was reviewed and no additional issues have appeared. The compliance team in Financial Aid and Enrollment Services will continue to perform sample audits during 2011-12 to ensure the process is followed appropriately and that student status changes are reported correctly and within the appropriate timeframe.*

*Implementation Date: August 2012*

*Responsible Person: Joe DeCristoforo*

*The database administrator role was removed from the IT Managers accounts on 12/2/11. The database administrators will upload code and package changes. Programming staff will submit code changes to be reviewed by the appropriate IT manager. Once the IT manager has reviewed the proposed changes, the IT manager will submit a move request to a DBA in order to move the code into production. We are still working on fully implementing the process, but it will be completed by 2/28/12.*

*Implementation Date: February 2012*

*Responsible Person: Anthony Espinoza*

## University of Texas Southwestern Medical Center at Dallas

Reference No. 12-186

### Equipment and Real Property Management

#### Activities Allowed or Unallowed

#### Allowable Costs/Cost Principles

#### Cash Management

#### Period of Availability of Federal Funds

#### Procurement and Suspension and Debarment

#### Special Tests and Provisions - Key Personnel

#### Special Tests and Provisions - Indirect Cost Limitation

#### Special Tests and Provisions - R1- Separate Accountability for ARRA Funding

#### Special Tests and Provisions - R2 - Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form

(Prior Audit Issue 11-188)

#### Research and Development Cluster

#### Award years - Multiple

#### Award numbers - Multiple

#### Type of finding - Significant Deficiency and Non-Compliance

### Equipment and Property Records

A recipient's equipment records for equipment acquired with federal funds and federally-owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number, the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment (Title 2, Code of Federal Regulations, Section 215.34 (f)).

Questioned Cost: \$ 0

U.S. Department of Health  
and Human Services

**The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not maintain complete and accurate property records for 4 (7 percent) of 60 equipment items tested.** Specifically:

- For one item, the Medical Center recorded an incorrect serial number in its property records.
- For three items, the Medical Center did not record the serial numbers in its property records.

The Medical Center tracks serial numbers as it enters information about equipment into its inventory management system; however, it did not always enter the serial numbers into that system. Not maintaining complete and accurate property records could result in non-traceable missing, lost, or stolen equipment.

### Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, cash management, period of availability of federal funds, procurement and suspension and debarment, special tests and provisions - key personnel, special tests and provisions - indirect cost limitation, special tests and provisions – R1 – separate accountability for ARRA funding, and special tests and provisions – R2 – presentation on the schedule of expenditures of federal awards and data collection form, auditors identified no compliance issues regarding those compliance requirements.

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not limit high-profile access to its systems to key personnel or maintain appropriate segregation of duties.** Auditors identified excessive access granted to 36 users who had the ability to migrate code to the production environment and modify the database structure for the activity confirmation application. The Medical Center removed the excessive access when auditors brought this matter to its attention. Additionally, six programmers had excessive privileges to create, grant, and delete access, as well as to assign and remove that ability, for the activity confirmation application. The Medical Center removed the excessive privileges when auditors brought this matter to its attention. This increases the risk of unauthorized code modifications and access being granted to information systems.

In addition, 32 users shared passwords to administrator accounts at the network and servers level, and a preventive control did not exist to ensure user accountability. This increases the risk of unauthorized changes being made without the ability to trace those changes to the particular user who made them.

Recommendations:

The Medical Center should

- Establish and implement a process to ensure that it maintains complete and accurate property records.
- Limit system access to key personnel and maintain adequate segregation of duties.
- Ensure that users do not share administrator account passwords or limit such activity.

Management Response and Corrective Action Plan:

Equipment and Property Records

*a) We note that the audit resulted in 100% accountability of all equipment tested. While four of those sixty assets had an error or no serial number on the inventory record, each did have a unique identifying number as required by Title 2, Code of Federal Regulations, Section 215.34 (f). There is no indication or history of loss of accountability at this institution due to a lack of a recorded serial number. Our objective is to record a serial number for each asset in our system. We will continue to retrieve and record a serial number for every asset and have made progress toward our goal of 100% accurate serial numbers.*

*Implementation Date: August 31, 2013*

*Responsible Person: Paul Belew*

General Controls

*b) As the report notes, access for 28 of the 36 users identified was removed in September 2011. Access is now restricted to 8 database administrators responsible for migrating database changes. To limit the risk of recurrence of this situation, the following actions have been taken: (1) SQL Server build standards have been updated to remove the default “Builtin\Administrators” group from the sysadmin role and (2) a process will be implemented to annually review the appropriateness of users granted privileged access to the database supporting the Activity Confirmation application. These procedures will be documented and the process implemented by April 2012.*

*Implementation Date: April 2012*

*Responsible Persons: Ed Ames and Andrea Marshall*

## UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

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*As the report also notes, excessive access for the six programmers was removed in September 2011. To limit the risk of recurrence of this situation, a process will be implemented to annually review the appropriateness of users granted administrator access to the iAIM application. Procedures will be documented and the process implemented by April 2012.*

*Implementation Date:* April 2012

*Responsible Persons:* Andrea Marshall

*c) A project has been in progress since summer 2011 to eliminate the remaining dependencies on the Windows “administrator” account for support of the centralized server infrastructure. This project is on track to complete during the scheduled change window on February 26, 2012. Following that date, the administrator account will no longer be required or used for routine support activities. The password for the account will be known by five managers responsible for the centralized infrastructure support. Support activities that require elevated access will be performed by individuals using accounts that are individually assigned.*

*Implementation Date:* February 2012

*Responsible Person:* Ed Ames

Reference No. 12-187

### **Reporting**

#### **Research and Development Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency and Non-Compliance**

### Report Submission

Recipients are responsible for managing, monitoring, and reporting performance and financial information for each project, program, subaward, function, or activity supported by an award. Recipients use the *Financial Status Report* SF-269 or SF-269A to report the status of funds for non-construction projects (Title 45, Code of Federal Regulations (CFR), Section 74.52). The *Federal Financial Report* SF-425 is used to report expenditures under federal awards, as well as cash status. Awarding entities may establish time frames for the submission of required financial reports. Typically, those time frames are between 30 and 90 days after the end of the reporting period.

Questioned Cost:	\$ 0
National Institutes of Health	

The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not always submit required financial reports in a timely manner. **Specifically, for 5 (8 percent) of 60 reports tested, the Medical Center submitted the required reports between 4 and 39 days after their due date.** Of those 5 reports, only 1 was filed more than 30 days late. While the Medical Center has a process to identify reports that are due, it does not have a process to ensure that it submits those reports in a timely manner.

This issue affected the following awards:

CFDA	Award Number	Award Year
93.279	5R01DA01780405	May 1, 2008 to January 20, 2011
93.859	5R01GMO7162105	September 1, 2009 to August 31, 2010
93.396	2R56CA10961806	September 1, 2009 to August 31, 2010
93.701	3R01DK06362108S1	June 25, 2010 to June 30, 2011
93.701	3K22CA11871703S1	September 30, 2009 to September 29, 2010

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not limit high-profile access to its systems to key personnel or maintain appropriate segregation of duties.** Auditors identified excessive access granted to 36 users who had the ability to migrate code to the production environment and modify the database structure for the activity confirmation application. The Medical Center removed the excessive access when auditors brought this matter to its attention. Additionally, six programmers had excessive privileges to create, grant, and delete access, as well as to assign and remove that ability, for the activity confirmation application. The Medical Center removed the excessive privileges when auditors brought this matter to its attention. This increases the risk of unauthorized code modifications and unauthorized access being granted to information systems.

In addition, 32 users shared passwords to administrator accounts at the network and servers level, and a preventive control did not exist to ensure user accountability. This increases the risk of unauthorized changes being made without the ability to trace those changes to the particular user who made them.

Recommendations:

The Medical Center should:

- Establish and implement procedures for submitting reports to awarding agencies by the due dates.
- Limit system access to key personnel and maintain adequate segregation of duties.
- Ensure that users do not share administrator account passwords or limit such activity.

Management Response and Corrective Action Plan:

Report Submission

- a) *The Medical Center will identify and document its processes and procedures which affect the timely submission of federal reports to awarding agencies and implement changes, as necessary, to improve compliance with reporting due dates.*

*Implementation Date:* April 2012

*Responsible Person:* Don Mele

General Controls

- b) *As the report notes, access for 28 of the 36 users identified was removed in September 2011. Access is now restricted to 8 database administrators responsible for migrating database changes. To limit the risk of recurrence of this situation, the following actions have been taken: (1) SQL Server build standards have been updated to remove the default “BuiltinAdministrators” group from the sysadmin role and (2) a process will be implemented to annually review the appropriateness of users granted privileged access to the database supporting the Activity Confirmation application. These procedures will be documented and the process implemented by April 2012.*

*Implementation Date:* April 2012

*Responsible Persons:* Ed Ames and Andrea Marshall

**UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS**

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*As the report also notes, excessive access for the six programmers was removed in September 2011. To limit the risk of recurrence of this situation, a process will be implemented to annually review the appropriateness of users granted administrator access to the iAIM application. Procedures will be documented and the process implemented by April 2012.*

*Implementation Date:*     *April 2012*

*Responsible Person:*     *Andrea Marshall*

*c) A project has been in progress since summer 2011 to eliminate the remaining dependencies on the Windows “administrator” account for support of the centralized server infrastructure. This project is on track to complete during the scheduled change window on February 26, 2012. Following that date, the administrator account will no longer be required or used for routine support activities. The password for the account will be known by five managers responsible for the centralized infrastructure support. Support activities that require elevated access will be performed by individuals using accounts that are individually assigned.*

*Implementation Date:*     *February 2012*

*Responsible Person:*     *Ed Ames*

## **Water Development Board**

Reference No. 12-188

### **Allowable Costs/Cost Principles**

#### **CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds**

#### **CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds - ARRA**

**Award years - October 1, 2009 to September 30, 2012 and October 1, 2008 to August 31, 2014**

**Award numbers - CS-48000210 and 2W-96692401 (ARRA)**

**Type of finding - Material Weakness and Non-Compliance**

In accordance with Title 2, Code of Federal Regulations (CFR), Part 225, Appendix B, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Questioned Cost:	\$2,817
U.S. Environmental Protection Agency	

- Reflect an after-the-fact distribution of the actual activity of each employee.
- Account for the total activity for which each employee is compensated.
- Are prepared at least monthly and must coincide with one or more pay periods.
- Are signed by the employee.

Budget estimates that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

**For 12 (57 percent) of the 21 payroll charges tested, the Water Development Board (Board) did not base its payroll charges on actual work completed.** For certain employees expected to work on multiple activities, the Board determined payroll charges based on a predetermined level of effort estimate developed at the beginning of the fiscal year rather than an after-the-fact distribution of actual time worked. The Board allocated \$2,817 of the payroll charges tested to Capitalization Grants for Clean Water State Revolving Funds (Clean Water), non-ARRA, based on predetermined estimates.

In addition, the Board determined that \$1,124,929 charged to Clean Water (non-ARRA) and \$223,993 charged to Clean Water - ARRA was attributed to fiscal year 2011 payroll charges that were not based on an after-the-fact determination. Determining payroll charges based on factors other than an after-the-fact distribution of actual time worked could result in overcharging the federal award.

#### **Recommendation:**

The Board should develop and implement processes to ensure that all payroll costs it charges to federal programs are allocable to the federal award and that it bases its allocation methods on an after-the-fact distribution of actual time worked.

## WATER DEVELOPMENT BOARD

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### Management Response and Corrective Action Plan:

*TWDB concurs with the recommendation and will review the relevant charges to the Capitalization Grants for Clean Water State Revolving Funds (CWSRF) ARRA and non-ARRA programs for fiscal year (FY) 2011 and make the necessary adjustments, in accordance with OMB A-87.*

*Additionally, TWDB has significantly reduced the number of employees utilizing predetermined cost estimates to charge the CWSRF ARRA and non ARRA. Going forward, management will review actual work effort for these employees and adjust payroll charges to federal awards in accordance with OMB A-87.*

*Implementation Date:* March 2012

*Responsible Person:* Renita Bankhead

Reference No. 12-189

### **Subrecipient Monitoring**

#### **CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds**

**Award years - October 1, 2008 to September 30, 2014 and October 1, 2009 to September 30, 2012**

**Award numbers - CS-48000209 and CS-48000210**

**Type of finding - Significant Deficiency and Non-Compliance**

As a pass-through entity, the Water Development Board (Board) is required by Office of Management and Budget (OMB) Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement, Part 3, Section M, to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

Questioned Cost:	\$ 0
U.S. Environmental Protection Agency	

**The Board was unable to provide evidence that it communicated the CFDA number and other required information to 1 (14 percent) of 7 subrecipients tested.** Although the Board asserted that it sent that information to the subrecipient, it could not provide a copy of that communication. Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards.

### Recommendation:

The Board should communicate required award information, including the CFDA number, to all subrecipients and maintain evidence of that communication.

### Management Response and Corrective Action Plan:

*Management concurs that while a letter was sent to the entity on October 5, 2010 it did not contain all of the required elements. On March 1, 2011, TWDB enhanced its procedures with the implementation of an Award Letter Policy for entities subject to Single Audits, and an award letter template, which includes all the requirements, for use by staff.*

*Implementation Date:* March 2011

*Responsible Person:* Piper Montemayor

## WATER DEVELOPMENT BOARD

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Reference No. 12-190

### Allowable Costs/Cost Principles

#### CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds

#### CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA

Award years - September 1, 2009 to August 31, 2014, September 1, 2010 to August 31, 2015, and February 1, 2009 to August 31, 2014

Award numbers - FS-99679513, FS-99679514, and 2F-96692301 (ARRA)

Type of finding - Material Weakness and Non-Compliance

In accordance with Title 2, Code of Federal Regulations (CFR), Part 225, Appendix B, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

- Reflect an after-the-fact distribution of the actual activity of each employee.
- Account for the total activity for which each employee is compensated.
- Are prepared at least monthly and must coincide with one or more pay periods.
- Are signed by the employee.

Budget estimates that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

**For 24 (67 percent) of the 36 non-ARRA payroll charges tested and 7 (28 percent) of the 25 ARRA payroll charges tested, the Water Development Board (Board) did not base its payroll charges on actual work completed.** For certain employees expected to work on multiple activities, the Board determined payroll charges based on a predetermined level of effort estimate it developed at the beginning of the fiscal year, rather than an after-the-fact distribution of actual time worked. The Board allocated \$13,092 of the payroll charges tested to Capitalization Grants for Drinking Water State Revolving Funds (Drinking Water) and \$17,098 of the payroll charges tested to Drinking Water - ARRA. The following table identifies known questioned costs by award number.

<b>Program</b>	<b>Questioned Costs</b>	<b>Award Number</b>
CFDA 44.468 Drinking Water	\$ 738	FS-99679513
CFDA 44.468 Drinking Water	\$12,354	FS-99679514
CFDA 44.468 Drinking Water -ARRA	\$17,098	2F-96692301

The Board determined that \$763,083 charged to Drinking Water and \$263,614 charged to Drinking Water - ARRA in fiscal year 2011 was attributed to payroll charges that were not based on an after-the-fact determination.

Determining payroll charges based on factors other than an after-the-fact distribution of actual time worked could result in overcharging the federal award.

Questioned Cost: \$ 30,190  
U.S. Environmental Protection Agency

## WATER DEVELOPMENT BOARD

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### Recommendation:

The Board should develop and implement processes to ensure that all payroll costs it charges to federal programs are allocable to the federal award and that it bases its allocation methods on an after-the-fact distribution of actual time worked.

### Management Response and Corrective Action Plan:

*TWDB concurs with the recommendation and will review the relevant charges to the Capitalization Grants for Drinking Water State Revolving Funds (DWSRF) ARRA and non-ARRA programs for fiscal year (FY) 2011 and make the necessary adjustments in accordance with OMB A-87.*

*Additionally, TWDB has significantly reduced the number of employees utilizing predetermined cost estimates to charge to the DWSRF ARRA and non ARRA. Management will review actual work effort for these employees and adjust payroll charges to federal awards in accordance with OMB A-87.*

*Implementation Date:*     *March 2012*

*Responsible Person:*     *Renita Bankhead*

Reference No. 12-191

### **Subrecipient Monitoring**

#### **CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds**

**Award years - September 27, 2005 to September 15, 2011 and February 1, 2009 to August 31, 2014**

**Award numbers - FS-99679509 and 2F-96692301**

**Type of finding - Significant Deficiency and Non-Compliance**

As a pass-through entity, the Water Development Board (Board) is required by Office of Management and Budget (OMB) Circular A-133, Section .400(d), and the OMB Circular A-133 Compliance Supplement Part 3, Section M, to identify to the subrecipient, at the time of the subaward, the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements. The Board also is required to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes timely and appropriate corrective action on all audit findings (OMB Circular A-133, Section .400(d)).

Questioned Cost:	\$ 0
U.S. Environmental Protection Agency	

### Pre-award Monitoring

**The Board was unable to provide evidence that it communicated the CFDA number and other required information to 1 (20 percent) of 5 subrecipients tested.** Although the Board asserted that it sent the information to the subrecipient, it could not provide a copy of the communication. Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards.

### A-133 Single Audit Compliance Monitoring

**The Board did not issue a management decision on audit findings within 6 months after receipt of a subrecipient's audit report for 1 (50 percent) of 2 subrecipients tested that had single audit findings.** Not meeting the six-month requirement for issuing management decisions on audit findings could result in delays in subrecipients' development and implementation of corrective action plans and continued non-compliance. Excluding findings from the Board's tracking tool could result in the Board delaying or not conducting follow-up on

## WATER DEVELOPMENT BOARD

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findings, delays in subrecipients' development and implementation of corrective action plans, and continued non-compliance.

**Recommendations:**

The Board should:

- Communicate required award information, including the CFDA number, to all subrecipients and maintain evidence of the communication.
- Issue a management decision on audit findings within six months after receipt of a subrecipient's audit report.

**Management Response and Corrective Action Plan:**

*Management concurs that while a letter was sent to the entity on September 22, 2009 it did not contain all of the required elements. On March 1, 2011, TWDB enhanced its procedures by implementing an Award Letter Policy for entities subject to Single Audits, and a letter template which includes all the required elements for use by staff.*

*Procedures will be updated and implemented to issue management findings within six months after receipt of the sub-recipient's audit report by March 31, 2012.*

*Implementation Date:      March 2011 and March 2012*

*Responsible Person:      Piper Montemayor*

## **Summary Schedule of Prior Audit Findings**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2011

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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## Summary Schedule of Prior Year Audit Findings - KPMG

Federal regulations (*Office of Management and Budget Circular OMB Circular A-133*) state, “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2010 Schedule of Findings and Questioned Costs
- Each finding in the 2010 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2011 has been prepared to address these responsibilities.

### Department of Aging and Disability Services

Reference No. 11-01

#### Subrecipient Monitoring

##### Aging Cluster - ARRA

Award years - March 17, 2009 to September 30, 2010

Award numbers - 09AATXC1RR and 09AATXC2RR

Type of finding - Non-Compliance

The Department of Aging and Disability Services (DADS) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal program. Some of these funds were derived from the American Recovery and Reinvestment Act (ARRA) during the fiscal year 2010. DADS is required by OMB Circular A-133 to determine whether the subrecipients have current Central Contractor Registration (CCR) registrations prior to making sub awards and perform periodic checks to ensure that subrecipients are updating information, as necessary (2 CFR part 176.50).

Initial Year Written: 2010  
Status: Implemented  
  
U.S. Department of Health and Human Services

DADS had a process in place in which the subrecipients receiving ARRA funds were required to provide their Data Universal Numbering System (DUNS) number before receiving funds. In addition, DADS maintained a list of all 27 subrecipients receiving ARRA funds and their DUNS number. A DUNS number is required for CCR registration. However, it could not be determined that before disbursement of the award DADS actually ensured that the subrecipients were registered with the CCR. Subsequently, the subrecipients' CCR registrations have been verified by DADS.

#### Corrective Action:

Corrective action was taken.

**Department of Aging and Disability Services  
Health and Human Services Commission**

Reference No. 11-02

**Allowable Costs/Cost Principles**

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1005TX5021 and 0905TX5021**

**Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and October 1, 2007 to September 30, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, 0905TX5048, 0805TX5028, and 0805TX5048**

**Medicaid Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to December 31, 2009**

**Award numbers - 1005TXARRA and 0905TXARRA**

**SNAP Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award number - 6TX400105**

**TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTTANF and G0902TXTTANF**

**Type of finding - Material Weakness**

In accordance with OMB Circular A-87, attachment B, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency.

The Health and Human Services Commission (HHSC) and Department of Aging and Disability Services (DADS) utilize Random Moment Time Sampling, which is an approved substitute system. The Random Moment Sampling (RMS) web application service for HHSC and DADS is provided by Applied Computer Services (ACS). The application is running on the Windows server and resides on an SQL database. Access controls are inappropriately designed for the RMS application as two programmers have full administrative access in the production environment. In addition, policies and procedural documents do not exist for the change management process, and authorization, testing, and approval of system changes have not been documented.

The job functions for the two programmers include migration of system changes to the production environment. Programmer access on the operating system allows administrative access to both the production and development environments. With the ability to develop and migrate changes, the programmers can develop and migrate code changes into the production environment that have not gone through the appropriate change management procedures.

No compliance exceptions were noted for the major programs noted above.

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Health and  
Human Services  
U.S. Department of Agriculture

**Corrective Action:**

This finding was reissued as current year reference number: 12-01.

## **Department of Assistive and Rehabilitative Services**

Reference No. 11-03

### **Eligibility**

(Prior Audit Issues - 10-07 and 09-07)

#### **Vocational Rehabilitation Cluster**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - H126A100065, H126A100064, H126A090065, H126A090064, H126A080065, and H126A080064**

#### **Vocational Rehabilitation Cluster - ARRA**

**Award year - February 17, 2009 to September 30, 2010**

**Award numbers - 11390A090064 and 11390A090065**

**Type of finding - Significant Deficiency and Non-Compliance**

The State VR agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after individual has submitted an application for the services unless (Section 102(a)(6) of the Act (29 USC 722(a)(6)))

- a) exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time or;
- b) The State VR agency is exploring an individual's abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.

Initial Year Written: 2008  
Status: Implemented

U.S. Department of Education

Per review of 40 Division for Blind Services (DBS) and 40 Division for Rehabilitation Services (DRS) consumers, 1 DBS and 2 DRS consumers were not determined eligible within 60 days and there was no notation in the case notes explaining exceptional or unforeseen circumstances. There was no agreement by the consumer to a specific extension of time. To address the prior year finding for DBS, DBS management implemented a 45-day review process in order to identify consumers pending eligibility decisions. The one DBS application for the consumer noted above was dated prior to Spring 2009 when DBS implemented the 45-day review process.

In addition, during fiscal year 2010, DRS initiated the new Case Review Process that replaced the Quality Assurance and Improvement (QAI) process. The compliance portion of the review evaluates whether policies based on federal regulations, and state laws and rules have been followed. Routine oversight is maintained through case reviews performed by the area manager, by regional office staff (Operations Directors for Programs, Regional Directors) and by central office programs staff. Complete case reviews address five specific areas of proficiency, which are critical to the VR process: Services and Closure, Plan and Planning, Counseling and Guidance, Eligibility Decision, and Level of Significance. DRS reviewers complete case reviews. From a sample of 40 DRS case reviews, 2 case review forms were not completed.

#### **Corrective Action:**

Corrective action was taken.

Reference No. 11-04

**Procurement and Suspension and Debarment**

**Vocational Rehabilitation Cluster - ARRA**

**Award year - February 17, 2009 to September 30, 2010**

**Award numbers - 11390A090064 and 11390A090065**

**Type of finding - Non-Compliance**

States shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Under the Texas Government Code, Chapter 2155.063, Competitive Bidding Requirement, a purchase of or contract for goods or services shall, whenever possible, be accomplished through competitive bidding. The Health and Human Services Commission (HHSC) Procurement Manual requires that purchases or other acquisitions that will cost more than \$5,000 are to be competitively bid unless the purchasing of goods or services is exempt from competitive bidding in which case the exemption must be documented in the purchasing documentation. HHSC requires a signed bid document and a signed purchase to execute a contract with a vendor.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

From a sample of 28 vendor files, one vendor procurement file for a training course did not have documentation of bids submitted by vendors. The requestor obligated the Department of Assistive and Rehabilitative Services (DARS) by executing a contract without procurement staff having the opportunity to secure the necessary bids. Upon final review of the contract, DARS management decided to continue with the contract since a non-refundable obligation was already incurred and invitations with the facilities address had already been mailed. The total of the contract was approximately \$10,900 of ARRA funding.

**Corrective Action:**

Corrective action was taken.

## Department of Family and Protective Services

Reference No.11-05

### Allowable Costs/Cost Principles

(Prior Audit Issues - 10-08, 09-09, 08-04, 07-05, and 06-05)

#### CFDA 93.658 - Foster Care - Title IV-E

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - 1001TX1401, 1001TX1402, 0901TX1401, and 0901TX1402

#### CFDA 93.659 - Adoption Assistance

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - 1001TX1407, 1001TX1403, and G0901TX1407

#### CFDA 93.667 - Social Services Block Grant

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - G1001TXSOSR and G0901TXSOSR

### TANF Cluster

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - G1002TXTANF and G0902TXTANF

### TANF Cluster - ARRA

Award years - October 1, 2009 to September 30, 2010

Award numbers - G1002TXTAN2, G1001TXTAN2, and G0901TXTAN2

Type of finding - Significant Deficiency

The approved Cost Allocation Plan (CAP) incorporates a web-based response system, using an online tool that assists with the management and oversight of the Random Moment Time Studies (RMTS). The system is maintained in a Windows environment. Eight INET developers have privileges on the server with the ability to access production files for the RMTS application. A periodic review is also not conducted at the operating system or database level. No RMTS compliance exceptions were noted for the allowable costs/cost principles samples selected for the above major programs.

Initial Year Written:	2005
Status:	Implemented
U.S. Department of Health and Human Services	

### Corrective Action:

Corrective action was taken.

Reference No. 11-06

### Eligibility

#### CFDA 93.659 - Adoption Assistance

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - 1001TX1407, 1001TX1403, and G0901TX1407

#### CFDA 93.659 - Adoption Assistance - ARRA

Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009

Award numbers - 1001TX1407, 1001TX1403, and G0901TX1407

Type of finding - Significant Deficiency and Non-Compliance

In accordance with 45 CFR section 1356.41(d), the child who is to receive Adoption Assistance must have been placed for adoption in accordance with applicable State and local laws. Per the Texas State Family Code Title 5, Subtitle B, Chapter 162, an adoption is legal with an adoption order. If the court agrees that the requirements for adoption have been met and the adoption is in the best interest of the child, the court will sign the Decree of Adoption.

## FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF

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A sample of 40 children for whom Adoption Assistance payments were made during fiscal year 2010 was selected for review. One instance was found where the Decree of Adoption was not signed by the court; instead, the “parent” was ordered to have managing conservatorship. Managing conservatorship is not eligible for Adoption Assistance. Adoption Assistance payments were received by the family from 2007 through 2010 in the amount of \$13,200. Title IVE participated in \$8,537 of these Adoption Assistance payments. Title IVE ARRA funding contributed \$670 of the total Title IVE funding used.

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Health and Human Services	

There are two stages in the adoption process, which are tracked by the Department of Family and Protective Services (DFPS) in the IMPACT eligibility system. The pre-adoption stage (ADO) where the adoption assistance eligibility is determined and payments have been started; however, the adoption has not been completed. The post-adoption stage (PAD) is where the adoption is completed and adoption assistance payments continue. If the adoption is never completed by the court, the case worker must terminate the adoption assistance eligibility and close out the PAD stage to stop the assistance payments by manually updating IMPACT. In this case, the adoption was never completed. The PAD stage was appropriately closed but the adoption assistance eligibility was not terminated resulting in erroneous adoption assistance payments to the family.

DFPS ran a query to determine if any other active adoption assistance cases were receiving payments erroneously due to the failure to terminate the adoption assistance eligibility. DFPS did not identify any other instances that resulted in overpayments.

### Corrective Action:

Corrective action was taken.

Reference No. 11-07

### **Eligibility**

#### **CFDA 93.658 - Foster Care - Title IV-E**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1001TX1401, 1001TX1402, 0901TX1401, and 0901TX1402**

#### **CFDA 93.658 - Foster Care - Title IV-E - ARRA**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1001TX1401, 1001TX1402, 0901TX1401, and 0901TX1402**

**Type of finding - Significant Deficiency and Non-Compliance**

Funds may be expended for foster care maintenance payments on behalf of eligible children, in accordance with the IV-E agency's foster care maintenance payment rate schedule and in accordance with 45 CFR section 1356. 21, to individuals serving as foster family homes, to child-care institutions, or to public or private child-placement or child-care agencies. Such payments may include the cost of (and the cost of providing, including certain associated administrative and operating costs of an institution) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation, as well as reasonable travel for the child to remain in the same school he or she was attending prior to placement in foster care (42 USC 672(b)(1) and (2), (c)(2), and 675(4)).

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Health and Human Services	

### Foster Care Benefits at Department of Family and Protective Services (DFPS)

For a sample of 40 foster care benefits distributed in fiscal year 2010, one instance was noted where the childcare provider was underpaid as they were reimbursed at the moderate versus the specialized level of care billing rate which was the authorized level of care. The child was placed in a non-paid placement status, which allows the case worker to review the case. During the non-paid status stage within the Information Management Protecting Adults

**FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF**

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and Children in Texas (IMPACT) application, a child's level of care can be changed. However, IMPACT does not automatically update the billing rates when the interface is received. The case worker must manually review the information in the file when they change the status back to paid placement and link the billing rate to the change in level of care. DFPS queried IMPACT and identified three federal funded eligible children with underpayments totaling \$18,281, including the sample item. The Title IV-E federal portion of the underpayment is \$10,551, of which \$1,250 is Title IV-E ARRA. Additionally, DFPS identified one child who received an overpayment of \$14,052, and the Title IV-E federal portion of the overpayment is \$8,093. Title IV-E ARRA funding contributed \$970 of the total Title IV-E funding used.

**Child Care Administered by Texas Workforce Commission (TWC)**

For a sample of 40 children for whom foster care payments were made during fiscal year 2010, four instances were found where the documentation to support the child-care payment could not be obtained at a sufficient level of detail. DFPS works with another state agency, TWC, who passed the child care funding through to the Texas Local Workforce Development Boards (TLWDB). The total amount of foster care expenditures in fiscal year 2010 related to child care services was approximately \$9.5 million.

**Corrective Action:**

Corrective action was taken.

**Office of the Governor**

Reference No. 11-08

**Subrecipient Monitoring**

**CFDA 16.803 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories - ARRA**

**Award year - October 1, 2009 to September 30, 2010**

**Award numbers - SU-09-A10-22820-01 and SU-09-A10-22822-01**

**Type of finding - Non-Compliance**

The Criminal Justice Division (CJD) is required to document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds. (2 CFR section 176.210). CJD subrecipients that received ARRA disbursements prior to July 23, 2010 did not receive a communication regarding the Federal award number, CFDA number, and the amount of ARRA funds. On July 23, 2010, CJD implemented an automatic e-mail communication that is sent to the subrecipient each time ARRA funds are disbursed. The automatic e-mail communication includes the Federal award number, CFDA number, and the amount of ARRA funds.

Initial Year Written: 2010  
Status: Implemented  
  
U.S. Department of Justice

***Corrective Action:***

Corrective action was taken.

## **Health and Human Services Commission**

Reference No. 11-09

### **Eligibility**

**Special Tests and Provisions - ADP System for SNAP**

**Special Tests and Provisions - Income Eligibility and Verification System for TANF**

(Prior Audit Issues - 10-12, 09-17, 08-12 and 07-13)

### **Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and October 1, 2007 to September 30, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, 0905TX5048, 0805TX5028, and 0805TX5048**

### **Medicaid Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to December 31, 2009**

**Award numbers - 1005TXARRA and 0905TXARRA**

### **SNAP Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and February 12, 2010 to September 30, 2010**

**Award numbers - 6TX400105 and 6TX430155**

### **SNAP Cluster - ARRA**

**Award year - October 1, 2009 to September 30, 2010**

**Award number - 6TX440105**

### **TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTANF and G0902TXTANF**

### **TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1002TXTAN2, G1001TXTAN2, and G0901TXTAN2**

**Type of finding - Material Weakness Control and Material Non-Compliance**

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Medicaid, TANF and SNAP - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, Texas Integrated Eligibility Reporting System (TIERS).

Per review of the regulations and State Plan documents for Medicaid, TANF and SNAP benefits, individuals must generally meet the following criteria to be eligible for any of the three forms of aid, and the information is required to be verified per a third-party source of information. Any exceptions are noted below:

- Completed and signed an application for benefits with eligibility determined at least every 12 months for Medicaid (42 CFR 435.916(a)), TANF, (per State Plan), and SNAP (7 CFR 273.10(f)). In some situations, Medicaid cases are not required to be redetermined, such as for earned income transitional coverage.
- Be a Texas resident. Verification of residency is not required for Medicaid recipients. Verification is required for TANF, per State Policy, and SNAP per 7 CFR 273.2(f)(1)(vi).
- Be a U.S. citizen or non-citizen in certain recognized categories. Verification is not required for non-cash TANF recipients. Verification is required for Medicaid by State Policy and federal regulations; cash TANF by State Policy; and SNAP if receiving cash TANF benefits based on TANF State Policy.
- Meet certain resource and income limits, which vary by eligibility group, including proof of unemployment. Verification is required for all programs by State Policy and additionally SNAP verification of “gross non-exempt income” is required by 7 CFR 273.2(f)(i).
- Social security number. Verification of social security numbers is required for Medicaid by 42 CFR 435.910(g); TANF by State Policy; and SNAP by State Policy and 7 CFR 273.2(f)(1)(v).

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Health and Human Services  
U.S. Department of Agriculture

## **TIERS**

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

- Through November 19, 2009, developers had access to the production environment through the “wasadmin” account.
- Thirteen Northrop Grumman system administrators have knowledge of the root account’s password on the production application servers.
- Administrative access to the production databases was not restricted appropriately. Three consultants had access to the SYS and SYSTEM database accounts.
- Three inactive user accounts with SUDO privileges administrative access existed on the production servers and were removed upon notification. Twelve inactive generic accounts existed on the production servers and were removed upon notification.
- The URL for the TIERS login screen is available on the internet and while a User ID and password are required, it does not require authentication through a VPN to the HHSC network. In addition, improvements were noted for the administration and configuration of the firewall.

In addition, the eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

- Consistent with current HHSC policy, TIERS is not designed to enforce third-party verification for residency, social security number, or U.S. citizenship. HHSC’s process should be improved by implementing automated controls to enforce third-party verifications. For example, a field for each is required to be populated; however, one of the choices is “client statement” which does not constitute third-party verification. Selection of self declaration through “client statement” allows the respective case file to proceed to the next step toward benefit issuance with no third party verification. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However in general circumstances, these three elements are required to be verified with a third party. Currently state eligibility workers assess the validity and accuracy of the client’s statement. Eligibility policy should be modified to enable TIERS to prohibit case workers from continuing towards benefit issuance until verification is obtained. A manual system override by a supervisor would be necessary in the limited circumstances where self-declaration is acceptable.
- TIERS interfaces with the Social Security Administration (SSA) to verify social security numbers. TIERS is designed so that a correct match of a client’s social security number will populate a field noting the respective social security number has been verified. For social security numbers where a match is not successful, an alert is sent to the file for the case worker to investigate. However, TIERS is not designed nor are there manual controls to restrict benefits from being issued if the social security number has not been verified before the first recertification. HHSC’s policy is to deny benefits after one year unless efforts are underway to obtain a social security number.
- Certain fields are noted as required on various screens within TIERS. Within a set of “logical unit of work” screens, a case worker is not able to advance to the next input screen without entering information into all the required fields. The system design requires case workers to pend from the “questions” page that precedes the logical unit of work when all of the required detail information is not available. However, once the case worker unpends the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the case worker has obtained. If the caseworker does not have the information for these required fields, “placeholder” information can be entered in order to advance to the screens. TIERS is not designed to pend these “place holder” inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client’s file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.

## HEALTH AND HUMAN SERVICES COMMISSION

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- Through December 2009, the design of TIERS did not allow the processing of deemed eligible transactions for Foster Care and Adoption eligible children through the Mass Update process. Instead Mass Update only processes requests with active EDGs. A case needs to be in “ongoing mode” for changes to be implemented versus “change mode”.
- The design of TIERS did not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process. Instead Mass Update only processes requests with active EDGs. A case needs to be in “ongoing mode” versus “change mode” for changes to be implemented.

Forty files processed through TIERS were reviewed for TANF, and fifty files were reviewed for the SNAP and Medicaid programs. For each of the files, an initial month and recertification month, if available, was selected for test work. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Number of files reviewed	50	40	50
Benefits paid to/on behalf of households reviewed for selected months	\$ 37,670	10,442	8,682
Number of files with over/(under) payments**	10	0	NA
Total calculated overpayments	\$ 358	0	NA
Total calculated (underpayments)	\$ (267)	0	NA
Number of files with insufficient documentation**	9	2	3
Benefits associated with files with insufficient documentation for selected months*	\$ 7,681	803	0

\* Eligibility and/or accuracy of benefits received could not be verified due to lacking supporting documentation.

\*\* Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.

For fifty files reviewed receiving SNAP, nineteen files were found to be incomplete or the benefits were calculated in error as noted below. The nineteen files paid benefits of \$15,252 for the selected months of which \$7,772 resulted in net questioned costs.

- For four files, net income was calculated incorrectly. The benefit amount paid to these household during the selected months was \$2,427.
- For six files, income was calculated incorrectly. For two of these files the household was not entitled to SNAP benefits. The benefit amount paid to these households during the selected months was \$5,010.
- For one file, income and net income was calculated incorrectly. The benefit amount paid to this household during the selected months was \$1,189.
- For one file, proof of income was not properly verified with the beneficiary for one certification period and income was calculated incorrectly for a second certification period. The benefit amount paid to this household during the selected months was \$735.
- For one file, social security number was not verified with SSA. The benefit amount paid to this household during the selected months was \$1,317.
- For one file, there was no verification of dependent care costs. The benefit amount paid to this household during the selected months was \$209.
- For one file, the application and supporting documentation was not made available for review for one certification period; therefore, eligibility could not be verified. For a second certification period, net income was calculated incorrectly. The benefit amount paid to this household during the selected months was \$993.

- For one file, the last page of the application was not signed by the beneficiary. The benefit amount paid to this household during the selected months was \$547.
- For one file, income was calculated incorrectly for one certification period. For a second certification period, the file was not made available for review; therefore, eligibility could not be verified. The benefit amount paid to this household during the selected months was \$248.
- For one file, proof of income was not properly verified with beneficiary and net income was calculated incorrectly. The benefit amount paid to these household during the selected months was \$187.
- For one file, proof of income was not available for one certification period and income was calculated incorrectly for a second certification period. The benefit amount paid to this household during the selected months was \$2,390.

For forty files reviewed receiving TANF, two files were found to be incomplete as noted below. The two files paid benefits of \$803 for the selected months, all of which resulted in net questioned costs.

- For one file, the application was provided but not signed by the beneficiary to reflect the information provided on the application as true and complete. The benefit amount paid to this household during the selected months was \$548.
- For one file, the SSA verifications were not available. The benefit amount paid to this household during the selected months was \$255.

For fifty files reviewed receiving Medicaid, eligibility for three files was found to be incomplete or had benefits calculated in error as noted below. No benefits were paid on behalf of the three households.

- For one file, the current application could not be provided, therefore current eligibility and benefits could not be reviewed. No benefits were paid on behalf of the household during the selected months.
- For one file, no support for income used in determining eligibility was available. No benefits were paid on behalf of the household during the selected months.
- For one file, the beneficiary was determined to be Medicaid eligible however for the incorrect Medicaid subcategory. No benefits were paid on behalf of the household during the selected months.

#### **SAVERR**

Audit procedures included review of certain general and application level controls designed for SAVERR along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

Access controls are inappropriately designed for the SAVERR database. User identification numbers with production update access have not been limited to the database based on the principle of least access. 59 user IDs have full demand access to update both the production and development SAVERR databases on the Unisys mainframe. These IDs belong to developers, IT support staff, and contractors. Also, Team for Texas did not perform periodic access review for the SAVERR mainframe users within the fiscal year.

With full update access, the user ID can be used to provide system access to add, update, or delete data such as pricing data or eligibility data in SAVERR. The complexity of the databases and associated systems is such that personnel without in-depth knowledge of specific applications and schema could not perform changes without detection through either end-user identification of errors or problems occurring in operation. However, sophisticated users or contractors, especially those with broad HHSC enterprise skills and experience, might have the knowledge to violate the requirement for appropriate segregation of duties. Users or contractors with excessive rights to modify pricing, eligibility, and other tables across the enterprise create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

SAVERR interfaces with the Social Security Administration (SSA) to verify social security numbers. SAVERR is designed so that a correct match of a client's social security number will populate a field noting the respective social security number has been verified. However, SAVERR is not designed nor are there manual controls to restrict

## HEALTH AND HUMAN SERVICES COMMISSION

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benefits from being issued if the social security number has not been verified before the first recertification. HHSC's policy is to deny benefits after one year unless efforts are underway to obtain a social security number.

Qualified aliens, as defined by 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for Medicaid for a period of five years. At the application level of SAVERR, the five year wait period is not automatically enforced. Each case worker is required to make the appropriate determination for aid.

Forty files processed through SAVERR were reviewed for TANF and fifty files were reviewed for the Medicaid and SNAP program. For each of the files an initial month and a recertification month, if available, were reviewed. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Number of files reviewed	50	40	50
Benefits paid to/on behalf of households reviewed for selected months	\$ 31,961	12,115	15,959
Number of files with over/(under) payments**	6	-	NA
Total calculated overpayments	\$ 135	-	NA
Total calculated (underpayments)	\$ (130)	-	NA
Number of files with insufficient documentation**	11	3	5
Benefits associated with files with insufficient documentation for selected months*	\$ 6,974	1,310	68

\* Eligibility and/or accuracy of benefits received could not be verified due to lack of supporting documentation.

\*\* Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.

For fifty files reviewed receiving SNAP benefits, seventeen files were found to be incomplete or the benefits calculated in error as noted below. The seventeen files paid benefits of \$11,659 for the selected months of which \$6,979 resulted in net questioned costs.

- Six files were not made available for review for one or both of the selected months. Therefore, eligibility could not be verified. Benefits paid to these households during the selected months were \$4,127.
- For one file proof of income was not available for one certification period and file were not made available for review for a second certification period. The benefit amount paid to this household during the selected months was \$348.
- For three files net income was calculated incorrectly. The benefit amount paid to these households during the selected months was \$2,867.
- For two files income and net income was calculated incorrectly. The benefit amount paid to these household during the selected months was \$909.
- For three files income was calculated incorrectly. The benefit amount paid to these household during the selected months was \$1,818.
- For one file income was not properly supported. The benefit amount paid to this household during the selected months was \$716.
- For one file proof of income was not properly verified with beneficiary and net income was calculated incorrectly for one certification period and for a second certification period, income was calculated incorrectly. The benefit amount paid to this household during the selected months was \$874.

For forty files reviewed receiving TANF, three file were found to be incomplete or had benefits calculated in error as noted below. The three files paid benefits of \$1,310 for the selected months of which \$1,310 resulted in net questioned costs.

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- For one file the current application could not be provided thus there was no support for income, Texas residency, etc. The benefit amount paid to this household during the selected months was \$312.
- For one file there was no support for income used in determining eligibility. The benefit amount paid to this household during the selected months was \$428.
- For one file there was no proof of US Citizenship. The benefit amount paid to this household during the selected months was \$570.

For fifty files reviewed receiving Medicaid, eligibility documentation for five files was found to be incomplete. For five files the application was not available for review and one of the files was also missing citizenship validation. Benefits paid on behalf of the household during the selected months were \$68.

### **Summary**

The following analysis provides perspective for the above three programs:

	<b>SNAP</b>	<b>TANF</b>	<b>Medicaid</b>
Approximate amount of benefits paid for clients processed through TIERS for Fiscal year 2010	\$ 1,286,862,426	26,959,002	2,361,465,450
Approximate amount of benefits paid for clients processed through SAVERR for Fiscal year 2010	\$ 4,078,906,679	76,334,700	15,522,968,717
Approximate amount of benefits paid for clients processed through non HHSC eligibility system for Emergency Assistance (EA)	\$ -	88,692,856	-
Approximate administrative expenditure for Fiscal year 2010	\$ 247,961,526	447,938,447	586,821,420
Approximate total expenditures per 2010 Federal Schedule	\$ 5,613,730,631	639,925,005	18,471,255,587
Approximate total number of clients served in August 2010, excluding EA	3,997,216	122,407	3,375,586

### **Corrective Action:**

This finding was reissued as current year reference number: 12-02.

Reference No. 11-10

### **Eligibility**

#### **CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**Type of finding - Material Weakness and Scope Limitation**

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, (Public Law 110-329) was signed into law on September 30, 2008. This act provided \$600 million in additional funds to the Social Services Block Grant to address necessary expenses resulting from hurricanes, floods, and other natural disasters occurring during 2008 (i.e. Ike and Dolly) for which the President declared a major disaster, and from hurricanes Katrina and Rita, including social, health, and mental health services for individuals, and for repair, renovation, and construction of health facilities, including mental health facilities, child care centers, and

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Health and Human Services

other social services facilities. Per OMB Circular A-133 Compliance Supplement 2010, Part 3, "Some non-Federal entities pay the Federal benefits to the eligible participants but arrange with another entity to perform part or all of the eligibility determination. In such cases, the State is fully responsible for Federal compliance for the eligibility determination, as the benefits are paid by the State. Moreover, the State shows the benefits paid as Federal awards expended on the State's Schedule of Expenditures of Federal Awards."

The Health and Human Services Commission (HHSC) paid approximately \$25.5 million in benefits to providers for medical claims during fiscal year 2010 under the Social Services Emergency Disaster Relief grant. HHSC delegated eligibility determinations to the individual providers. The medical claims paid are reflected in the State of Texas Schedule of Expenditures of Federal Awards. HHSC was not able to provide sufficient documentation to support its compliance with eligibility requirements for 40 provider claims selected.

**Corrective Action:**

This finding was reissued as current year reference number: 12-13.

Reference No. 11-11

**Eligibility**

(Prior Audit Issues - 10-15, 09-16, 08-11 and 07-12)

**CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1005TX5021 and 0905TX5021**

**Type of finding - Significant Deficiency and Material Non-Compliance**

States have flexibility in determining eligibility levels for individuals for whom the state will receive enhanced matching funds within the guidelines established under the Social Security Act. Generally, a state may not cover children with higher family income without covering children with a lower family income, nor deny eligibility based on a child having a preexisting medical condition. States are required to include in their state plans a description of the standards used to determine eligibility of targeted low-income children. State plans should be consulted for specific information concerning individual eligibility requirements (42 USC 1397bb(b)).

Initial Year Written: 2006  
Status: Partially Implemented

U.S. Department of Health and Human Services

Specifically, per the Texas Children's Health Insurance Program (CHIP) Administrator Business Rules 370.42, *Eligibility Applicant Children*, CHIP children are eligible if they are: birth through age 18, live in a household with a Federal Poverty Level (FPL) of at or below 200 percent and are not otherwise eligible for Medicaid, citizens or legal immigrants, and are uninsured for at least 90 days. Additionally, families with gross income above 150% FPL and less than or equal to 200% FPL must pass a resource test to qualify for CHIP. Resource limit is \$10,000 or less in countable liquid value plus excess vehicle value.

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

- Thirteen Northrop Grumman system administrators have knowledge of the root account's password on the production application servers.
- Administrative access to the production databases was not restricted appropriately. Three consultants had access to the SYS and SYSTEM database accounts.
- Three inactive user accounts with SUDO privileges administrative access existed on the production servers and were moved upon notification. Twelve inactive generic accounts existed on the production servers and were moved upon notification.

## **HEALTH AND HUMAN SERVICES COMMISSION**

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- Four user accounts identified by the Health and Human Services Commission (HHSC) to be disabled during the quarter ended March 31, 2010 were not disabled as of August 30, 2010. These accounts were locked by management upon notification.
- Evidence of a periodic operating system user account access review was not available for review and the profiles and roles for application users were not performed during the audit period.

With full administrative access, the root account can be used to provide system access to add, update, or delete programs/data. Sophisticated users with broad enterprise skills and experience might have the knowledge to violate the requirement for appropriate segregation of duties. Users with inappropriate rights to modify application code or data create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

HHSC currently maintains two systems for determining eligibility for Medicaid - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, Texas Integrated Eligibility Reporting System (TIERS). Frequently cases are referred from Medicaid to CHIP. The original design of the TIERS application did not include resource tests for CHIP eligibility. HHSC determined to rely on the caseworkers to manually identify the affected CHIP cases. CHIP eligibility is generally determined by MAXe, which has system edit checks to verify resource limitations. However for cases that originate in TIERS, TIERS only denied the clients for Medicaid and does not verify the resource limits for CHIP. These children are “deemed eligible” without verification of the resource limits and interface into MAXe bypassing the resource edit checks. HHSC corrected this system design effective August 9, 2010.

For children under the age of one when the family FPIL level is between 150% and 185% and the family resources are between \$2,000 and \$10,000, MAXe is improperly denying benefits. HHSC has identified this design issue and has created a manual work-around for case workers to override MAXe; however, the use of a work-around does not allow for adequate identification of eligible children possibly resulting in children under one being improperly denied benefits. HHSC corrected this system design March 25, 2010.

For forty files reviewed receiving CHIP, seven files were found with the following:

- For one file, the case was transferred to CHIP from Medicaid and the associated eligibility file was not locatable. Therefore the signed application and documentation that the child was uninsured for at least 90 days was not available. The benefits paid for this child for the fiscal year were approximately \$727.
- For one file, the beneficiary did not answer the question on the application that the child was uninsured for at least 90 days nor was there other evidence of insured status. The benefits paid for this child for the fiscal year were approximately \$1,217.
- For four files, the case was transferred to CHIP from Medicaid and the income used in MAXe did not agree to the proof of income in the eligibility file. Using the proof of income amounts, the children remained eligible. In addition one of these four files also was missing information regarding if the child was uninsured for 90 days. Total benefits paid for the child with missing information were approximately \$438.
- For one file, the case was transferred to CHIP from Medicaid and the income used in MAXe system did not agree to the proof of income in the eligibility file. Using the proof of income amounts, the child was not eligible for CHIP or Medicaid. The benefits paid for this child for the fiscal year were approximately \$471.

**Corrective Action:**

This finding was reissued as current year reference number: 12-03.

Reference No. 11-12

**Allowable Costs/Cost Principles**

**Period of Availability of Federal Funds**

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1005TX5021 and 0905TX5021**

**Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 31, 2009, and October 1, 2007 to September 31, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, 0905TX5048, 0805TX5028, and 0805TX5048**

**Medicaid Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to December 31, 2009**

**Award numbers - 1005TXARRA and 0905TXARRA**

**TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTANF and G0902TXTANF**

**Non-Major Programs:**

**93.566 - Refugee and Entrant Assistance - State Administered Programs**

**Type of finding - Significant Deficiency and Material Non-Compliance**

In accordance with OMB Circular A-87, Attachment B, section 8h(3), "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and Human Services

The Health and Human Services Commission (HHSC) implemented an automated process for certification for the second period during fiscal year 2010, March 1 through August 31, 2010. With regard to the automated system, HHSC does not have a policy as to the time frame for which the certifications need to be completed. The reports to monitor the supervisors that have not certified their employees are currently under development. HHSC noted there were no fiscal year 2010 certifications outstanding as of January 27, 2011.

When the supervisors are unable/unwilling to certify, the HHSC budget department will determine which department the employee should be assigned. The reassessments are currently performed prior to the next certification period. The result is identified unallowable costs not being corrected during the current certification period. The amount of potential unallowable costs that were not corrected was approximately \$100,458 from September 2009 through February 2010 and \$420,290 from March 2010 through August 2010. No compliance exceptions were noted for the second certification period from a sample of 17 employees.

For the first certification period for fiscal year 2010, September 1, 2009 to February 28, 2010, HHSC had a manual approval process. One out of twenty-four certifications selected for testwork was not prepared as the supervisory official with firsthand knowledge of the work performed by the employee was no longer with HHSC at the time of the certification. Total payroll of \$112,275 not certified involved three employees working solely on the TANF program. The certification for these three employees was prepared upon request during the audit.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-13

**Allowable Costs/Cost Principles**

**Program Income**

(Prior Audit Issues - 10-22, 09-14, 08-09, and 07-11)

**CFDA 93.767 - Children's Health Insurance Program**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1005TX5MAP, 0905TX5028, and 0905TX5048**

**Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and October 1, 2007 to September 30, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, and 0905TX5048**

**Medicaid Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to December 31, 2009**

**Award numbers - 1005TXARRA and 0905TXARRA**

**Type of finding - Significant Deficiency**

Funds can only be used for Medicaid benefit payments (as specified in the State plan, Federal regulations, or an approved waiver), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180). Also, states must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought (42 CFR sections 433.135 through 433.154).

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Health  
and Human Services

The Health and Human Services Commission (HHSC) currently utilizes the First Health Services Corporation (FHSC) First Rebate Application to validate and bill drug manufacturers for rebates. FHSC was owned by Coventry Health Care, Inc. (Coventry) through July 31, 2009, and Coventry managed the First Rebate application. Effective August 1, 2009, FHSC was acquired by Magellan Health Services (Magellan).

In May 2010, the First Rebate Application was also migrated to a new data center owned by Magellan. The legacy supporting hardware and operating system of the First Rebate Application was replaced and is no longer accessible by Coventry. As a result, the logical access controls that supported the application could not be assessed from the period of September 2009 through May 2010.

For the period after May 2010, it was noted access to the First Rebate production servers was not restricted appropriately as an excessive number of accounts (51 generic/system accounts and 22 user accounts) existed on the MBH domain. In addition, 15 generic/system accounts and 5 user accounts with administrative access exist on RICNTDOM0 domain. At the database level, duplicate user accounts existed on First Rebate SQL database, which were left over after the transition from Coventry to Magellan. Upon notification, the duplicate SQL database user accounts were removed.

A periodic review of the database and operating system accounts was not conducted during the audit period.

With full update access, user IDs can be used to provide system access to add, update, or delete data. Sophisticated users with broad enterprise skills and experience might have the knowledge to violate the requirement for appropriate segregation of duties. Users with inappropriate rights to modify application code or data create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

No reportable compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles and program income related to the major programs noted above.

**Corrective Action:**

This finding was reissued as current year reference number: 12-04.

Reference No. 11-14

**Allowable Costs/Cost Principles**

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**Type of finding - Significant Deficiency and Non-Compliance**

Office of Management and Budget (OMB) Circular A-87, Attachment A, Part C, requires that costs be (1) necessary and reasonable for proper and efficient performance and administration of Federal awards and (2) allocable to Federal awards under the provisions of this Circular. One item of twenty-five selected for test work was not an allowable expenditure. The Health and Human Services Commission (HHSC) used funds from its Social Services Emergency Disaster Relief grant to pay \$21,720 for the replacement of two rented trailers that were stolen during the disaster relief effort.

Initial Year Written: 2010  
Status: Implemented  
  
U.S. Department of Health and Human Services

**Corrective Action:**

Corrective action was taken.

Reference No. 11-15

**Earmarking**

(Prior Audit Issue - 10-20)

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**Type of finding - Significant Deficiency and Scope Limitation**

The State shall use all of the amount transferred in from CFDA 93.558 - Temporary Assistance for Needy Families (TANF) only for programs and services to children or their families whose income is less than 200 percent of the official poverty guideline as revised annually by the Department of Health and Human Services (HHS) (42USC604(d)(3)(A) and 9902(2)).

Initial Year Written: 2009  
Status: Implemented  
  
U.S. Department of Health and Human Services

The Health and Human Services Commission (HHSC) passes certain of its CFDA 93.667 - Social Services Block Grant (SSBG) funds received as transfer from TANF through to subrecipients through the Family Violence Program. The subrecipients use the monies to aid in the cost of operating shelters. A form is filled out for all clients served to document income eligibility for receipt of funds transferred from TANF. However, all income information is self-reported and no validation mechanism for the reported income exists. Therefore audit evidence is not available to determine whether the expenditures meet the earmarking requirements established for the funds transferred from TANF to SSBG. Total TANF transfer monies passed through to subrecipients during fiscal year 2010 were approximately \$6,578,000.

Annually, HHSC submits the Intended Use Report to HHS, which denotes the use of the TANF transfer funds for family violence services. The Intended Use Report also indicates that "families with a caretaker and dependent child(ren) with income at or below 200% of poverty, based on self-declaration, are the eligible population served primarily through shelters".

**Corrective Action:**

Corrective action was taken.

Reference No. 11-16

**Subrecipient Monitoring**

(Prior Audit Issue - 10-19)

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2009 to September 30, 2011, October 1, 2008 to September 30, 2010, and October 1, 2007 to September 30, 2009**

**Award numbers - G1001TXSOSR, G0901TXSOSR, and G0801TXSOSR**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The Health and Human Services Commission (HHSC) is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, HHSC must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to HHSC within 9 months of the subrecipient's fiscal year. HHSC is to review the report and to issue a management decision within six months, if applicable.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Health and Human Services

The Family Violence portion of 93.667 - Social Services Block Grant subrecipient monitoring process includes an established contract award process and collection and review of OMB Circular A-133 reports. HHSC places heavy reliance on the site visits to monitor the subrecipients administered the funds in compliance with laws, regulations, and the provisions of the grant agreements. Per review of the site visit procedures, selected expenses are agreed to supporting documentation, financial reports filed with HHSC are reconciled to the general ledger and earmarking requirements are verified. For four of the fifteen files reviewed the monitoring checklist was not completed for one of these elements. There was also no evidence of a supervisor review of the related checklists. Federal funds passed through for 93.667 - Social Services Block Grant were approximately \$68 million during fiscal year 2010. The Family Violence portion of 93.667 was approximately \$6,580,000.

Additionally, all fifteen standard subrecipient contracts utilized by HHSC for Family Violence and one of four Council of Governments (COGs) selected for Emergency Disaster Relief Funds do not contain the required notification of the CFDA number. The one COG contract was a 2009 award. The three 2010 COG contracts reviewed contained the CFDA number.

**Corrective Action:**

This finding was reissued as current year reference number: 12-05.

Reference No. 11-17

**Special Tests and Provisions - Provider Eligibility**

(Prior Audit Issues - 10-13, 09-22, and 08-19)

**Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and October 1, 2007 to September 30, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, 0905TX5048, 0805TX5028, and 0805TX5048**

**Type of finding - Significant Deficiency and Material Non-Compliance**

Per 42 CFR Section 431.107, in order to receive Medicaid payments, providers of medical services must be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program. Per 42 CFR Section 455.106 (a) before the Medicaid agency enters into or renews a provider agreement, the provider must disclose to the Medicaid agency the identity of any person who (1) has ownership or control interest in the provider, or is an agent or managing employee of the provider, and (2) has been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the Title XX services program since the inception of those programs. Additionally, per 42 CFR Section 455.103, a

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Health and Human Services

State plan must provide that the requirements of 455.106 are met. Per review of the State plan, a search should be conducted to ensure that the provider is not included on the Medicaid exclusion list.

A sample of fifty providers receiving Medicaid payments during fiscal year 2010 were selected for review and nineteen files were noted to have the following exceptions. Of the nineteen files, seventeen were enrolled prior to fiscal year 2004 when the Health and Human Services Commission (HHSC) contracted with their current vendor who operates under current HHSC policies and procedures.

- For eighteen providers, a search to ensure the provider was not on the Medicaid exclusion list was not conducted.
- For nine providers, the file had a Provider Agreement available for review but a signed and notarized copy of the Provider Information Form was not available.
- For one provider, the file had a signed and notarized copy of the Provider Agreement but the documentation of the provider's owners and other persons convicted of criminal offenses against Medicare, Medicaid, or the Title XX services program was not included.
- For five providers, there was no signed disclosure of ownership and control interest statement available for review.
- For two providers, there was no evidence of a completed Provider Agreement signed by the provider.
- For one provider, there was no evidence that HHSC verified suspension and debarment. Upon review of the Excluded Parties List System (EPLS), the provider was not suspended or debarred.
- For one provider, there was no evidence the provider met criteria for an Out-of-State provider.

**Corrective Action:**

This finding was reissued as current year reference number: 12-06.

Reference No. 11-18

**Special Tests and Provisions - Utilization Control and Program Integrity**

**Medicaid Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and October 1, 2007 to September 30, 2008**

**Award numbers - 1005TX5MAP, 0905TX5028, 0905TX5048, 0805TX5028, and 0805TX5048**

**Type of finding - Non-Compliance**

Per 42 CFR 456.4, the agency must (1) Monitor the statewide utilization control program, (2) Take all necessary corrective action to ensure the effectiveness of the program, (3) Establish methods and procedures to implement this section, (4) Keep copies of these methods and procedures on file, and (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program.

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Health and Human Services	

Effective November 2009, the Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Utilization Review Unit suspended Nursing Facility Utilization Reviews (NFUR) due to the change in reimbursement methodology driven by a state plan amendment approved by the Centers for Medicare and Medicaid Services (CMS) in December 2008. The change in the reimbursement methodology increased the number of line items subject to review resulting in a system redesign. HHSC OIG plans on resuming the NFUR review in fall 2010. Per review of 25 NFUR files for September 2009 thru October 2009, no exceptions were noted.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-19

**Special Tests and Provisions - EBT Card Security**

(Prior Audit Issues - 10-14, 09-19, 08-16, and 07-16)

**SNAP Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and February 12, 2010 to September 30, 2010**

**Award numbers - 6TX400105 and 6TX430155**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The State is required to maintain adequate security over, and documentation/records for, Electronic Benefits Transfer (EBT) cards (7 CFR section 274.12(h)(3)), to prevent their: theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR sections 274.7(b) and 274.11(c)).

Initial Year Written: 2006

Status: Partially Implemented

U.S. Department of Agriculture

Security over EBT cards (i.e., Lone Star cards) was reviewed for 40 local intake offices. The Health and Human Services Commission (HHSC) policy is that logs are maintained at each office to denote receipt, issuance, and destruction of EBT cards. Daily reconciliations are prepared of EBT cards issued (including the recipient's name) between cards issued to clients and cards remaining. In addition, monthly inventories of the EBT cards are required to be conducted by management of the office and reconciled to the daily logs. HHSC regional offices perform reviews of selected offices for which the office must respond with a corrective action plan. HHSC policy is to perform these audits once every five years. Per review of 40 sites, 15 sites were identified with the following exceptions:

- For three sites, the daily reconciliation was not prepared and/or reviewed by management.
- For one site, the daily reconciliation could not be located for two dates selected.
- For five sites, there was no on-site security review and/or corrective action plan.
- For five sites, neither the recipient nor the staff signed the log maintained for physical receipt of EBT cards.
- For three sites, the monthly inventory report for personal identification numbers (PIN) was missing the signature of the supervisor or employee responsible for completing the inventory.
- For four sites, the log of voided cards was missing required information.
- For five sites, the EBT cards and/or PIN packet inventory were not maintained in a secure location.
- For two sites, there was no signature on the log maintained for EBT cards mailed to the recipients.

**Corrective Action:**

This finding was reissued as current year reference number: 12-07.

Reference No. 11-20

**Reporting**

**Special Tests and Provisions - EBT Reconciliation**

(Prior Audit Issues - 10-18 and 09-23)

**SNAP Cluster**

**Award years - October 1, 2009 to September 30, 2010, October 1, 2008 to September 30, 2009, and February 12, 2010 to September 30, 2010**

**Award numbers - 6TX400105 and 6TX430155**

**Type of finding - Significant Deficiency**

Per 7 CFR 274.12 (j) (5), the state agency must obtain an examination by an independent auditor of the transaction processing of the State Electronic Benefits Transfer (EBT) service provider regarding the issuance, redemption, and settlement of Food Stamp Program benefits. The examination must be done at least annually and the report must be completed within 90 days after the examination period ends. Subsequent examinations must cover the entire period

Initial Year Written: 2008

Status: Partially Implemented

U.S. Department of Agriculture

since the previous examination. Examinations must follow the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 70, Service Organizations (SAS 70), requirements for reports on controls placed in operation and tests of the operating effectiveness of the controls, as amended.

A service auditor's report covering the period September 1, 2009 through August 31, 2010 (covering the full 12 months of the fiscal year 2010) was issued for the EBT general controls environment. A qualified opinion was issued on the following control objectives:

Controls provide reasonable assurance that the EBT system is protected against unauthorized physical and logical access to production EBT systems. Specifically for this control objective, the following exceptions were noted:

- Auditing of activity was not enabled for databases.
- While security logs were in place for the AIX environment, no process for regular review had been put in place.
- The report file server retained an account for a terminated employee (SIMP\_DDEWALD) in the environment in operation prior to July 24, 2010.
- All Windows servers were using shared (multi-user) accounts, which do not meet security best practices for auditability.
- Four of five Windows servers did not have antivirus protection installed as required by IBM Information Security Controls (ISeC). Virus definitions were out of date for the server that did have antivirus installed.
- One of five Windows servers had an Administrator account that has not been renamed.
- Three of five Windows servers had accounts that were set to have passwords that never expired, which is not compliant with requirements that passwords be changed every 90 days as required per ISeC.
- For the period from July 24 to August 31, 2010, all four Windows servers tested had accounts set with passwords that never expire.
- Three of three OpenVMS servers had accounts present with excessive system privileges, which created a risk of unauthorized access.
- The TIERS account on the BIGTX1 and BIGTX4 servers had the SETPRV privilege, which allowed the account to set privileges for other users.
- One account on the LILTX1 server for a programmer had system privileges (full control of host).
- Two of three VMS servers (BIGTX1 and BIGTX4) were configured with broad proxy rights, allowing users to connect from any host. In addition, proxy rights were granted to a host (LILAL2) that is no longer in use.
- Permissions on the report file server were set inappropriately, such that all third-party processors can see data for each third-party processor, based on examination of rights for two third-party processors.
- No user accounts had their passwords changed within the last 90 days on the production databases.
- Systemwide password expiration was not activated on the production databases.
- For Windows, there did not appear to be a process in place for notifying Windows administrators of recent attacks and vulnerabilities.
- The access control list that is intended to restrict access to the production hosts, test hosts, and the report server for third-party processors who provide their own data circuits was not in place.
- Telnet, which is an insecure protocol, was available on the network.

Controls provide reasonable assurance that output data and documents are complete and distributed to authorized recipients on a timely basis. Specifically for this control objective, the following exceptions were noted:

- Evidence provided showed that third-party processors can access all third-party processors' data on the report file server.

General controls over the information technology environment should be operating effectively to help ensure the proper functioning of the EBT systems. No compliance issues were noted regarding EBT reconciliation procedures performed.

**Corrective Action:**

This finding was reissued as current year reference number: 12-08.

Reference No. 11-21

**Special Tests and Provisions - Adult Custodial Parent of Child Under Six When Child Care is not Available**  
(Prior Audit Issues - 10-26 and 09-24)

**TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTANF and G0902TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1002TXTAN2, G1001TXTAN2, and G0901TXTAN2**

**Type of finding - Significant Deficiency and Material Non-Compliance**

Per 45 CFR 261.56(a)(1), if an individual is a single custodial parent caring for a child under age six, the State may not reduce or terminate assistance based on the parent's refusal to engage in required work if he or she demonstrates an inability to obtain needed child care for one or more of the following reasons: (i) Appropriate child care within a reasonable distance from the home or work site is unavailable; (ii) Informal child care by a relative or under other arrangements is unavailable or unsuitable; or (iii) Appropriate and affordable formal child care arrangements are unavailable; (2) Refusal to work when an acceptable form of child care is available is not protected from sanctioning. Per 45 CFR 261.15(b). A State that fails to impose penalties on individuals in accordance with the provisions of Section 407(e)(2) of the Act and the requirements at Section 261.56 may be subject to the State penalty specified at Section 261.57. The State's policy is to reduce benefits 100% for noncooperation.

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Health and Human Services

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Temporary Assistance for Needy Families (TANF) - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, Texas Integrated Eligibility Reporting System (TIERS). HHSC works with the Texas Workforce Commission (TWC) to administer the program at the Texas Work Boards. TWC's role is to transmit information from the Texas Work Boards to HHSC who imposes the sanctions.

A sample of 40 beneficiaries who should have had their benefits reduced was selected for review - 20 from SAVERR and 20 from TIERS. Our review noted the following exceptions for TIERS and SAVERR. Of the 20 cases reviewed in TIERS, benefits were not reduced timely for three cases.

- For one case, the benefit was reduced one month late for a \$312 overpayment. For a second case, the benefit was reduced three months late for a \$780 overpayment. For this case, the case worker did not complete the required actions in a timely manner.
- For one case, the benefit was not reduced timely due to an incorrect use of the pregnancy exemption. There was no proof of pregnancy obtained resulting in two months of overpayments of \$572.

Of the 20 cases reviewed in SAVERR, benefits were not reduced timely for one case. The case notes stated "exempt from the non-cooperation" due to living in a specific county. However, the county was not on the TANF exemption list. For the one case, the benefit was reduced two months late for a \$450 overpayment.

**Corrective Action:**

This finding was reissued as current year reference number: 12-09.

Reference No. 11-22

**Special Tests and Provisions - Child Support Non-Cooperation**

(Prior Audit Issues - 10-23, 09-18, 08-15, and 07-15)

**TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTANF and G0902TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1002TXTAN2, G1001TXTAN2, and G0901TXTAN2**

**Type of finding - Significant Deficiency and Non-Compliance**

Per 45 CFR Sections 264.30 (b) and (c), if the IV-D agency (i.e., Texas Attorney General) determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with Section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with Section 260.52 of this chapter, then Texas Attorney General's agency must notify the Health and Human Services Commission (HHSC) agency promptly. HHSC must then take appropriate action by: (1) deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance or (2) denying the family any assistance under the program. Per A2140, the State policy is to reduce benefits 100% for non-cooperation.

HHSC currently maintains two systems for determining eligibility for Temporary Assistance for Needy Families (TANF) - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the Texas Integrated Eligibility Reporting System (TIERS).

A sample of forty beneficiaries who should have had their benefits reduced was selected for review - twenty from SAVERR and twenty from TIERS. Our review noted the following:

- Of the twenty cases reviewed in SAVERR, benefits were not reduced timely for one case. The benefit was reduced one month late due to a 'C' that should have been input on the client screen for child support non-cooperation but was not, resulting in an error of \$260.
- Of the twenty cases reviewed in TIERS, benefits were reduced one month late for one case resulting in an overpayment of \$89. Further, this particular case did not process through the Mass Update as the client was not noted as being eligible. Therefore, the case "exceptioned out" to be manually worked. There was not a formalized process to manually work "exceptioned out" cases until October 2010.

**Corrective Action:**

This finding was reissued as current year reference number: 12-10.

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Health and  
Human Services

**Health and Human Services Commission  
Department of Aging and Disability Services**

Reference No. 11-23

**Allowable Costs/Cost Principles**

(Prior Audit Issues - 10-24 and 09-26)

**CFDA 93.667 - Social Services Block Grant**

Award years - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008

Award numbers - G0801TXSOSR and G0701TXSOSR

**CFDA 93.767 - Children's Health Insurance Program**

Award years - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005

Award numbers - 0805TX5021, 0705TX5021, 0605TX5021, and 0505TX5021

**Aging Cluster**

Award years - October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006

Award numbers - 07AATXT3SP, 07AATXNSIP, 06AATXT3SP, and 06AATXNSIP

**Medicaid Cluster**

Award years - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, and October 1, 2005 to September 30, 2006

Award numbers - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048

**SNAP Cluster**

Award years - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2005, and October 1, 2005 to September 30, 2004

Award numbers - 8TX400105, 7TX400105, and 6TX400105

**TANF Cluster**

Award years - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, and October 1, 2005 to September 30, 2006

Award numbers - G0802TXTANF, G0602TXTANF, and G0602TXTANF

**Non-Major Programs:**

CFDA 10.559 - Summer Food Service Program for Children

CFDA 10.568 - Emergency Food Assistance Program (Administrative Costs)

CFDA 93.052 - National Family Caregiver Support, Title III, Part E

CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs

CFDA 93.779 - Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations

CFDA 97.050 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Type of finding - Non-Compliance

During fiscal year 2008, the Texas State Auditor's Office (SAO) performed an audit on the Human Resources Management at Health and Human Services Agencies. Part of the audit included verifying that when employees are terminated the payroll system is updated timely to prevent terminated employees from receiving paychecks. The SAO issued report No. 08-047 in August 2008 noting the Health and Human Services Commission (HHSC) continued to pay 1,229 individuals whose employment at the Enterprise agencies had been terminated in fiscal year 2007 and 2008. HHSC was able to provide updated information as of August 31, 2010, which reflects recoupments received and all affected employees for 2010 and preceding years.

Initial Year Written:	2008
Status:	Implemented
U.S. Department of Health and Human Services	
U.S. Department of Agriculture	
U.S. Department of Homeland Security	

## **HEALTH AND HUMAN SERVICES COMMISSION**

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As of August 31, 2010, each agency analyzed total outstanding overpayments to terminated employees and determined the portion that was paid with federal dollars as noted below.

<b>Agency</b>	<b>Balance Outstanding at August 31, 2010</b>	<b>Federal Portion of Balance Outstanding at August 31, 2010</b>
Department of Aging and Disability Services	\$ 211,268	125,484
Health and Human Services Commission	109,564	57,689
Total	<b>\$ 320,832</b>	<b>183,173</b>

*Corrective Action:*

Corrective action was taken.

**Health and Human Services Commission  
Texas Workforce Commission**

Reference No. 11-24

**Special Tests and Provisions - Penalty for Refusal to Work**

(Prior Audit Issues - 10-25, 09-21, and 08-18)

**TANF Cluster**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - G1002TXTANF and G0902TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2009 to September 30, 2010**

**Award numbers - G1002TXTAN2, G1001TXTAN2, and G0901TXTAN2**

**Type of finding - Significant Deficiency and Non-Compliance**

Per 45 CFR 261.14, if an individual refuses to engage in work required under Section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. Such a reduction is governed by the provisions of §261.16. The State must, at a minimum, reduce the amount of assistance otherwise payable to the family pro rata with respect to any period during the month in which the individual refuses to work. The State may impose a greater reduction, including terminating assistance. A State that fails to impose penalties on individuals in accordance with the provisions of Section 407(e) of the Act may be subject to the State penalty specified at Section 261.54. The State's policy is to reduce benefits 100% for non-cooperation.

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Health and  
Human Services

The Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for TANF - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, Texas Integrated Eligibility Reporting System (TIERS). HHSC works with the Texas Workforce Commission (TWC) to administer the program at the Texas Work Boards. TWC's role is to transmit information from the Texas Work Boards to HHSC who imposes the sanctions.

A sample of 40 beneficiaries who should have had their benefits reduced was selected for review - 20 from SAVERR and 20 from TIERS. Our review noted the following exceptions for TIERS and no exceptions were noted for SAVERR. Of the 20 cases reviewed in TIERS, benefits were not reduced timely for two cases. For one of the cases, the benefit was reduced one month late for a \$260 overpayment. The design of TIERS does not allow the processing of various sanctions through the Mass Update process or deemed eligible transactions for Foster Care and Adoption Assistance eligible children. Instead Mass Update only processes requests with active EDGs.

For the other case, benefits were not reduced timely due to TWC input error of a sanction date as November 19, 2009 when the TWC notes noted sanction was effective October 29, 2009 resulting in one month overpayment of \$204.

**Corrective Action:**

This finding was reissued as current year reference number: 12-14.

## **Texas Department of Housing and Community Affairs**

Reference No. 11-25

**Allowable Costs/Cost Principles**

**Cash Management**

**Earmarking**

**Reporting**

**Special Tests and Provisions - Environmental Reviews**

**Special Tests and Provisions - Environmental Oversight**

(Prior Audit Issue - 10-30)

**CDBG - State-Administered Small Cities Program Cluster**

**Award year - N/A since disaster-based only**

**Award number - B-06-DG-48-0002**

**Type of finding - Significant Deficiency**

Access to migrate code changes into production as well as system administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. Access to deploy and develop code changes should be segregated. Similarly, system administrative access should also be restricted to non-developers. Texas Department of Housing and Community Affairs (TDHCA) outsource both WorfTrac and Portfolio maintenance and operations to multiple third-party providers. Portfolio's primary function is applicant eligibility while WorfTrac is the primary source of the financial transactions. During the performance of general controls and application level test work for the WorfTrac and Portfolio applications, the following items were noted:

Initial Year Written: 2009  
Status: Partially Implemented

U.S Department of Housing  
and Urban Development

- Through February 1, 2010, three developers had access to the administrative server-level IDs for the Portfolio application server, while one developer also had direct administrative access on the application server. These three developers also had Database Administrator (DBA) rights on the production database server. Overall, the three developers could also deploy code changes into production. In addition, there was no policy restricting the use of generic IDs during the same period. Generic IDs were in use by the above developers that allows them access to administrative functions on the servers.
- Access to the disbursement file was open to all Affiliated Computer Services (ACS) Domain users as it is placed on a shared drive. Access should be restricted only to the disbursements team and the ACS Finance team. This access was appropriately restricted as of December 2009.
- One application developer has access to migrate WorfTrac code changes into production and was intentionally assigned this access as part of his daily job function; however, no additional monitoring control was put in place to mitigate the associated risk. This same developer was noted to have administrative access on the WorfTrac application and the database production servers. Additionally, there are no password restrictions in place at the operating system level and no policy restricting the use of generic IDs.

### **Corrective Action:**

This finding was reissued as current year reference number: 12-16.

Reference No. 11-26

**Reporting**

**Earmarking**

(Prior Audit Issue - 10-28)

**CDBG - State-Administered Small Cities Program Cluster**

**Award year - N/A since disaster-based only**

**Award numbers - B-06-DG-48-0002 and B-08-DI-48-0001**

**Type of finding - Significant Deficiency and Scope limitation**

The requirements for submission of a Performance Evaluation Report (PER) pursuant to 42.U.S.C. 12708 and 24 CFR 91.520 are waived for Community Development Block Grant (CDBG) Disaster Recovery Grantees Under 2008 CDBG Appropriations. However, the alternative requirement is that each grantee must submit a quarterly performance report, as U.S. Department of Housing and Urban Development (HUD) prescribes, no later than 30 days following each calendar quarter, beginning after the first full calendar quarter after grant award and continuing until all funds have been expended and all expenditures reported. Each quarterly report will include information about the uses of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non-CDBG disaster funds; beginning and ending dates of activities; and performance measures such as numbers of low- and moderate-income persons or households benefiting. The quarterly report to HUD must be submitted using HUD's Internet-based Disaster Recovery Grant Reporting (DRGR) System and, within 3 days of submission, be posted on the grantee's official Internet site open to the public (February 13, 2009 Federal Register Vol. 74, No. 29, page 7252).

Initial Year Written: 2009  
Status: Partially Implemented  
  
U.S. Department of Housing  
and Urban Development

The Department of Housing and Community Affairs (TDHCA) is responsible for submitting the quarterly performance reports for the 2<sup>nd</sup> Supplemental Rita funding, as well as the Ike/Dolly disaster funds received. The accuracy and completeness of these reports could not be verified as the amounts reported could not be traced to accounting records. The database which supports the reporting is continuously updated for new transactions and adjustments. TDHCA has the capability to query the database as of a specific date; however, during fiscal year 2010, multiple changes were made to the data with effective dates in prior quarters (i.e., the reports had already been filed).

Some of the changes included: (1) HUD contacted TDHCA during fiscal year 2010 and asked that the expenditures be presented in further detail, by project, instead of at a summary level; therefore TDHCA has been modifying and reconciling the database to present the expenditures by project, (2) system changes were also implemented into the DRGR system during the audit year, and (3) action plan modifications and expenditure adjustments were made subsequent to initial filings of some of the quarterly performance reports that resulted in the reports being rejected and requested to be resubmitted by HUD.

Also the DRGR reports are to be submitted within 30 days following quarter end. However, the date submitted on the DRGR system is the last date submitted, including revisions. The e-mail notifications retained by TDHCA were unclear as to which version of the reports they supported. Therefore timeliness was not able to be confirmed.

Additionally, it was noted that the Rita and Ike/Dolly performance reports for quarters ending December 31, 2009, March 31, 2010, and June 30, 2010 were posted to the TDHCA website. However, the timing of when these reports were posted could not be verified to confirm the 3-day posting requirement after submission. The September 30, 2010 performance reports were not on the agency's website as of January 2011.

**Corrective Action:**

This finding was reissued as current year reference number: 12-17.

Reference No. 11-27

**Reporting**

**CSBG Cluster - ARRA**

**Award year - October 1, 2008 to September 30, 2010**

**Award number - G-0901TXCOS2**

**Type of finding - Non-Compliance**

The Texas Department of Housing and Community Affairs (THDCA) is required by OMB Circular A-133 and A-102 to submit an SF-269, Financial Status Report for regular and ARRA funding under the CSBG Cluster. The Financial Status Report (FSR) SF-269 (OMB No. 0348-0039) or SF-269A (OMB No. 0348-0038) is what recipients use to report the status of funds for all non-construction projects and for construction projects when the FSR is required in lieu of the SF-271. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. The annual SF-269 report required for the regular CSBG funds is due by December 31 after the end of each fiscal year. The quarterly SF-269 report required for the ARRA CSBG funds is due by the 10<sup>th</sup> day of the month following quarter-end.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and Human Services

The quarterly ARRA SF-269 reports for the quarters ending December 2009 and March 2010 both were submitted past the 10-day requirement. One was submitted 12 days late and the other was 4 days late. The remaining two quarters were submitted timely. THDCA received correspondence from HHS that the reports were due 30 days after quarter end similar to the non-ARRA SF-269. However subsequent to that correspondence, the program rules were revised and the ARRA SF-269 deadline was redefined as 10 days after quarter end.

**Corrective Action:**

Corrective action was taken.

## Department of Human Services

Reference No. 02-23

### Allowable Costs/Cost Principles/Auto-Eligibility Approval by FEMA

#### CFDA 83.543 - Individual Family Grants (FEMA)

#### Type of finding - Non-Compliance

In an effort to expedite assistance, FEMA automated the awarding process for selected individuals affected by Tropical Storm Allison. When caseworkers (both Federal and DHS employees) visit sites and perform inspections, their case files are loaded into NEMIS, FEMA's computer system. If the case file passed established threshold checks, approval was automatic and the award was transferred by DHS' computer system into the nightly batch of warrants requested from the State Treasury. For the files that were not auto approved, DHS personnel worked the files and when approval was given, they too were transferred into the nightly batch of warrant requests.

Initial Year Written: 2001  
Status: Partially Implemented

Federal Emergency  
Management Agency

FEMA has quality control procedures in place to monitor disasters. During the performance of these procedures, FEMA discovered that over payments were made to the auto approved (i.e., no DHS involvement) eligible recipients. The recipients were eligible for grant funds but the calculation of the amount was incorrect. FEMA has established an IFG Recoupment Process which includes reviewing 3,029 auto-approved files. Per their review, FEMA noted 814 over awards or a 27% error rate due to a FEMA programming error. The estimated dollars with those 814 files is \$1,835,207. These files were considered to be high-risk by FEMA (i.e., based on the nature of the programming error). DHS estimates that about 36,715 files were auto approved and the average claim per file is \$5,014.

#### Recommendation:

DHS is currently involved with FEMA assisting with the resolution of these over awards. The weekly Situation Reports published by FEMA include the current status of the Recoupment Process. DHS should continue to monitor FEMA's process.

#### Management Response and Corrective Action Plan 2003:

*IFG personnel worked with FEMA personnel throughout fiscal year 2002 to identify cases and recoup Federal and State funds from Tropical Storm Allison. The State and FEMA are currently discussing the management and monitoring of recoupment cases. IFG is manually testing as many cases as possible related to Disaster 1425 that are auto-approved by NEMIS. As amounts that should be recouped are identified, the case is placed in the NEMIS recoupment queue. At present, there are about 700 cases representing \$1,624,000 in debt collection at FEMA's disaster finance center, of which approximately \$44,000 has been collected as of August 2003. Discussion is being held with U.S. Department of Treasury (IRS) regarding collection of these outstanding amounts.*

#### Management Response and Corrective Action Plan 2004:

*There are about 700 cases with overpayments of approximately \$1,617,000 being pursued by FEMA and the U.S. Department of Treasury. As of February 2005, approximately \$78,000 total has been returned. The U.S. Department of Treasury has begun turning cases over to private collection agencies.*

**Management Response and Corrective Action Plan 2005:**

*FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 2005, a total of \$473,662.54 has been recouped, consisting of \$152,229.47 in interest and \$321,433.07 in principal.*

**Management Response and Corrective Action Plan 2006:**

*FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 19, 2007, a total of \$363,779 in principal has been collected.*

**Management Response and Corrective Action Plan 2007:**

*FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 31, 2008, a total of \$425,878 in principal has been collected.*

**Management Response and Corrective Action Plan 2008:**

*FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2008, a total of \$483,535 in principal has been collected.*

**Management Response and Corrective Action Plan 2009:**

*FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2009, a total of \$514,141.72 in principal has been collected.*

**Management Response and Corrective Action Plan 2010:**

*FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2010, a total of \$591,587.11 in principal has been collected.*

**HUMAN SERVICES, DEPARTMENT OF**

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**Management Response and Corrective Action Plan 2011:**

*FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2011, a total of \$584,131.54 in principal has been collected.*

*Implementation Date:*      *On-going*

*Responsible Person:*        *Gina Marie Muniz*

## Office of the Attorney General

Reference No. 11-28

### **Allowable Costs/Cost Principles**

#### **Cash Management**

#### **Matching**

#### **Period of Availability of Federal Funds**

#### **Reporting**

(Prior Audit Issue - 10-32)

### **CFDA 93.563 - Child Support Enforcement**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1004TX4004 and 0904TX4004**

### **CFDA 93.563 - Child Support Enforcement - ARRA**

**Award year - October 1, 2009 to September 30, 2010**

**Award numbers - 1004TX4002 and 0904TX4002**

**Type of finding - Significant Deficiency**

Changes to applications should be appropriately documented and authorized prior to deployment into the production environment. Controls should be in place to ensure that changes are authorized, tested, and approved prior to implementation. The Office of the Attorney General (OAG) has an informal process of authorizing, testing and approving change requests. Changes are not consistently documented and not formally authorized or tested by appropriate personnel. The accounting personnel and information technology support (ITS) are small departments and often work as a team to implement changes. Therefore management does not emphasize the need to formally document minor projects. The risk exists that a change will go into production that has not been fully tested, thus affecting the functionality of the system.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Health and Human Services

### **Corrective Action:**

This finding was reissued as current year reference number: 12-18.

Reference No. 11-29

### **Special Tests and Provisions - Enforcement of Support Obligations**

### **CFDA 93.563 - Child Support Enforcement**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1004TX4004 and 0904TX4004**

**Type of finding - Non-Compliance**

For all cases referred to the IV-D agency or applying for services under 45 CFR section 302.33 or 45 CFR section 309.65(a)(2) in which an obligation to support and the amount of the obligation has been established, the agency must maintain a system for (a) monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to support payable for one month, or an earlier date in accordance with State or tribal law, those cases in which there is a failure to comply with the support obligation; and (c) enforcing the obligation. To enforce the obligation the agency must initiate income withholding, if required by and in accordance with 45 CFR section 303.100 or 45 CFR section 309.110.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and Human Services

## OFFICE OF THE ATTORNEY GENERAL

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State IV-D agencies must initiate any other enforcement action, unless service of process is necessary, within 30 calendar days of identification of the delinquency or other support-related noncompliance, or location of the absent parent, whichever occurs later. If service of process is necessary, service must be completed and enforcement action taken within 60 calendar days of identification of the delinquency or other noncompliance, or the location of the absent parent whichever occurs later. If service of process is unsuccessful, unsuccessful attempts must be documented and meet the State's guidelines defining diligent efforts. If enforcement attempts are unsuccessful, the State IV-D agency should determine when it would be appropriate to take an enforcement action in the future and take it at that time (45 CFR section 303.6). Optional enforcement techniques available for use by the State's are found at 45 CFR sections 303.71, 303.73, and 303.104.

For one case of forty tested, the Office of the Attorney General's Child Support Division (CSD) did not pursue enforcement of support obligations when, in fact, enforcement was necessary. Once the case became delinquent, the CSD system properly alerted the case worker to assess this case for action. At that time, the case worker incorrectly assessed the case as paying when the noncustodial parent (NCP) was actually not fulfilling their child support obligation.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-30

**Special Tests and Provisions - Provision of Child Support Services for Interstate Cases**

**CFDA 93.563 - Child Support Enforcement**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award numbers - 1004TX4004 and 0904TX4004**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The State IV-D agency must provide the appropriate child support services needed for interstate cases (cases in which the child and custodial parent live in one State and the responsible relative lives in another State), establish an interstate central registry responsible for receiving, distributing and responding to inquiries on all incoming interstate IV-D cases, and meet required time frames pertaining to provision of interstate services. The case requiring action may be an initiating interstate case (a case sent to another State to take action on the initiating State's behalf) or a responding interstate case (a request by another State to provide child support services or information only). Specific time frame requirements for responding and initiating interstate cases are at 45 CFR sections 303.7(a) and 303.7(b)(2), (4), (5) and (6), respectively (45 CFR sections 302.36 and 303.7). Four of forty files selected for test work were noted to have the following exceptions that appear to have been caused by case workers not updating status fields so the CSD system queries would route the cases appropriately.

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Health and Human Services

In one instance, the Office of the Attorney General's Child Support Division (CSD) was the initiating state and was required to refer the case to Texas' interstate central registry for action within 20 calendar days of determining the noncustodial parent (NCP) was in another state and was in receipt of the necessary information to process the case. Notations in the CSD system indicated that on April 29, 2010, information was outstanding and on May 28, 2010 Texas referred the case to the responding state. There are no notations to indicate why the gap is greater than 20 days.

For exception number two, CSD was the responding state and was required to notify the initiating state within 10 working days of receipt of any new information. Per review of the CSD system, the initiating state was not informed about the hearing date and the case was not manually marked 'active' on the interstate screen, which prevented communication to the other state via CseNET (interface between CSD and the interstate central registry).

**OFFICE OF THE ATTORNEY GENERAL**

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In the third exception, CSD was the initiating state and was required to provide the responding state with the requested information or provide a status within 30 calendar days of the request for additional information. The CSD system screens show that on September 23, 1010, the responding state sent an acknowledgement as well as a request for additional documents (i.e., birth certificates) from Texas. The custodial parent (CP) brought in the birth certificates on December 10, 2010. There are no notations to indicate why the gap is greater than 30 days.

In the last exception noted, CSD was the responding state and was required to forward the case to the appropriate field office for processing within 10 working days of receipt. The CSD system shows that the case was received from the initiating state on November 2, 2009. The case appears to have been transferred but there are no notations as to the date to verify this was done within 10 working days of receipt.

*Corrective Action:*

This finding was reissued as current year reference number: 12-19.

## Parks and Wildlife Department

Reference No. 09-28

### Reporting

#### Fish and Wildlife Cluster

Award years - June 1, 2003 to March 31, 2008; January 1, 2007 to December 31, 2007; January 1, 2007 to December 31, 2007; January 1, 2007 to December 31, 2007; September 1, 2007 to August 31, 2008; September 1, 2006 to August 31, 2007; September 1, 2006 to August 31, 2007, and September 1, 2006 to August 31, 2007

Award numbers - F117D, F59D, F92D, FW190, W104S, W128R, W129R, and W132R

Type of finding - Non-Compliance

Texas Parks and Wildlife Department (TPWD) is required by OMB Circular A-133 and A-102 to submit an SF-269, Financial Status Report, for all programs under this cluster. The Financial Status Report (FSR) SF-269 (OMB No. 0348-0039) or SF-269A (OMB No. 0348-0038) is what recipients use to report the status of funds for all non-construction projects and for construction projects when the FSR is required in lieu of the SF-271. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency.

Initial Year Written: 2008  
Status: Implemented

Department of the Interior

During test work on over 30 SF-269 reports submitted in the current fiscal year, it was discovered that the entire state match was not always being reported. In cases where the grant was closed out and the SF-269 was reporting final expenditures, if there were expenditures that came in after the final report was submitted, these expenses were being paid by state funds but not reported on a revised SF-269. In other cases, TPWD would only report the minimum state match, therefore the total outlays being reported would not match the system of record for TPWD because only a portion of the state expenditures for the project were being reported. TPWD was operating under verbal guidance from Region II that they had the option to submit a revised SF-269 when additional expenses are paid on a project, as long as those additional expenses were paid by the State. In addition, they were operating under similar verbal guidance that they were not required to report excess match, whether it be in a separate line item or combined with the minimum match amount.

Upon further clarification from Region II during the audit, it was noted that TPWD should submit an amended SF-269 report to show increased excess allowable costs, thus ensuring all SF-269 reports agree to the general ledger and reflect final state and federal expenses incurred. Region II also recommended that TPWD request an extension of the report due date when expenses are not final, rather than submitting a SF-269 that does not reflect final project expenditures.

The federal amounts reporting in the 30 SF-269 reports reviewed did agree to TPWD's general ledger.

### Corrective Action:

Corrective action was taken.

## **Department of State Health Services**

Reference No. 11-32

### **Allowable Costs/Cost Principles**

#### **Special Tests and Provisions - Food Instrument and Cash-Value Voucher Disposition**

#### **Special Tests and Provisions - Review of Food Instruments and Cash-Value Vouchers to Enforce Price Limitations and Detect Errors**

#### **Special Tests and Provisions - Authorization of Above-50-Percent Vendors**

(Prior Audit Issues - 10-47, 09-30, 08-25, and 07-31)

#### **CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children**

**Award years - October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009**

**Award number - 6TX700506**

**Type of finding - Significant Deficiency**

The Department of State Health Services (DSHS) utilizes the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Electronic Benefit Transfer (EBT), or Lone Star cards, system to process the transactions for WIC. Developers have access to migrate changes to the production environment. Access to migrate changes to production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to production environment. In addition, as of September 2008, a periodic review of users is performed; however, this review is only of active users and does not include user privilege levels within EBT for WIC transactions.

Initial Year Written: 2006  
Status: Partially Implemented

U.S. Department of Agriculture

No compliance exceptions were noted related to this test work for the major program above.

#### **Corrective Action:**

This finding was reissued as current year reference number: 12-20.

## Texas Department of Rural Affairs

Reference No. 11-33

### Reporting

(Prior Audit Issue - 10-60)

#### CDBG - State-Administered Small Cities Program Cluster

Award years - February 1, 2010 to January 31, 2011 and February 1, 2009 to January 31, 2010

Award numbers - B-10-DC-48-0001 and B-09-DC-48-0001

#### CDBG - State-Administered Small Cities Program Cluster - ARRA

Award years - February 1, 2009 to January 31, 2011

Award number - B-09-DY-48-0001

Type of finding - Non-Compliance

The Texas Department of Rural Affairs (TDRA) is required by OMB Circular A-133 and A-102 to submit a Performance Evaluation Report (PER) (OMB No. 2506-0085) within 90 days after the close of its program year in a format suggested by the Department of Housing and Urban Development (HUD). The report is to include a description of the use of the funds during the program year and an assessment of the grantee's use for the priorities and objectives identified in the plan. TDRA is also required to submit HUD 60002, Section 3 Summary Report, and Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043). For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit form HUD 60002.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Housing  
and Urban Development

For disaster funds, the requirements for submission of a PER pursuant to 42.U.S.C. 12708 and 24 CFR 91.520 are waived for CDBG Disaster Recovery Grantees. However, the alternative requirement is that each grantee must submit a quarterly performance report, as HUD prescribes, no later than 30 days following each calendar quarter, beginning after the first full calendar quarter after grant award and continuing until all funds have been expended and all expenditures reported. Each quarterly report will include information about the use of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated drawn down, and expended; the funding source and total amount of any non-CDBG disaster funds; beginning and ending dates of activities; and performance measures such as numbers of low- and moderate-income persons or households benefiting. Quarterly reports to HUD must be submitted using HUD's internet- based Disaster Recovery Grant Reporting (DRGR) System and, within 3 days of submission, be posted on the grantee's official Internet site open to the public. (February 13, 2009 Federal Register Vol. 74, No. 29, page 7252).

#### HUD 6002 Report

In July 2010, TDRA implemented new procedures to enforce the policies and procedures in the subrecipients and contractor agreements to report the necessary information required for the HUD 6002. Specifically, Part I, Column C - Total number of new hires that are Section 3 residents was not complete. TDRA relies on the information reported by the subrecipients and contractors to complete this portion of the report and, prior to July, did not enforce the reporting of this information.

#### Disaster Report - Quarterly Performance Report

The quarterly reports for periods ended September 30, 2009, June 30, 2010, and September 30, 2010 were not submitted timely for the Rita Disaster Recovery Funds with a range of 10 to 23 days late. Additionally, for the Ike Disaster Recovery Fund, none of the quarterly performance reports were submitted within the 30-day requirement per review of the DRGR System. The range was 1 to 38 days late.

#### Corrective Action:

This finding was reissued as current year reference number: 12-25.

Reference No. 11-34

**Subrecipient Monitoring**

**CDBG - State-Administered Small Cities Program Cluster - ARRA**

**Award years - February 1, 2009 to January 31, 2011**

**Award number - B-09-DY-48-0001**

**Type of finding - Non-Compliance**

The Texas Department of Rural Affairs (TDRA) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal program. Some of these funds were derived from the American Recovery and Reinvestment Act (ARRA) during the fiscal year 2010. TDRA is required by OMB Circular A-133 to determine whether the subrecipients have current Central Contractor Registration (CCR) registrations prior to making sub awards and perform periodic checks to ensure that subrecipients are updating information, as necessary (2 CFR part 176.50).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Housing  
and Urban Development

Out of the fifteen ARRA subrecipients reviewed, one subrecipient did not have any documentation of the CCR registration. Subsequent to year end, the subrecipient's CCR registration was verified by TDRA. Additionally, there were three other subrecipient files that did have the CCR registration documentation, but documentation was not sufficient to determine if the CCR registration was performed prior to the first disbursements.

**Corrective Action:**

Corrective action was taken.

## Texas Education Agency

Reference No. 11-35

### Allowable Costs/Cost Principles

(Prior Audit Issue - 10-61)

#### CFDA 84.048 - Career and Technical Education - Basic Grants to States

Award years - July 1, 2009 to September 30, 2010 and July 1, 2008 to September 30, 2009

Award numbers - V048A090043 and V048A080043A

#### CFDA 84.287 - Twenty-First Century Community Learning Centers

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S287C090044, S287C080044, and S287C070044

#### Educational Technology State Grants Cluster

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S318X090043, S318X080043, and S318X070043

#### Educational Technology State Grants Cluster - ARRA

Award years - February 17, 2009 to September 30, 2011

Award numbers - S386A090043

#### Special Education Cluster (IDEA)

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - H027A090008 and H173A090004, H027A080008 and H173A080004, and H027A070008 and H173A070004

#### Special Education Cluster (IDEA) - ARRA

Award years - February 17, 2009 to September 30, 2011

Award numbers - H391A090008 and H392A090004

#### Title I, Part A Cluster

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S010A090043A, S010A080043, and S010A070043

#### Title I, Part A Cluster - ARRA

Award years - February 17, 2009 to September 30, 2011

Award number - S389A090043

Type of finding - Significant Deficiency

Access to the Budget Analysis Tool (BAT) application and/or supporting infrastructure is not restricted appropriately due to excessive generic IDs and IDs that were no longer needed on the servers and due to terminated users as well as users with inappropriate access on the application itself.

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

All user IDs with access to the BAT application and/or supporting infrastructure should belong to identifiable, current employees whose job function specifications require the provisioned level of access. Over the past several years, management of the Texas Education Agency's (TEA) servers has shifted to Team for Texas as required by HB 1516. The State of Texas, including TEA, outsources portions of their information technology to a group of contractors known as Team for Texas. This coupled with the fact that a periodic review of application and supporting infrastructure users is being inconsistently performed, has lead to inappropriate, unidentifiable, and terminated employee/account access for nine users/accounts within BAT application and/or supporting infrastructure.

No compliance exceptions were noted during the review of selected 2010 allowable cost transactions for the major programs noted above.

*Corrective Action:*

Corrective action was taken.

Reference No. 11-36

**Eligibility for Subrecipients**

**Matching, Level of Effort, Earmarking**

**Reporting**

**Subrecipient Monitoring**

**Special Tests and Provisions - Developing and Implementing Improvement Plans**

(Prior Audit Issue - 10-63)

**CFDA 84.048 - Career and Technical Education - Basic Grants to States**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - V048A090043, V048A080043A, and V048A070043

**CFDA 84.287 - Twenty-First Century Community Learning Centers**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S287C090044, S287C080044, and S287C070044

**CFDA 84.357 - Reading First State Grants**

Award years - July 1, 2008 to September 30, 2009 and July 1, 2007 to September 30, 2008

Award numbers - S357A080045 and S357A070045

**CFDA 84.365 - English Language Acquisition Grants**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S365A090043A, T365A080043A, and T365A070043

**CFDA 84.367 - Improving Teacher Quality State Grants**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S367A090041, S367A080041A, and S367A070041

**Educational Technology State Grants Cluster**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S318X090043, S318X080043, and S318X070043

**Educational Technology State Grants Cluster - ARRA**

Award years - February 17, 2009 to September 30, 2011

Award numbers - S386A090043

**Special Education Cluster (IDEA)**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - H027A090008 and H173A090004, H027A080008 and H173A080004, and H027A070008 and H173A070004

**Special Education Cluster (IDEA) - ARRA**

Award years - February 17, 2009 to September 30, 2011

Award numbers - H391A090008 and H392A090004

**State Fiscal Stabilization Fund Cluster - ARRA**

Award years - July 9, 2009 to September 30, 2010 and February 17, 2009 to August 31, 2010

Award numbers - S394A090044 and S397A090044

**Title I, Part A Cluster**

**Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008**

**Award numbers - S010A090043A, S010A080043, and S010A070043**

**Title I, Part A Cluster - ARRA**

**Award years - February 17, 2009 to September 30, 2011**

**Award number - S389A090043**

**Type of finding - Significant Deficiency**

The collection of Public Education Information Management System (PEIMS) data is required of all school districts by TEC §42.006. The *Data Standards* provides instructions regarding the submission of PEIMS data from Local Education Agencies (LEAs) to the Texas Education Agency (TEA). The LEA is responsible for reporting federal and local funds expended through PEIMS along with various types of demographic data and students served. TEA outsourced the development of PEIMS - UNIX application to a third-party consultant. For PEIMS, the following was noted with regard to logical access general controls.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Education

- Developers have access to deploy code changes into the PEIMS - Windows production environment. A shared generic user ID on the PEIMS - Windows production application servers is assessable by the contractors whose primary role is development.
- A periodic review was not performed to identify and review users and groups with access to the PEIMS production environment for appropriateness.
- An excessive number of generic shared administration accounts exist on the PEIMS - UNIX production database.

TEA uses the LEA submitted information for compliance with applicable compliance requirements under various components of Eligibility for Subrecipients, Matching, Level of Effort, and Earmarking, Reporting, Subrecipient Monitoring, and Special Tests and Provisions - Developing and Implementing Improvement Plans. No compliance exceptions were noted with regard to the use of PEIMS data in the applicable analysis related to the applicable compliance requirements.

**Corrective Action:**

This finding was reissued as current year reference number: 12-26.

Reference No. 11-37

**Subrecipient Monitoring**

**Maintenance of Effort and Supplement not Supplant**

**Reporting - Section 1512**

**Special Tests and Provisions - Participation of Private School Children**

**Special Tests and Provisions - Schoolwide Programs**

**Special Tests and Provisions - Comparability**

**Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals**

(Prior Audit Issues - 10-64, 09-32, and 08-32)

**CFDA 84.048 - Career and Technical Education - Basic Grants to States**

**Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008**

**Award numbers - V048A090043, V048A080043A, and V048A070043**

**CFDA 84.287 - Twenty-First Century Community Learning Centers**

**Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008**

## TEXAS EDUCATION AGENCY

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Award numbers - S287C090044, S287C080044, and S287C070044

**CFDA 84.357 - Reading First State Grants**

Award years - July 1, 2008 to September 30, 2009 and July 1, 2007 to September 30, 2008

Award numbers - S357A080045 and S357A070045

**CFDA 84.365 - English Language Acquisition Grants**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S365A090043A, T365A080043A, and T365A070043

**CFDA 84.367 - Improving Teacher Quality State Grants**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S367A090041, S367A080041A, and S367A070041

**Educational Technology State Grants Cluster**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S318X090043, S318X080043, and S318X070043

**Educational Technology State Grants Cluster - ARRA**

Award years - February 17, 2009 to September 30, 2011

Award number - S386A090043

**Special Education Cluster (IDEA)**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - H027A090008 and H173A090004, H027A080008 and H173A080004, and H027A070008 and H173A070004

**Special Education Cluster (IDEA) - ARRA**

Award years - February 17, 2009 to September 30, 2011

Award numbers - H391A090008 and H392A090004

**State Fiscal Stabilization Fund Cluster - ARRA**

Award years - July 9, 2009 to September 30, 2010 and February 17, 2009 to August 31, 2010

Award numbers - S394A090044 and S397A090044

**Title I, Part A Cluster**

Award years - July 1, 2009 to September 30, 2010, July 1, 2008 to September 30, 2009, and July 1, 2007 to September 30, 2008

Award numbers - S010A090043A, S010A080043, and S010A070043

**Title I, Part A Cluster - ARRA**

Award years - February 17, 2009 to September 30, 2011

Award number - S389A090043

**Non-major Programs:**

CFDA 12.000 - Troops to Teachers

CFDA 20.609 - Safety Belt Performance Grants

CFDA 84.002 - Adult Education - Basic Grants to States

CFDA 84.011 - Migrant Education - State Grant Program

CFDA 84.013 - Title I Program for Neglected and Delinquent Children

CFDA 84.144 - Migrant Education Coordination Program

CFDA 84.181 - Special Education - Grants for Infants and Families

CFDA 84.186 - Safe & Drug-Free Schools & Communities - State Grants

CFDA 84.196 - Education for Homeless Children and Youth

CFDA 84.213 - Even Start - State Educational Agencies

CFDA 84.276 - Goals 2000 - State and Local Education Systematic Improvement Grants

CFDA 84.281 - Eisenhower Professional Development State Grants

CFDA 84.282 - Charter Schools

CFDA 84.298 - State Grants for Innovative Programs

**CFDA 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs**

**CFDA 84.340 - Class Size Reduction**

**CFDA 84.358 - Rural Education**

**CFDA 84.366 - Mathematics and Science Partnerships**

**CFDA 84.369 - Grants for State Assessments and Related Activities**

**CFDA 84.377 - School Improvement Grants**

**CFDA 84.387 - ARRA Education of Homeless Children and Youth Recovery Act**

**CFDA 84.388 - ARRA - School Improvement Grants, Recovery Act**

**CFDA 93.558 - Temporary Assistance for Needy Families**

**CFDA 93.630 - Developmental Disabilities Basic Support and Advocacy Grants**

**CFDA 94.004 - Learn and Serve America - School and Community Based Programs**

**Type of finding - Significant Deficiency and Material Non-Compliance**

The Texas Education Agency (TEA) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal programs. The TEA is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, the TEA must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to the TEA within 9 months of the subrecipient's fiscal year. The TEA is to review the report and to issue a management decision within six months, if applicable.

Initial Year Written: 2007

Status: Partially Implemented

U.S. Department of Defense

U.S. Department of Transportation

U.S. Department of Education

U.S. Department of Health and Human Services

Corporation for National and Community Service

TEA has an agency-wide committee which allows for coordination of subrecipient monitoring efforts. The Monitoring, Investigation, and Interventions Steering Committee (MIISC) meets weekly to provide a coordinated avenue for representatives across the agency to discuss performance and fiscal issues and propose recommendations to the Commissioner and to other appropriate internal divisions regarding accreditation, interventions, sanctions, special conditions, enforcements, etc. Local Education Agencies (LEAs) identified by monitoring units for additional coordination and/or action are reviewed by the MIISC.

At a summarized level, TEA's subrecipient monitoring procedures include use of a Standard Application System (SAS), the provision of technical assistance to subrecipients, a risk assessment process, program monitoring, and A-133 audit report collection and review. During 2010, TEA also added a Special Monitoring Unit (SMU) and a Fiscal Accountability and Federal Reporting Unit (FAFRU) to address ARRA monitoring. The Division of Financial Audits - Grants Audit Section, the SMU, and the FAFRU conduct a variety of types of desk reviews and audits, which are further defined below for each division.

In addition, TEA utilizes certain edits within their automated draw-down system (TGIF) to assist with period of availability, allowability, and reasonableness of monthly draw-down amounts based on total amounts awarded for both discretionary and formula grants. For expenditure reporting, TGIF contains edits that prevent the subrecipient from submitting an expenditure report for an expense category in which no funds were budgeted in the application, or where the subrecipient attempts to submit expenditures that exceed the maximum allowable budget variation.

Below is an expanded discussion of the various divisions' responsibilities in the monitoring process.

**Discretionary Grants Division**

The Discretionary Grants Division performs desk reviews, which include amendment reviews and manual approval of draw-down requests when predetermined thresholds have been exceeded. Amendment reviews include a review of budgeted items to ensure allowability under the specific grant program and under the federal cost principles. The manual approval of draw-down requests includes a comparison of actual expenditures to budgeted expenses by expense category and may include a review of supporting documentation such as general ledger detail or payroll records. Also for new open enrollment charter schools, the desk review includes a review of the general ledger, payroll journal, and supporting source documentation for expenditures prior to approving each payment.

Further, the Discretionary Grants Divisions performs a desk review on all final closeout reports, which includes verifying the amount of administrative cost expenditures reported when there are administrative cost limitations, verifying that expenditures for certain program restrictions are met, and verifying the minimum expenditures for cost share are met where applicable. Discretionary Grants desk reviews also include verification that the subrecipient expends payroll, supplies and materials, or capital outlay funds appropriately to align with the beginning or ending date of the grant period, as applicable. General ledgers and payroll journals are reviewed as well as other supporting documentation for expenditures. Staff members also compare actual expenditures to budgeted amounts in the approved grant application.

**Formula Grants Administration Division**

The Formula Grants Administration Division performs desk reviews, which include amendment reviews, manual approval of draw-down requests when predetermined thresholds have been exceeded, approval of expenditure reports, and appeals from grantees to submit a late expenditure report. The manual approval of draw-down requests and appeals to submit a late expenditure report include a comparison of actual to budgeted expenses by expense category. Subrecipients are also required to submit a general ledger in addition to an explanation of the need to file a late expenditure report for review by staff as part of the appeals process. These documents are reviewed for reasonableness prior to accepting a late expenditure report.

**Division of Financial Audits - Grants Audit Section**

The Division of Financial Audits (DFA) is responsible for the development of the “base line” risk assessment that is used for the DFA activities denoted below plus is utilized by the DFA - Special Monitoring Unit and the Fiscal Accountability and Federal Reporting Unit as a basis for their initial assessments. The 2010 risk assessment includes 13 risk indicators. A subrecipient is classified as high if indicators 1 to 5 apply OR if indicators 6 or 7 and indicator 8, 9, or 10 and indicator 11, 12, or 13 apply. The risk factors are (1) not filing the annual financial and compliance report, (2) an A-133 finding that is classified as material noncompliance or as a material weakness and was a repeated finding from the prior year, (3) an adverse or disclaimer opinion at the A-133 major program level, (4) TEA auditors reported noncompliance findings and assessed the subrecipient as high risk, (5) failing Maintenance of Effort (MOE) requirements, (6) not required to conduct an A-133 audit, (7) designated as a high risk auditee for A-133, (8) materially delinquent in filing its annual financial and compliance report, (9) a current year A-133 finding that is classified as material noncompliance or as a material weakness, (10) qualified auditor’s opinion on the financial statements, (11) not filing district and campus improvement plans, (12) receiving a special education determination of needs intervention or needs substantial intervention, and (13) receiving a NCLB initial compliance review assessment of high. The 2010 risk assessment process resulted in 80 high-risk subrecipients of approximately 1,370. The 2009 to 2007 risk assessments utilized different criteria that yielded a range of 162 to 444 high risk subrecipients.

The DFA has three primary types of methodologies to apply to their high risk subrecipient. One is a survey performed through correspondence with the subrecipient to assess their written policies and procedures. During fiscal year 2010, 79 of the 80 high risk subrecipients responded to the survey with only 7 being able to provide copies of existing policies and procedures. DFA plans to utilize this information in their 2011 risk assessment process. An assessment was not conducted for one subrecipient because it was consolidated into another school district effective July 2010. The second methodology is an audit which can be performed either on site or via correspondence. An audit involves multiple grants and years and encompasses both a financial and programmatic element. The third methodology is a review, which can be performed either on site or via correspondence. A review is less intensive than an audit and focuses more on one year and/or one type of grant. During fiscal year 2010, five audits were conducted, 3 onsite and 2 via correspondence of the 80 high risk subrecipients.

During the conduct of surveys, reviews, and audits, DFA requests certain fiscal and programmatic records, as appropriate based on the methodology objective noted above. Examples of documents include district and campus improvement plans, priority for services plans, general ledgers, payroll journals, purchase orders, invoices, job descriptions, and personnel activity reports. The information is utilized to conclude on compliance with federal fiscal requirements, including, but not limited to, those promulgated in P.L. 110-107, P.L. 108-446, 2 CFR 225; 230 and 34 CFR 74; 76; 80 and with grant requirements including, but not limited to, the approved grant budget, as amended, and the activities and specific uses of funds described in the grant application. Furthermore, DFA inquires

about subrecipient policies and procedures both generally and specifically applicable to federal grants and about subrecipient grant supported activities and grant expenditures.

DFA has additional responsibilities, which include special investigations, reviews of reports for applying agreed-upon procedures (AUP) to state compensatory education, financial stability reviews, and reviews of district and campus improvement plans. During fiscal year 2010, one special investigation, 37 AUPs, and 82 financial stability reviews were conducted. Whereas the state compensatory education AUP are state funding focused, the financial stability reviews do involve subrecipients requesting federal funds. The results of these reviews are provided to the discretionary and formula grants divisions to be utilized during the awarding phase. Lastly, DFA conducts the annual review of LEA compliance with the federal MOE requirements through the analysis of PEIMS financial data. Noncompliance letters are issued to LEAs with requests for action and/or sanctions imposed.

During fiscal year 2009, the section initiated 50 reviews of the 162 high risk subrecipients identified and concluded 27 during the fiscal year. Additionally, DFA conducted five charter school closures reviews, initiated 21 onsite audits and concluded three, and performed six onsite reviews of ARRA grants. In 2009, 43 financial stability reviews were performed along with the annual MOE review noted above.

For the 2007 and 2008 fiscal years combined, DFA completed reviews of 53 subrecipients, which were started in 2007, 2 charter school closures, 4 special investigations, 16 audits, and 50 financial stability reviews.

#### Division of Financial Audits - Special Monitoring Unit

During 2010, the Special Monitoring Unit (SMU) conducted onsite reviews of the fiscal controls over grants funded under the American Recovery and Reinvestment Act of 2009 (ARRA). SMU focused their reviews on the subrecipient's compliance with the following areas: identify/track ARRA funds separately, cash management, allowable costs, period of availability, time and effort reporting requirements pursuant to OMB A-87/A-122, compliance with reporting requirements pursuant to Section 1512 of ARRA, and infrastructure investment project requirements pursuant to Sections 1511, 1605, and 1606 of ARRA. Procedures included the examining of federal laws, rules and regulations applicable to each ARRA grant monitored, reviewing organizational charts and local policy and procedure manuals and other authoritative records to understand the subrecipient's organization structure and identify internal controls and processes, interviewing subrecipient personnel and other agents about the activities, functions, programs and services implemented for the grant, and reviewing the records created and maintained for the grant, selection of various sample items, and reviewing of source documents.

During fiscal year 2010, out of a total of 24 scheduled ARRA on-site reviews, the SMU completed 22 reviews and 2 were in progress as of year-end. The amount of ARRA grants monitored by SMU awarded to the 24 subrecipients totaled approximately \$313,340,000, which was approximately 8.75% of the total ARRA grants awarded to the subrecipients during fiscal year 2010.

Beginning July 2010, the SMU also completed limited desk reviews exclusively on the State Fiscal Stabilization Fund (SFSF) Cluster, which focused on cash management, allowable costs, and 1512 reporting compliance and infrastructure investment project reporting requirements (Sections 1511, 1605, and 1606 of ARRA). Out of a total of 129 scheduled SFSF desk reviews, 79 were completed and 50 were in progress as of year-end. The amount of SFSF grant funds monitored by SMU awarded to the 129 subrecipients totaled approximately \$163,500,000, which was approximately 10% of the total SFSF grant funds awarded to subrecipients during fiscal year 2010.

#### Fiscal Accountability and Federal Reporting Unit

The Fiscal Accountability and Federal Reporting Unit (FAFRU) implemented a risk assessment based on the high-risk criteria in Title 34 of the Code of Federal Regulations (CFR) Sections 74.14 (a) and 80.12 (a) to identify high-risk subrecipients for desk reviews. A subrecipient was determined to be high risk by various divisions of TEA, including the program divisions, the Division of Financial Audits, the Division of Performance-Based Monitoring, and the grant funding divisions, if the subrecipient met one or more of the following criteria: (1) had a history of unsatisfactory (poor) performance, (2) was not financially stable, (3) had a (financial) management system that did not meet the prescribed standards, (4) had not conformed to the terms and conditions of a previous award, or (5) was not otherwise responsible.

As a result of the high-risk designation, the FAFRU implemented the “soft hold” special condition by reviewing and approving grant payments on a reimbursement basis. FAFRU reviewed each reimbursement request for all ARRA and non-ARRA federal grants awarded to the 22 subrecipients determined to be high risk during 2010. The desk review focused on: cash management; allowable, reasonable and necessary costs; period of availability; and ARRA Section 1512 reporting compliance requirements. These desk reviews include the review of detailed general ledgers; payroll journals; time and effort documents; sampling of supporting documentation, including invoices, receipts, contracts, purchase orders, travel vouchers, and cancelled checks; and other documentation that demonstrate how the subrecipient complied with the intent and objectives of the grant.

FAFRU completed the reimbursement request review for 16 of the 22 grantees designated as high risk. Of these 16 high-risk grantees, unit staff reviewed documentation for 22 different grants (state and federal). Of these 22 grants, 5 were ARRA grants. Out of a total of 152 individual requests for reimbursement desk reviews, FAFRU completed 92 desk reviews and 60 are in progress as of year-end.

In addition, FAFRU randomly selected ARRA subrecipients on a monthly basis for ARRA expenditure review. These desk reviews also included the review of detailed general ledgers; payroll journals; time and effort documents; sampling of vouchers and cancelled checks; and other documentation that demonstrated how the subrecipient complied with the intent and objectives of the grant. Out of a total of 35 scheduled reviews, FAFRU completed 18 desk reviews and 17 are in progress as of year-end.

**Summary**

The total amount awarded for 2009-2010 is \$10.7 billion to approximately 1,370 subrecipients. For the past two years, approximately 6% of the expended amounts noted below, and a total of 17% of the FY 2010 subrecipients, had a desk or onsite review/audit by the DFA, SMU, or FAFRU. For the same period of time, the Discretionary Grants Division worked with an additional 23% of the expended funds related to 13% of the 1,370 subrecipients. The Formula Grants Administration Division worked with an additional 16% of the expended funds for 70% of the 1,370 subrecipients; however, the majority of the Formula Grants Administration division efforts do not include a review of supporting documentation for actual expenditures as the review is at a higher level of budget to actual expenses. Therefore only approximately 30% of the subrecipients and 29% of the expenditures involve some type of analysis of actual expenditures.

Total expenditures to subrecipients charged to the major and non-major programs for fiscal year 2010 were:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
12.000	\$ 152,310
20.609	59,500
84.002	41,827,708
84.011	54,854,835
84.013	2,520
84.048	61,205,081
84.144	137,343
84.181	71,361
84.186	17,622,178
84.196	4,830,216
84.213	5,383,384
84.276*	(8)
84.281*	(3,376)
84.282	6,747,906
84.287	91,935,877
84.298*	(1,414)
84.334	1,037,740
84.340*	(2,584)
84.357	30,654,554
84.358	6,037,730
84.365	90,131,900

## TEXAS EDUCATION AGENCY

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<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
84.366	2,113,891
84.367	240,517,770
84.369	7,028,974
84.377	29,622,042
84.387, ARRA	2,559,258
84.388, ARRA	12,868,559
93.558	10,240,909
93.630	3,515,535
94.004	1,025,190
Education Technology State Grants Cluster	57,218,027
State Fiscal Stabilization Fund Cluster, ARRA	1,554,922,313
Special Education Cluster	926,326,019
Special Education Cluster, ARRA	461,484,386
Title I, Part A Cluster	1,327,705,391
Title I, Part A Cluster, ARRA	<u>515,148,063</u>
Total	<u><u>\$ 5,564,981,089</u></u>

\* TEA no longer receives funding under these CFDAs. The amounts above are refunds from LEAs.

**Corrective Action:**

This finding was reissued as current year reference number: 12-27.

Reference No. 10-62

**Reporting**

**Special Tests and Provisions - Sub grant Process**

**Special Tests and Provisions - Priority for Services**

(Prior Audit Issue - 09-35)

**CFDA 84.011 - Migrant Education - State Grant Program**

**Award years - July 1, 2008 to September 30, 2010; July 1, 2007 to September 30, 2009; July 1, 2006 to September 30, 2008**

**Award numbers - S011A080044; S011A070044; S011A060044**

**Type of finding - Material Weakness and Non-Compliance**

Due to the size of the information technology organization within the Northrop Grumman group that manages, hosts, and administers the NGS application for Migrant Education, there is a lack of segregation of duties. Developers have server, database and application administration capabilities in production which also allows them access to deploy code changes into production. In 2009, a "Firecall" user account was created to serve as a primary user account to migrate changes into the production environment.

The user IDs password is protected by the NGS Program Manager and the password is changed after every use to make sure no unauthorized access occurs. However, we noted that even though this "Firecall" user account is the primary user account migrating changes into the production environment, developers of the NGS application still maintained their system administrator privileges, which enables them to update the production environment without using the 'Firecall' user account.

Initial Year Written: 2008  
Status: Implemented

U.S. Department of Education

No periodic reviews are performed for NGS to determine the appropriateness of privileges granted to individual user accounts within the application (segregation of duties). A periodic review of inactive IDs is performed and such IDs are deleted, however this still does not address the entire risk of inappropriate access.

## TEXAS EDUCATION AGENCY

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Change management procedures for authorization, testing, and approval are followed informally. No formal approval is required prior to production moves and only informal discussion e-mails exist as evidence of approval prior to production deployment. For one out of two releases tested, no response of formal final approval was documented. In addition, no formal change management procedures have been documented. Northrop Grumman corrected the change management procedures subsequent to February 2009.

Texas Education Agency (TEA) utilizes the NGS application to produce the Consolidated State performance Report (CSPR). Also TEA defines priority for services but the LEAs are responsible for identifying and counting these children. The LEAs report the priority for services children to TEA through the NGS application. In addition, TEA utilized the information in the NGS application to the grants through the subgrant process. No compliance exceptions were noted during the review of selected reporting and special tests and provisions transactions for the major program noted above. TEA did not maintain the support from NGS for the CSPR report filed during fiscal year 2009 for the school year 2007-08. NGS is a fluid database so the numbers were reasonable but not exact due to updated data.

**Corrective Action:**

Corrective action was taken.

## Texas Higher Education Coordinating Board

Reference No. 11-38

### **Allowable Costs/Cost Principles**

### **Period of Availability of Federal Funds**

### **Reporting**

### **Subrecipient Monitoring**

(Prior Audit Issue - 10-69)

### **CFDA 84.048 - Career and Technical Education - Basic Grants to States**

**Award year - July 1, 2009 to September 30, 2010**

**Award number - 1042020671200001**

**Type of finding - Significant Deficiency**

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. The following logical access issues were found as it relates to Texas Higher Education Coordinating Board (THECB)'s applications - TDR (time and expense reporting application), Perkins (grant management application) and EDC (Education Data Center application that accepts and processes data submitted by public community and technical colleges). The State of Texas, including THECB, outsources portions of their information technology to a group of contractors known as Team for Texas as required by HB 1516.

Initial Year Written: 2009  
Status: Partially Implemented  
U.S Department of Education

#### Network:

- Two users on the network had inappropriate access with administrative privileges. These two users were Team for Texas employees who no longer needed access to the network at THECB.
- Fourteen unidentified accounts had administrative access to the network. These accounts were confirmed to belong to Team for Texas users.
- Overall, 83 users have been granted network administrative access. This level of network access allows users to control Windows servers that house applications such as TDR, Perkins and EDC.

#### EDC:

- Five terminated employees were found to have continued access on the EDC application. However, the users did not have active network accounts and could not access the application without the ability to sign on to the network.

#### TDR:

- A Senior Web Developer was found to have administrative access to the TDR Database. This inappropriate access may allow the developer to inject SQL code through the backend or impact the production code indirectly. In addition, it was noted that there is no documented review of access to the TDR systems to determine the appropriateness of access for existing users. This developer's access noted above was removed in January 2010.
- Additionally, it was noted that TDR application access was not revoked for three users upon their termination.

#### Perkins:

- One unidentified account had administrative access to the Perkins application server (SBWEB41). This account was confirmed to belong to a Team for Texas user.

Overall, it was noted that there is no documented evidence of periodic management review of existing users' access to the network, EDC, and TDR applications, databases, and systems. No compliance exceptions were noted for the compliance requirements noted above with regard to the above major program.

***Corrective Action:***

This finding was reissued as current year reference number: 12-28.

Reference No. 11-39

**Reporting**

**Special Tests and Provisions - Individual Record Review**

**Special Tests and Provisions - Loan Origination and Lender Loan Fees**

**Special Tests and Provisions - Interest Benefits**

**Special Tests and Provisions - Special Allowance Payments**

**Special Tests and Provisions - Enrollment Reports**

**Special Tests and Provisions - Payment Processing**

**Special Tests and Provisions - Due Diligence by Lenders in the Collection of Delinquent Loans**

**Special Tests and Provisions - Timely Claim Filings by Lenders or Servicer**

**CFDA 84.032L - Federal Family Education Loans -Lenders**

**Award year - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.032 Award Number Not Applicable**

**Type of finding - Significant Deficiency**

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. The Federal Family Education Loan (FFEL) program at the Texas Higher Education Coordinating Board (THECB) utilizes two applications for data processing - HELMS is the key application and HelmsNet acts as the interface from external sources into HELMS. The State of Texas, including THECB, outsources portions of their information technology to a group of contractors known as Team for Texas. Overall, HELMS and HelmsNet have several administrative access issues as noted below:

Initial Year Written: 2010  
Status: Partially Implemented

U.S Department of Education

- One unidentified account had administrative access to the HelmsNet database. This account was confirmed to belong to a Team for Texas user.
- Thirty-one Team for Texas employees have knowledge of the root account password on the HELMS AIX production server. In addition, three terminated users continued to have HELMS application access.
- Additionally, the HELMS operating system/AIX server does not meet the password requirements outlined in the THECB Information Security policies.

In addition, the application control “The disbursement of loans must have promissory note and guarantee prior to disbursement of funds.” and “The calculation of loan origination and lender loan fees was complete and accurate.” were unable to be tested. The functionality of HELMS is no longer available since the FFEL program ceased as of July 1, 2010. No compliance exceptions were noted for the compliance requirements noted above with regard to the above major program.

***Corrective Action:***

This finding was reissued as current year reference number: 12-29.

**Texas Higher Education Coordinating Board  
Texas Education Agency**

Reference No. 11-40

**Procurement and Suspension and Debarment**

**State Fiscal Stabilization Fund Cluster - ARRA**

**Award year - July 9, 2009 to September 30, 2011**

**Award number - S397A090044**

**Type of finding - Significant Deficiency and Non-Compliance**

**Texas Education Agency (TEA) –**

The requirements for suspension and debarment are contained in OMB guidance 2 CFR part 180 which require the non-Federal entity to perform a verification check for covered transactions, by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. For fiscal year 2010, approximately \$350 million of State Fiscal Stabilization Fund Cluster funds were used to purchase textbooks for elementary and secondary schools.

The procurement for these textbook purchases was done by TEA. None of the textbook vendors were verified by TEA as not being suspended or debarred and there was no certification of this from the vendor or clause in their respective contracts. Per review of EPLS, the vendors were not suspended or debarred, so there are no questioned costs.

Initial Year Written: 2010  
Status: Partially Implemented  
US Department of Education

**West Texas A&M –**

Under the Texas Government Code, Chapter 2155, subchapter A General Provisions, Section 2155.005(a), a bidder offering to sell goods or services to the state shall certify on each bid submitted that neither the bidder, nor the person represented by the bidder, nor any person acting for the represented person has:

1. violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the Federal antitrust laws; or
2. directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

One of the four non-textbook procurement files did not include the required anti-trust certification as the procurement was exempt from competitive bidding requirements. West Texas A&M includes the anti-trust provisions in their invitation to bid correspondence. During field work, West Texas A&M obtained the anti-trust certification for the respective procurement file.

***Corrective Action:***

This finding was reissued as current year reference number: 12-30.

## **Summary Schedule of Prior Audit Findings – Other Auditors**

Federal regulations (Office of Management and Budget Circular OMB Circular A-133) state, “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2010 Schedule of Findings and Questioned Costs
- Each finding in the 2010 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

This section of the Summary Schedule of Prior Audit Findings for the year ended August 31, 2011, has been audited by other auditors.

### **Adjutant General's Department**

Reference No. 10-01

**Cash Management**

**Program Income**

**CFDA 12.401 - National Guard Military Operations and Maintenance Projects**

Award years - see below

Award numbers - see below

Type of finding - Significant Deficiency and Non-Compliance

#### Cash Management:

To the extent available, program income, rebates, refunds, and other income and receipts must be disbursed before requesting additional federal cash draws (Title 2, Code of Federal Regulations, Part 215.22).

In addition, National Guard Regulation (NGR), Chapter 10, Section 10-7, mandates the following:

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Defense

- Program income is reported on reimbursement or liquidation of advance payment vouchers as soon as such income is considered “received” pursuant to state accounting procedures. Unliquidated amounts of program income will be carried forward on the next voucher.
- The amount the State requests for reimbursement will be reduced by the amount of program income received. However, the maximum estimated cost reflected in the appropriate budget will increase by the amount of program income; but the maximum federal funding limitation reflected in the agreement will not increase.

The Adjutant General's Department (Department) did not disburse program income, rebates, refunds, or other income and receipts prior to requesting advance funding or submitting reimbursement requests. Department program managers are responsible for spending the program income earned as a result of activities within their programs, and the Department's State Property and Fiscal Office prepares an annual summary detailing the program income earned and expended from fiscal year 1998 to the present. However, program managers and staff do not have a clear understanding of the use of program income.

None of the 52 reimbursement requests tested included accounting for program income, rebates, refunds, or other income. These 52 requests also did not include receipts to adjust the amounts being requested. The 52 requests totaled \$12,275,491.45. As of November 16, 2009, Department accounting records show \$177,043.72 in program income retained in program accounts for fiscal year 2009.

## **ADJUTANT GENERAL'S DEPARTMENT**

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### **Program Income:**

Program income earned during the project period shall be retained by the recipient and used in accordance with federal awarding agency regulations or the terms and conditions of the award (Title 2, Code of Federal Regulation, Section 215.24).

National Guard Regulation (NGR) 5-1 states that, for purposes of National Guard Bureau (NGB) Cooperative Agreements, program income shall mean the gross income received by the state military department that is directly generated by a cooperative agreement supported activity. NGR 5-1 requires that program income be reported on reimbursement or liquidation of advance payment vouchers as soon as such income is considered “received” pursuant to state accounting procedures.

The Adjutant General's Department (Department) did not correctly determine, record, and use program income earned in accordance with the program requirements and NGR 5-1, as applicable. However, the Department's program income expenditures for fiscal year 2009 complied with requirements for the National Guard Military Operations and Maintenance Projects program. In addition, the Department does not consistently calculate program income using program receipts in accordance with its rental agreements.

Auditors tested 37 Department transactions to record program income earned and the 5 Department expenditures of program income. The program income earned totaled \$66,041.19 and the program income expended totaled \$17,634.93. Auditors identified the following:

- The Department (1) did not calculate program income in accordance with the contract agreement provisions or (2) collected program income from sources not allowed by the contract agreement for 3 (8 percent) of the 37 program income transactions tested. For these three errors, program income earned, and therefore reapplied to the program, was \$380 less than the established amount. Specifically:
  - For 2 of these errors, the program income amount in the Department's accounting system did not match the supporting price sheet.
  - For 1 of these errors, the program income was earned from a source that was not allowed by the contract agreement.
- The Department did not record program income in the proper account for 2 (5 percent) of the 42 program income transactions tested.
- The Department added three of the five program income expenditures to the associated Appendix budget for the Master Cooperative Agreement as required by the contract grant agreement, but it did not amend the Appendices for the other two expenditures.

Department program managers are responsible for spending the program income earned as a result of activities within their program. The Department's State Property and Fiscal Office prepares an annual summary detailing the program income earned and expended from fiscal year 1998 to the present. However, Department program managers and program staff do not have a clear understanding regarding the use of program income, and the Department did not consistently include the program income for the fiscal year in the budget information for its Master Cooperative Agreement Appendices.

The issues discussed above affected the following awards:

<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
DAHA41-04-2-1000 (MCA)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1001 (Appendix 1)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1002 (Appendix 2)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1003 (Appendix 3)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1004 (Appendix 4)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1005 (Appendix 5)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1007 (Appendix 7)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1014 (Appendix 14)	October 1, 2003 - September 30, 2009

## ADJUTANT GENERAL'S DEPARTMENT

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<u>Award Numbers</u>	<u>Award Years</u>
DAHA41-04-2-1021 (Appendix 21)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1022 (Appendix 22)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1023 (Appendix 23)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1024 (Appendix 24)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1028 (Appendix 28)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1040 (Appendix 40)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1010 (Appendix 10)	October 1, 2005 - September 30, 2009
W912L1-04-2-3034 (RSMS)	February 25, 2005 - September 30, 2009
W912L1-05-2-3055 (Geospatial)	September 15, 2005 - September 30, 2009
W912L1-06-2-3059 (Peace Prairie)	March 9, 2007 - June 30, 2009
W912L1-07-2-3061 (ALERRT)	September 25, 2007 - March 31, 2010
W912L1-08-2-3070 (JBOT)	October 1, 2008 - March 31, 2010

Corrective Action:

This finding was reissued as current year reference number: 12-101.

Reference No. 10-02

### Equipment and Real Property Management

#### CFDA 12.401 - National Guard Military Operations and Maintenance Projects

Award years - see below

Award numbers - see below

Type of finding - Material Weakness and Material Non-Compliance

Governmental units will manage equipment in accordance with state laws and procedures (Title 2, Code of Federal Regulation, Part 225, Appendix B). In addition, the Office of Management and Budget Circular A-133 Compliance Supplement, Part 3, Section F, mandates that states receiving federal awards shall use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. Texas Government Code, Section 403.273, also specifies that a state agency shall conduct an annual physical inventory of all property in its possession, and at all times the property records of a state agency must accurately reflect the property possessed by the agency. In addition, the Office of the Texas Comptroller of Public Accounts' (Comptroller's Office) *SPA Process User's Guide* states that each item of property, capitalized or controlled, must be assigned a unique property inventory number. Each agency is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent loss, theft, damage, or misuse. Agencies must know at all times where all property under their control is located. Agencies must also complete Form 73-283 after conducting an annual physical inventory, and the agency head must submit this form to the Comptroller's office no later than 20 days after the last day of the fiscal year.

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Defense

The Adjutant General's Department (Department) does not have sufficient internal controls over its equipment. Auditors identified several deficiencies that are discussed below.

State Property Accounting System Information and Purchase Documentation:

Auditors identified discrepancies in the State Property Accounting (SPA) system and purchase documentation for 16 (19 percent) of 84 property records tested. Specifically:

- 3 equipment purchases should have been recorded as capitalized assets but were not.
- 4 equipment items had serial numbers in the purchase documentation that were not in SPA.

## **ADJUTANT GENERAL'S DEPARTMENT**

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- 5 equipment items had serial numbers in SPA that did not match the serial numbers on the purchase documentation.
- 4 equipment items had duplicate serial numbers in SPA.

These discrepancies occurred because of data entry errors into SPA (for which there was no Department review process) and because the Department assigned incorrect coding to equipment transactions in its accounting system.

### Location and Property Tag Information:

Thirty-four (40 percent) of the 84 equipment items that auditors attempted to physically locate had discrepancies in the location and property tag information listed in SPA. Specifically:

- 3 equipment purchases were not capitalized but should have been, which resulted in the assigned tag number not being recorded in SPA.
- 10 equipment items were in locations that differed from the location listed in SPA.
- 4 equipment items could not be located. Specifically:
  - 3 of the 4 items were recorded in SPA, but Department could not locate these items.
  - 1 of the 4 items was selected from Department expenditure data, but the Department could not locate the purchasing documentation necessary to reference the item in SPA and locate the item.
- 16 equipment items did not have the assigned property tags affixed to them.
- 1 equipment item lacked supporting purchase documentation.

These discrepancies occurred because the Department does not perform a secondary review of data entry into SPA, the Department assigned incorrect coding to equipment transactions in its accounting system, there is a lack of controls over issuing equipment and property tags, the Department's method of receiving equipment is decentralized, there is a lack of documentation retention, and a failure to confirm the annual inventory certifications that employees perform. In addition, if property is received at an installation other than Camp Mabry, the Department's property manager is frequently not informed. The four equipment items that could not be located cost \$34,421.

### Annual Inventories:

The Department certified its annual inventory to the Comptroller's Office without receiving and confirming all inventory certifications from equipment custodians. The Department also submitted its certification to the Comptroller's Office 15 days after the due date. The Department also did not ensure that all equipment custodians verified the inventory and did not resolve all discrepancies in inventory results. In addition, the Department did not consistently update the inventory in SPA with information for equipment purchases.

The Department performed its annual inventory by asking 20 employees who are assigned equipment in SPA to complete inventory verification reports. However:

- Twelve (60 percent) of the 20 employees did not complete an inventory verification report.
- Seven (35 percent) of the 20 employees submitted inventory verification reports that included discrepancies that the Department did not correct.

### Updates to the State Property Accounting System:

Six equipment items in SPA (five of which were controlled assets) were not assigned to a responsible person. No locations were listed for these items in SPA. The Department also had surplus equipment that was still assigned to

## **ADJUTANT GENERAL'S DEPARTMENT**

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29 individuals in SPA, and it had not yet made the adjustments in SPA to correctly record the responsible person and location. In addition, the Department did not update SPA to add equipment purchased for 5 (50 percent) of 10 control forms that were included in the annual inventory documentation.

### Reconciliations

The Department's process to reconcile SPA with the Uniform Statewide Accounting System (USAS) is adequate if the correct information is in both systems. Auditors reviewed the reconciliation documentation and determined that the reconciliation process identified purchases of capital assets that were correctly entered into SPA but were not entered into USAS as capitalized assets. However, auditors determined that two computer equipment items were incorrectly coded in USAS as expenditures instead of being capitalized and were not entered into SPA through the purchasing process. As a result, these purchase transactions should have been included in the reconciliation. The Department asserted that it would adjust the fiscal year 2010 beginning balance.

The weaknesses in controls discussed above increase the risk for misuse or theft of equipment and use of federal and state funds for inappropriate or unallowable purposes. The Department's equipment acquisitions for fiscal year 2009 totaled \$1,257,065. Property records in SPA show that the Department had a total of \$5,422,088.36 in equipment at the end of fiscal year 2009.

The issues discussed above affected the following awards:

<u>Award Numbers</u>	<u>Award Years</u>
DAHA41-04-2-1000 (MCA)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1001 (Appendix 1)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1002 (Appendix 2)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1003 (Appendix 3)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1004 (Appendix 4)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1005 (Appendix 5)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1007 (Appendix 7)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1014 (Appendix 14)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1021 (Appendix 21)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1022 (Appendix 22)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1023 (Appendix 23)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1024 (Appendix 24)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1028 (Appendix 28)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1040 (Appendix 40)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1010 (Appendix 10)	October 1, 2005 - September 30, 2009
W912L1-04-2-3034 (RSMS)	February 25, 2005 - September 30, 2009
W912L1-05-2-3055 (Geospatial)	September 15, 2005 - September 30, 2009
W912L1-06-2-3059 (Peace Prairie)	March 9, 2007 - June 30, 2009
W912L1-07-2-3061 (ALERRT)	September 25, 2007 - March 31, 2010
W912L1-08-2-3070 (JBOT)	October 1, 2008 - March 31, 2010

### Corrective Action:

Corrective action was taken.

Reference No. 10-03

**Procurement and Suspension and Debarment**

**Allowable Costs/Cost Principles**

**CFDA 12.401 - National Guard Military Operations and Maintenance Projects**

Award years - see below

Award numbers - see below

Type of finding - Significant Deficiency and Non-Compliance

General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Partially Implemented  
U.S. Department of Defense

The Adjutant General's Department (Department) uses the Uniform Statewide Accounting System (USAS) as its accounting system of record and the Integrated Engineering Management System (IEMS) as its cross-functional purchasing and accounting database system. Both systems are accessed through the Texas Military Forces (TXMF) network because most of the Department's elements operate on the TXMF network. Audit procedures included review of general level controls over USAS, IEMS, and the TXMF network.

The Department does not have formal policies or procedures regarding the periodic review of user access within IEMS at the application level or at the server level. The Department reviews user access in IEMS at the application level when there is turnover in a program manager position, which can occur every few years in some instances. Auditors reviewed the IEMS user list of 284 employees at the application level and determined that 29 users have access levels allowing them to request a purchase and provide both budget approval and final approval for that purchase, indicating a lack of segregation of duties. The IEMS user list also contains three users who have access levels allowing them entry capability (to include requesting a purchase), and these three users are not current employees. In addition, at least 42 individuals are assigned administrator level access to the IEMS database and to the server housing the IEMS application and database. These 42 individuals also have access to migrate IEMS code releases to the Department's production environment. Most of these 42 individuals have these access rights because they inherited the access rights of other roles as provided for in Microsoft Active Directory and because the IEMS database administrator position is currently vacant.

The Department provided no evidence regarding its periodic review of user access to the TXMF network. The Department asserts that its review of access history is done manually and by exception. Auditors reviewed user access to the TXMF network and identified the following:

- One administrative assistant has administrative access to the TXMF network.
- One user with administrative access to the TXMF network is no longer employed by the Department. This user was a previous employee of the TXMF.

In addition, the Department does not have change management policies or procedures for its automated systems. The Department asserts it is developing these policies and procedures.

Not reviewing user access could result in inappropriate access of the Department's systems. Allowing users and developers inappropriate or excessive access to areas in IEMS that are outside of their job functions increases the risk of inappropriate changes and does not allow for segregation of duties. In addition, not having policies and procedures over change management could result in unauthorized or inappropriate changes made to the Department's automated systems.

***Corrective Action:***

Corrective action was taken.

**Procurement and Suspension and Debarment**

National Guard Regulation (NGR) 5-1, Section 3-10, states that acquisition of goods and services in performance of the cooperative agreement shall be according to state contracting procedures per Title 32, Code of Federal Regulations (CFR), Section 33.36, which states the following:

- When procuring property and services under a grant, a state will follow the same policies and procedures it uses for procurements from its non-federal funds.
- Grantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

State procurement guidelines include the following:

- Texas Government Code, Section 2155.132 (e), requires competitive bidding, whether formal or informal, for a purchase by a state agency if the purchase exceeds \$5,000 and is made under a written contract.
- The Texas Comptroller of Public Accounts' *The State of Texas Procurement Manual*, Section 2-28, states that, for procurements that are not subject to alternate procurement methods and are for estimated purchases of \$5,000 to \$25,000, agencies must obtain at least three informal bids, two of which must be from vendors certified as historically underutilized business (HUB) by the State.
- The Department's *Purchasing Guide* requires that purchases between \$5,000 and \$25,000 must obtain three informal verbal bids. Agencies must use the Centralized Master Bidders List (CMBL) to locate vendors who service the specific highway district for the specified class and item number. Two (2) bids must be solicited from certified HUB program. If it will enhance competition, the agency may add non-CMBL vendors to the final bid list, but written approval from the head of the agency is required to supplement non-CMBL vendors.

The Department did not consistently follow requirements for competitive bidding and retain justification for purchases when there were fewer than three bidders. Auditors identified the following during testing:

- Three closely related purchases that were individually under \$5,000 should have been combined for a total purchase of \$5,930 and, therefore, should have been subject to competitive bidding. Although the purchases were submitted on the same day and for the same service, they were assigned consecutive purchase order numbers, and the Department's purchasers did not require that the purchases be combined and competitively bid.
- For one \$14,948.28 purchase, purchasers did not ensure that the requester obtained at least three bids from the CMBL and HUB vendors, and they did not include documentation to explain the procurement method.
- For one \$127,178 purchase, purchasers did not retain adequate documentation in the procurement file, including documentation for a comparison of vendors' qualifications or for use of the CMBL.

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These issues occurred because of a lack of oversight by the Department's purchasing staff and lack of a structured system for monitoring procurement and contracting documents. The issues affected the following awards:

<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
DAHA41-04-2-1000 (MCA)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1001 (Appendix 1)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1002 (Appendix 2)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1003 (Appendix 3)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1004 (Appendix 4)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1005 (Appendix 5)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1007 (Appendix 7)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1014 (Appendix 14)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1021 (Appendix 21)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1022 (Appendix 22)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1023 (Appendix 23)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1024 (Appendix 24)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1028 (Appendix 28)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1040 (Appendix 40)	October 1, 2003 - September 30, 2009
DAHA41-04-2-1010 (Appendix 10)	October 1, 2005 - September 30, 2009
W912L1-04-2-3034 (RSMS)	February 25, 2005 - September 30, 2009
W912L1-05-2-3055 (Geospatial)	September 15, 2005 - September 30, 2009
W912L1-06-2-3059 (Peace Prairie)	March 9, 2007 - June 30, 2009
W912L1-07-2-3061 (ALERRT)	September 25, 2007 - March 31, 2010
W912L1-08-2-3070 (JBOT)	October 1, 2008 - March 31, 2010

### **Recommendations:**

The Department should:

- Verify that purchasers are aware of the potential for project splitting, and ensure that requesters are aware of the requirements for competitively bidding projects.
- Ensure that requesters use the CMBL and HUB vendors when obtaining bids, and maintain documentation of this in the procurement files.
- Ensure that purchasers maintain documentation on comparison of vendors in the procurement files.
- Develop and implement a process for monitoring procurement files to ensure that staff obtain and retain proper documentation to support purchases.

### **Management Response and Corrective Action Plan 2009:**

*Management agrees with the findings and recommendations that the Construction, Facilities, Maintenance, and Operations purchasing section's procedures should be strengthened and will ensure the implementation of the recommendations.*

### **Management Response and Corrective Action Plan 2010:**

*After completing a review of the Adjutant General's Department (department) purchasing system and related processes, management consolidated all purchasing processes to State Services effective 1 September 2010. State Services has also added additional purchasing personnel to strengthen the system and the associated control processes. These actions were completed 1 September 2010.*

## **ADJUTANT GENERAL'S DEPARTMENT**

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### **Management Response and Corrective Action Plan 2011:**

*Effective 01 September 2010, management consolidated all purchasing processes to State Services. A new Purchasing Manager was hired 01 September 2011. The Adjutant General's Department Purchasing Procedures were updated in October 2011 and have been placed on the agency's intranet.*

*Implementation Date: September 1, 2011*

*Responsible Persons: Ms. Pam Darden*

## Lamar Institute of Technology

Reference No. 11-101

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A098695, CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P095265, CFDA 84.375 P375A095265, CFDA 84.033 P033A098695, and CFDA 84.268 P268K105265

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, and 685.301).

**Lamar Institute of Technology (Institute) calculated COA incorrectly for 8 (13 percent) of 60 students tested.** The Institute packages student assistance based on information contained in a student's Free Application for Federal Student Aid (FAFSA) and subsequently updates the student's COA and financial assistance disbursements based on actual attendance. However, the Institute did not consistently update the COA in its financial aid system. This increases the risk of overawarding funds or disbursing awards to ineligible students; however, although none of these eight students received an overaward.

**Additionally, the Institute awarded 1 (2 percent) of 60 students tested an amount of assistance that exceeded the student's documented COA by \$151.** The Institute could not provide an explanation for the overaward.

### Recommendations:

The Institute should:

- Ensure that it consistently updates students' COA.
- Review transactions to ensure that it does not overaward financial assistance to students.

### Management Response and Corrective Action Plan 2010:

*Management concurs with recommendations related to determination of eligibility for financial assistance specifically related to Cost of Attendance, Over-awards and General Controls.*

**Cost of Attendance**

*Lamar Institute of Technology did follow a practice of initially packaging student assistance based on projected enrollment information contained in a student's Free Application for Federal Student Aid (FAFSA), with subsequent updates to COA based on actual attendance. Inconsistencies in updating COA in the financial aid system occurred due to issues and hardships encountered during the conversion to and implementation of a new campus-wide fully integrated computing system during the 2009-2010 processing year.*

*Management will develop a set of queries and comparative processes to properly identify students with discrepancies between the COA established at the point of packaging and the COA relevant to actual enrollment at the point of disbursement.*

**Over-load**

*The school did over-award financial aid to one student due to a change on the FAFSA which resulted in a change to the student's Expected Family Contribution (EFC). Adjustments were not made to properly recalculate eligibility utilizing the updated EFC.*

*Management will establish a process to review overall calculated eligibility as determined by subtracting Expected Family Contribution from Cost of Attendance. This process will be performed in conjunction with the COA review procedure to ensure that over-awards do not occur.*

**Management Response and Corrective Action Plan 2011:**

*Corrective actions have been established as of July 1, 2011 and will be effective for the upcoming (2011-2012) financial aid processing year. COA Budgets will continue to be assigned in preparation for the awarding process and will be determined according to student enrollment level (Packaging Load) during the Budget Group Assignment Process (RORGRPS). In order to ensure that an appropriate COA element is utilized for the awarding and subsequent disbursement of federal grants, loans and work study amounts, financial aid personnel will execute manual review of printed output from the disbursement process (RPEDISB). This review will allow us to identify student records whose enrollment at the time of disbursement (Disbursement Load) has fluctuated since Budget Group Assignments were made. Identification of students whose Disbursement Load is not equal to Packaging Load will trigger manual adjustment of COA Budgets and review and adjustment as needed for financial assistance previously awarded and/or disbursed to relevant students.*

*This manual review process will be utilized until such time as an effective automated query system can be created to enhance this monitoring process.*

*Implementation Date:      July 1, 2011*

*Responsible Persons:      Lisa W. Schroeder*

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Institute does not have controls to ensure that it limits high-profile system access to appropriate personnel at the application, database, and server levels.** Specifically:

- At the application level, the Institute assigned four information technology personnel roles that gave them access to the financial aid functionality within Banner, the financial aid application. These personnel serve as programmers, business analysts, and third-party consultants.
- At the database level, the Institute assigned database administrator privileges to a programmer and to the administrative coordinator of the director of computer services. Additionally, three vendor programmers had access to the Banner production database.
- At the server level, the Institute has a high number of accounts with access to a job scheduler server, including 1 terminated Lamar University employee, 12 current employees of Lamar University, and 3 vendor employees.

Allowing employees inappropriate or excessive access to areas in the application, database, or servers that are outside their job responsibilities increase the risk of inappropriate changes and does not allow for proper segregation of duties.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-102

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P095265, CFDA 84.007 P007A098695, CFDA 84.375 P375A095265, CFDA 84.033 P033A098695, and CFDA 84.268 P268K105265**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For the 37 students tested, Lamar Institute of Technology (Institute) did not send disbursement notifications for the students who received Direct Loans. According to the Institute, it did not send disbursement notification to any students who received Direct Loans for the 2009-2010 award year.** The Institute relied on the Common Origination and Disbursement (COD) System to send disclosure statements for Direct Loans, instead of sending separate disbursement notifications; however, the COD System's disclosure statements include anticipated loan amounts and disbursement dates and are not considered a substitute for disbursement notifications. Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

**Recommendations:**

The Institute should establish a process to send disbursement notifications within 30 days before or after crediting a student's account with a Direct Loan.

**Management Response and Corrective Action Plan 2010:**

*Management concurs with recommendations related to disbursements to or on behalf of students, specifically related to disbursement notification letters.*

**Disbursement Notification Letters**

*Lamar Institute of Technology relied on the Common origination and Disbursement (COD) System to send Disclosure Statements to students participating in the Direct Loan program. It was determined that disclosure statements were not an acceptable substitute for the required Disbursement Notifications.*

*Management will develop a process to identify any student records with disbursements of subsidized and/or unsubsidized direct loan funds. Data will be collected on each relevant student record to include disbursement dates and amounts of any relevant loan funds. A Disbursement Notification Form will be created to compile individualized data for each student to enable proper communication (in writing or electronically) of specific disbursement amounts, loan types, disbursement dates, and the rights and responsibilities associated with cancelling all or part of any disbursement or loan.*

**Management Response and Corrective Action Plan 2011:**

*Corrective actions have been established to satisfy the requirement that all student borrowers receive timely notification of actual loan disbursements and of their right to cancel all or a part of any student loan. Immediately following each disbursement cycle (RPEDISB), a Population Selection (query) will be executed to identify all students with recent loan disbursements. An electronic notification will be created for each student borrower via letter/email generation options within Banner software (ROREMAL). Notices will be transmitted to inform students that loan funds have recently been disbursed /applied to their LIT student accounts. Students will be provided access to their actual disbursement information, loan amounts, loan types, date of disbursement and the right to cancel all or any part of a student loan within 14 days of the date of such notice.*

*Implementation Date: July 1, 2011*

*Responsible Persons: Lisa W. Schroeder*

**COD System Reporting**

*For Direct Loans, an institution must submit the promissory note, loan origination record, and initial disbursement record for a loan to the Secretary of the U. S. Department of Education no later than 30 days following the date of the initial disbursement (Title 34, Code of Federal Regulations, Section 685.301). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).*

**For 1 (2 percent) of 60 students tested, the Institute did not report the student's Direct Loan disbursement records to the COD System in a timely manner.** As a result, the Institute's financial aid application did not reflect the same disbursement status or dates as the COD System. Institute personnel could not provide an explanation regarding why the Institute did not report the disbursement records to the COD System.

**Corrective Action:**

Corrective action was taken.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Institute does not have controls to ensure that it limits high-profile system access to appropriate personnel at the application, database, and server levels.** Specifically:

- At the application level, the Institute assigned four information technology personnel roles that gave them access to the financial aid functionality within Banner, the financial aid application. These personnel serve as programmers, business analysts, and third-party consultants.
- At the database level, the Institute assigned database administrator privileges to a programmer and to the administrative coordinator of the director of computer services. Additionally, three vendor programmers had access to the Banner production database.
- At the server level, the Institute has a high number of accounts with access to a job scheduler server, including 1 terminated Lamar University employee, 12 current employees of Lamar University, and 3 vendor employees.

Allowing employees inappropriate or excessive access to areas in the application, database, or servers that are outside their job responsibilities increase the risk of inappropriate changes and does not allow for proper segregation of duties.

**Corrective Action:**

Corrective action was taken.

## Lamar State College - Orange

Reference No. 11-103

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P094258, CFDA 84.007

P007A097177, CFDA 84.033 P033A097177, and CFDA 84.375 P375A094258

Type of finding - Significant Deficiency and Non-Compliance

### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades, work projects completed or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (Title 34, Code of Federal Regulations, Section 668.16(e)).

Initial Year Written: 2010

Status: Partially Implemented

U.S. Department of Education

According to Lamar State College - Orange's (College) SAP policy, students are eligible to receive financial assistance if they maintain a minimum grade point average (GPA) of 2.00, earn at least 70 percent of their attempted course hours, and attempt no more than 150 percent of the published length of their declared degree program.

**Eleven (33 percent) of 33 students tested received financial assistance but did not meet the College's SAP requirements.** Of those eleven:

- Two had cumulative attempted hours that exceeded the maximum numbers of hours allowed by the SAP policy.
- Nine did not earn at least 70 percent of attempted course hours as required by the SAP policy. Four of those nine students also did not maintain a minimum GPA of 2.00 as required by the SAP policy.

The College awarded \$60,217 in financial assistance to those eleven ineligible students.

According to the College, these errors occurred because the College was transitioning to a new financial aid application for the 2009-2010 award year. During the data conversion process from the old application to the new application, the College did not identify students who did not comply with its SAP policy. To attempt to ensure the accuracy of SAP data, the College asserts that it manually reconciled a SAP determination report from the old application to the data in the new application. However, the College did not provide evidence of this reconciliation. As a result, auditors were unable to determine the total number of students who received financial assistance but did not comply with the College's SAP policy.

### Corrective Action:

Corrective action was taken.

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies

required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**The College uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student’s actual or expected enrollment level according to the student’s ISIRs.** Therefore, if a student indicates on the ISIR that he or she expects to enroll half-time or three-quarter time, the College still uses the COA associated with a full-time COA budget. Using a full-time COA budget to estimate the COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the College uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2009-2010 school year.

Recommendations:

The College should determine each student’s COA and financial need based on the student’s expected enrollment.

Management Response and Corrective Action Plan 2010:

*Our policy has always been to award based on full-time enrollment, and then adjust awards down based on actual enrollment. We will refine our procedures to ensure compliance, recognizing that the question concerning expected enrollment is being removed from the FAFSA for the 2011-2012 year and that as a result, students’ enrollment plans will not be known. We strive to maintain compliance, and would appreciate some guidance on how to accomplish this task in the future.*

Management Response and Corrective Action Plan 2011:

*The recommendations for correcting this finding mention determining each student’s COA and financial need based on the student’s expected enrollment. With the elimination of the expected enrollment question on the FAFSA, we have no efficient way of determining a student’s expected enrollment in advance. Our plan is to continue awarding students based on full time enrollment. For the 2011-12 award years we have developed three-quarter and half-time budgets. We will adjust the student budgets after the census date each semester. This is the point at which a student’s enrollment and awards become static. As we adjust budgets, we will make any necessary adjustments to awards at that time. Since we already adjust all of our grant awards based on enrollment, this should only affect loan or scholarship funds.*

*Implementation Date: July 2011*

*Responsible Person: Kerry Olson*

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The College did not maintain appropriate access to its financial aid information technology environment.** Specifically, the College did not remove access for one terminated employee to the server that hosts the Appworx (job scheduling) application. The College also did not periodically conduct formal reviews of the user accounts on its network, servers, or databases to identify inappropriate or excessive access.

Additionally, to help ensure appropriate segregation of duties, the College should appropriately restrict access to migrate code changes for its financial aid database to the production environment based on an individual's job function. In general, programmers should not have access to migrate code changes to the production environment. However, three vendor programmers had database administrator access to the production environment of the financial aid database through two generic user accounts. This could allow them to introduce unauthorized changes into the production environment.

Corrective Action:

Corrective action was taken.

Reference No. 11-104

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P094258, CFDA 84.007 P007A097177, CFDA 84.033 P033A097177, and CFDA 84.375 P375A094258**

**Type of finding - Material Weakness and Material Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**Prior to June 3, 2010, Lamar State College - Orange (College) did not send 2009-2010 award year disbursement notifications to students.** The College did not have a process to identify students requiring disbursement notifications when it began using a new financial aid application in Fall 2009. The College received procedures for this process in May 2010 and was able send notifications beginning in June 2010. This issue affected all students who received FFEL loans for the Fall 2009 or Spring 2010 semesters.

Corrective Action:

Corrective action was taken.

Reporting Requirements

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

**For 1 (2 percent) of 60 students tested, the College did not submit Pell disbursement records to the COD System within 30 days of disbursement.** The College did not submit Pell disbursement records to the COD System from June 4, 2010 through July 16, 2010. The College's financial aid application sends disbursement records to the COD System, but that process must be initiated manually. Because manual initiation of that process did not occur, for all students with Pell disbursements between June 4, 2010, and June 15, 2010, the College did not report the disbursements to the COD System within the required 30-day time frame. Not reporting disbursements can increase the risk of overawards to students and delay the U.S. Department of Education from receiving accurate Pell disbursement information.

Recommendations:

The College should report all Pell disbursement records to the COD System in a timely manner.

Management Response and Corrective Action Plan 2010:

Report All Pell Disbursement Records To The COD System In A Timely Manner

*Beginning with the fall 2010 semester, PELL disbursements are reported to COD on almost a daily basis. The Federal Direct loan program requires information to be sent to COD on a very regular basis. We extract and send PELL information at the same time, so disbursements are reported in a much, more timely manner.*

Management Response and Corrective Action Plan 2011:

*The move to the Direct Loan program has necessitated a more regular flow of information between the school and COD. Between August of 2010 and June of 2011, 124 craallin.xml files have been exported to COD, and the corresponding craallop.dat files have been imported back into Banner. This is an average of over twice a week. These files contain both grant and loan origination and disbursement information so the reporting of all origination and disbursement information is being done in a timely manner. Reconciliations prepared by the Finance Office on behalf of Financial Aid identify differences between COD and campus financial aid system. Campus will expedite reconciliations and subsequent discovery to facilitate timely corrections of files.*

*Implementation Date: September 2011*

*Responsible Person: Kerry Olson*

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The College did not maintain appropriate access to its financial aid information technology environment.** Specifically, the College did not remove access for one terminated employee to the server that hosts the Appworx (job scheduling) application. The College also did not periodically conduct formal reviews of the user accounts on its network, servers, or databases to identify inappropriate or excessive access.

Additionally, to help ensure appropriate segregation of duties, the College should appropriately restrict access to migrate code changes for its financial aid database to the production environment based on an individual's job function. In general, programmers should not have access to migrate code changes to the production environment. However, three vendor programmers had database administrator access to the production environment of the financial aid database through two generic user accounts. This could allow them to introduce unauthorized changes into the production environment.

*Corrective Action:*

Corrective action was taken.

## Lamar State College - Port Arthur

Reference No. 10-31

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.268 P268K094241, CFDA 84.063 P063P084241, CFDA 84.007 P007A086986, CFDA 84.033 P033A086986, and CFDA 84.375 P375A084241

Type of finding - Significant Deficiency and Non-Compliance

#### Disbursement Notices

If an institution credits a students' account at the institution with Direct Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the students' right or parents' right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2009  
Status: Implemented  
U.S. Department of Education

To help ensure compliance with federal disbursement notification requirements, Lamar State College - Port Arthur (College) staff use a voucher summary report from the previous night's refund process to identify loan disbursements. However, students who receive loans but who do not receive refunds are not on that report. Based on the review of the voucher summary report, the College creates and sends a disbursement notification to the student. However, it is possible that a student could have a loan disbursement that covered only tuition and fees. In these instances, identifying the disbursement would require checking the detailed disbursement report, rather than the refund report. The College's current process for disbursement notification does not include this review. Auditors did not identify any instances of non-compliance as a result of this control weakness.

In addition, the College's loan disbursement notifications for all seven students tested who received federal direct student loans did not include some of the required information. Specifically, the notifications did not inform the students or parents of their right to cancel loans, either in full or in part, including corresponding procedures by which the students or parents must notify the College that they wish to cancel the loan. The College sent the loan notifications within the required time frame, and the notifications contained the correct information about the disbursement amounts and dates. The College began offering Direct Loans during the Spring 2009 semester, and College staff assert that the notifications lacked required information as a result of an unintentional omission.

#### Corrective Action:

Corrective action was taken.

## Midwestern State University

Reference No. 11-105

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P092291, CFDA 84.007 P007A094071, CFDA 84.375 P375A092291, CFDA 84.376 P376S092291, CFDA 84.379 P379T102291, CFDA 84.033 P033A094071, CFDA 84.038 P038A044071, and CFDA 84.268 P268K102291

Type of finding - Significant Deficiency and Non-Compliance

### Eligibility and Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, and 685.301).

**For 10 (25 percent) of 40 students tested, Midwestern State University (University) incorrectly calculated the student's COA.** Due to limitations in the University's financial aid system, University personnel manually assign percentages to weight COA for all semesters in the academic year when packaging Summer financial assistance. However, the University's methodology does not always reflect the University's established COA budgets. As a result, students may be overawarded student financial assistance.

**For students with mixed enrollment (such as, enrollment as a part-time student in one semester and as a full-time in another semester), the University incorrectly calculated the Summer semester portion of the student's COA.** As a result, the financial assistance it awarded to 2 (5 percent) of 40 students tested exceeded the students' COA. For those two students, the assistance awarded exceeded the COA by \$442 and \$54, respectively. The University reduced the \$54 undisbursed balance of the award for one of the two students to prevent disbursement of the overaward. The remaining overaward resulted in questioned costs of \$442.

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University does not have controls to ensure that high profile system access is limited to appropriate personnel at the application and server levels.** Specifically:

- The University does not have a policy or policy-level statement regarding segregation of duties for high profile users.
- The account for managing user access to the financial aid application is shared by five information systems personnel.

- One database administrator is inappropriately assigned system administrator rights to the operating system(s) for the servers supporting the financial aid system. Upon notification of the issue, the University removed the root access for the database administrator.

**The University also has five users with access to the financial aid application that is beyond what is required to perform their job functions based on their job titles.** Three of them have rights assigned to set up budget rules, award and disbursement schedules, fund rules, and additional programmed selection rules. Two of them have rights assigned to set up fund rules. These access rights should be limited to certain personnel with those job responsibilities.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. Use of generic user IDs and sharing user IDs and passwords does not allow for user accountability, increases the risk of unauthorized data changes, and nullifies the purpose of an audit trail.

**In addition, the University has weak documented password policies.** The policies specify only the frequency of password changes and do not provide other guidelines. Furthermore, the University has inadequate password controls at the application, database, server, and network levels, and those controls do not comply with the state requirements and guidelines, such as the Title 1, Texas Administrative Code, Chapter 202, and the Department of Information Resources' information technology security policy guidelines. Weak and inadequate password policies and practices increase the risk of unauthorized access to the student financial aid data.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-106

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P092291, CFDA 84.007 P007A094071, CFDA 84.375 P375A092291, CFDA 84.376 P376S092291, CFDA 84.379 P379T102291, CFDA 84.033 P033A094071, CFDA 84.038 P038A044071, and CFDA 84.268 P268K102291**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010

Status: Partially Implemented

U.S. Department of Education

**Midwestern State University (University) did not initiate the notification process in a timely manner to two loan recipients (based on auditor's review of all financial assistance recipients).** As a result, the University sent disbursement notifications to two students more than 30 days after it made the disbursements. The University stated that the late notification occurred because of the heavy volume of awards it needed to process in March 2010, and

because of the time involved in switching to the Direct Loan program. Not sending notifications in a timely manner could impair students' and parents' ability to cancel their loans.

Recommendations:

The University should implement controls to ensure that it sends disbursement notifications no earlier than 30 days before and no later than 30 days after crediting the student's account.

Management Response and Corrective Action Plan 2010:

*Management acknowledges that disbursement notification letters were not sent to two (2) students within 30 days of making the loan disbursements and was corrected at time of auditor visit. The Financial Aid Office has corrected this by utilizing the electronic Microsoft Outlook calendar to serve as a 'reminder' every 21 days to send the Disbursement Notification Letter; the 21 days allows a 'cushion' of time to ensure the letters are sent within 30 days. Once the electronic 'reminder' is initiated, the Financial Aid Office will begin the Banner process to originate the letters which are printed and mailed to the students. A future enhancement entails the implementation of AppWorx, tentatively within 1-2 years, to automate this process so e-letters can be sent to students in lieu of paper letters*

Management Response and Corrective Action Plan 2011:

*The Financial Aid Office has corrected this in June 2010 by utilizing the electronic Microsoft Outlook calendar to serve as a 'reminder' every 21 days to send the Disbursement Notification Letter; the 21 days allows a 'cushion' of time to ensure the letters are sent within 30 days. Once the electronic 'reminder' is initiated, the Financial Aid Office will begin the Banner process to originate the letters which are printed and mailed to the students. However, effective JUNE 2011, the FAO began sending Notification EMAILS (in lieu of paper letters) via the Banner 'letter generation' process; those students without/undeliverable email addresses will continue to receive Disbursement Notification Letters via paper letters. And, effective August 2011, the Financial Aid Office will ensure the Disbursement Notification Letters are generated at the close of the business day to ensure all loans are disbursed prior to Disbursement Notification Letters being generated. Additionally, the Financial Aid Office has implemented an 'exception report' which identifies loans that were disbursed without a Disbursement Notification Letter being automatically generated; via information from the 'exception report', the Financial Aid Office will ensure Disbursement Notification Letters are sent to those students in which a Disbursement Notification Letter was not automatically generated. And, a future enhancement entails the implementation of AppWorx, tentatively within 1-2 years, to automate this process so e-letters can be sent to students in lieu of paper letters.*

Implementation Date:      August 2011

Responsible Person:      Kathy Pennartz

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University does not have controls to ensure that it limits high-profile system access to appropriate personnel at the application and server levels.** Specifically:

- The University does not have a policy or policy-level statement regarding segregation of duties for high-profile users.

- Five information systems personnel share the account for managing user access to the financial aid application.
- One database administrator is inappropriately assigned system administrator rights to the operating system(s) for the servers supporting the financial aid application. When auditors brought this to the University's attention, the University removed the root access for this database administrator.

**The University also has five users with access to the financial aid application that is beyond what is required to perform their job functions based on their job titles.** Three of them have rights assigned to set up budget rules, award and disbursement schedules, fund rules, and additional programmed selection rules. Two of them have rights assigned to set up fund rules. The University should limit access rights to only personnel who job responsibilities require this access.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. Use of generic user IDs and sharing user IDs and passwords does not allow for user accountability, increases the risk of unauthorized data changes, and nullifies the purpose of an audit trail.

**In addition, the University has weak documented password policies.** The policies specify only the frequency of password changes and do not provide other guidelines. Furthermore, the University has inadequate password controls at the application, database, server, and network levels, and those controls do not comply with the state requirements and guidelines, such as the Title 1, Texas Administrative Code, Chapter 202, and the Department of Information Resources' information technology security policy guidelines. Weak and inadequate password policies and practices increase the risk of unauthorized access to the student financial aid assistance data.

*Corrective Action:*

Corrective action was taken.

## Prairie View A&M University

Reference No. 10-33

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.268 P268K092319, CFDA 84.063 P063P082319, CFDA 84.007 P007A084098, CFDA 84.033

P033A084098, CFDA 84.375 P375A082319, CFDA 84.376 P376S082319, CFDA 84.379 P379T082319,  
and CFDA 93.925 Award number Not Applicable.

Type of finding - Material Weakness and Non-Compliance

### Budget Amounts

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

When entering students' cost of attendance (COA) budgets into its financial aid system tables, the University included incorrect loan fee amounts for three budget groups. The University entered \$200, when the correct amount was \$100. This was limited to the following three budget groups: (1) student was a full-time undergraduate from out of state entering the University in the Spring semester; (2) student was a three-quarter time undergraduate in-state resident entering the University in the Spring semester; and (3) student was a full-time undergraduate from out of state entering the University for the Spring and Summer 1 semesters. A total of 42 students were affected by the incorrect cost of attendance budgets. As a result, the University included incorrect loan fee amounts within all Pell-based budgets that it reported to the U.S. Department of Education's *Common Origination and Disbursement* (COD) system. Reporting incorrect COA budgets could result in students being underawarded or overawarded financial assistance. None of the items tested resulted in incorrect award amounts.

Initial Year Written:	2009
Status:	Partially Implemented
U.S. Department of Education	
U.S. Department of Health and Human Services	

### Awards of Pell Grants

The Federal Pell Grant Program awards grants to help financially needy students meet the cost of their post-secondary education (Title 34, Code of Federal Regulations, Section 690.1). In selecting among students for the Federal Pell Grant program, an institution must determine whether a student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, Code of Federal Regulations, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, Code of Federal Regulations, Section 609.75 (a)(2)). In selecting eligible students for Federal Supplemental Educational Opportunity Grant (FSEOG) awards in each award year, an institution must select those students with the lowest expected family contributions (EFC) who will also receive federal Pell Grants in that year (Title 34, Code of Federal Regulations, Section 676.10(a)).

Based on a review of the full population of student financial aid recipients, the University awarded FSEOG to three students who did not receive Pell Grants. These three students were eligible for Pell Grants, but incorrect changes to their student classification data in the University's financial aid system had removed their Pell Grant eligibility in error. The students' classification status was undergraduate when initially awarded, but the students' classification status changed to graduate and Pell funds were removed from the students' funding. When auditors brought this to the University's attention, the University corrected the three students' award packages so they would receive the Pell Grants to which they were eligible. The amount of the new Pell funds awarded totaled \$4,238.

### Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if

applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a “C” or its equivalent, or has academic standing consistent with the institution’s requirements for graduation (Title 34, CFR, Section 668.34).

The University’s satisfactory academic progress policy requires an undergraduate student receiving federal aid to (1) maintain a minimum 2.00 cumulative GPA, (2) successfully complete at least 75 percent of the student’s credit hours, and (3) meet the student’s degree objectives within 180 total attempted hours. If a student does not meet these requirements, the student may be placed on financial aid probation or financial aid suspension. If the student is placed under financial aid suspension, the student may appeal the suspension. All appeals that are denied could be awarded in error if the manual adjustment is not made to the automated system.

The University disbursed financial assistance to 1 (2.5 percent) of 40 students tested, even though that student did not meet the University’s satisfactory academic progress policy. The University awarded the student a total of \$8,880 in assistance because the University did not manually adjust its automated system to reflect that the student’s satisfactory academic progress appeal was denied. The University later detected this error and canceled the assistance, but it had already disbursed \$8,800 for the Spring semester to this student. The University cleared the student’s account with the U.S. Department of Education after canceling the funds; therefore, there is no questioned cost associated with the error.

#### COA Calculation

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s COA minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations, Section 685.301).

The University incorrectly calculated the COA for 4 (10 percent) of 40 students tested. While the University’s financial aid system automatically calculates COA for Fall and Spring semesters, University staff manually calculates the Summer semester portion of each student’s COA. This could result in an overaward if the student does not have any excess unmet need. For the four students noted, the staff incorrectly calculated the Summer semester portion of the student’s COA. One student was a full-time graduate student who incorrectly had a loan fee of \$75 added to the student’s COA. The remaining three students were part-time for the Summer semester: One student had a \$500 room charge incorrectly added to the student’s COA, one student had a \$425 book allowance incorrectly omitted from the student’s COA, and one student had \$406 in personal expenses incorrectly omitted from the student’s COA. However, the incorrect COA calculations did not have an effect on the amount of assistance awarded to students because the students had excess unmet needs.

#### Recommendations:

The University should:

- Review COA budget component amounts prior to packaging of student financial assistance to prevent errors in COA calculations.
- Improve controls over processes it uses to update its financial aid system when a student’s status changes to ensure that it does not incorrectly remove funding eligibility.

- Improve controls over the manual process used to update the financial aid system to reflect the current status of students' satisfactory academic progress policy appeals.
- Improve controls over manual calculations of COA.

Management Response and Corrective Action Plan 2009:

*We agree with this finding. In order to prevent further occurrences, a report will be created to monitor yearly and semester loan fees to determine compliance. This report will then be reviewed by financial aid staff on a weekly basis.*

*Management will develop a process to: 1) identify students that are transitioning from Undergraduate to Graduate status; 2) use the Federal Pell Reconciliation process in Banner to isolate exceptions and ensure that changes to classification do not affect previous awards.*

*We agree with this finding. In order to prevent further occurrences, a report will be created to monitor whether aid has been disbursed to students that do not meet the Satisfactory Academic Progress Policy. This report will then be reviewed by financial aid staff on a weekly basis.*

*A program will be developed to accurately review budget components prior to packaging. A report will be generated to ensure that students are given the proper budgets and counselor updates are correct. This report will then be reviewed by financial aid staff on a weekly basis and certified by the Assistant Provost or one of the Associate Directors.*

Management Response and Corrective Action Plan 2010:

*Management agrees with this audit recommendation and will review its Cost of Attendance (COA) process and develop a procedure that will prevent errors in COA calculations. This procedure will ensure a student's change status change is updated properly and will reflect the current status of students' satisfactory academic progress policy appeals.*

Management Response and Corrective Action Plan 2011:

*Financial Aid management has revised the process for awarding Pell Grants. The Financial Aid Office will work with the Registrar's Office to develop a process to ensure changes to classification do not affect previous awards.*

*Financial Aid management has developed a Satisfactory Academic Committee that will monitor whether aid has been disbursed to students that do not meet the Satisfactory Academic Progress Policy. This committee will meet weekly or as needed.*

*Financial Aid Management has generated system modifications that will control the cost of attendance from being adjusted manually.*

*Implementation Date:      October 1, 2011*

*Responsible Person:      Kelvin Francois*

Reference No. 10-34

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Audit Issue - 08-38)

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.268 P268K092319, CFDA 84.063 P063P092319, CFDA 84.007 P007A084098, CFDA 84.033 P033A084098, CFDA 84.375 P375A082319, CFDA 84.376 P376S082319, and CFDA 93.925 , Award number Not Applicable.**

**Type of finding - Significant Deficiency and Non-Compliance**

Disbursement Notification Letters

If an institution credits a students' account at the institution with Direct Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007  
Status: Partially Implemented  
  
U.S. Department of Education  
U.S. Department of Health and Human Services

For 7 (18 percent) of 39 students tested who received Direct Loans, the University did not send disbursement notifications within the required 30 days for the Fall 2008 semester. The University implemented a new financial aid system and did not set up the automated process for disbursement notification letters in time to ensure that it sent disbursement notifications within the 30-day requirement for some of the disbursements it made on the first day of the Fall 2008 disbursement cycle (August 18, 2008). As a result, the University sent disbursement notification letters one day late for some of the disbursements that occurred on the first day of the Fall 2008 disbursement cycle, including for the seven students discussed above. Auditors did not note any late disbursement notification letters for the Spring 2009 semester. Not receiving these notifications promptly could impair students' and parents' ability to cancel their loans.

Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

For 1 (4 percent) of 25 students with Pell disbursements tested, the University did not report the amount and date of the Pell disbursement to the COD System. According to University staff, the student's information was recorded in Banner but was rejected by the COD System. The student's information was not manually corrected; therefore, the University did not report information subsequently to the COD System. The University did not have an adequate procedure in place to ensure data not accepted by COD was corrected and submitted timely.

Recommendations:

The University should:

- Maintain controls to ensure that it sends disbursement notification notices within 30 days before or after crediting a student's account with a Direct Loan.

- Improve its oversight of the Pell reporting process to ensure that student information that Banner does not retrieve during the process for reporting to the COD System is captured and reported to the COD System in a timely manner.

Management Response and Corrective Action Plan 2009:

*Though management respectfully acknowledges we did not send fall Disbursement Notification Letters in the required 30 days, we have already corrected this issue. Prior to December 2008, the process for generating the letters was completely manual. Management determined the aforementioned process as neither efficient nor effective. An AppWorx consultant was hired to reengineer and automate the Disbursement Notification Letter process. Beginning spring 2009, disbursement data was derived from Banner using AppWorx and e-letters distributed to students via Form Fusion.*

*Management acknowledges that one (1) individual was not reported to COD and was later manually corrected. In order to prevent this situation from occurring again, a federal Pell Reconciliation List will be requested at the beginning of each week via the Common Origination and Disbursement (COD) System. This list will be imported into Banner. Using an existing Banner report, the Pell Reconciliation List (Disbursement Data) will be compared to existing federal Pell disbursements in Banner. Exceptions will be reviewed and corrected.*

Management Response and Corrective Action Plan 2010:

*Management agrees with this audit recommendation and has revised the process and modified the Notification Letter. Additional time is required to ensure the process is functioning as intended.*

Management Response and Corrective Action Plan 2011:

*Financial Aid management is in the process of changing the process of distributing Disbursement Notification Letters to students via Form Fusion. The process will be revised and will work through the Banner System in the fall semester.*

*Financial Aid management Financial Aid Management has generated system modifications that will control the cost of attendance from being adjusted manually.*

Implementation Date:      October 1, 2011

Responsible Person:      Kelvin Francois

## Department of Public Safety

Reference No. 11-31

### Equipment

**CFDA 16.803 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories - ARRA**

Award years - October 1, 2009 to September 30, 2010

Award numbers - SU-09-A10-22820-01 and SU-09-A10-22822-01

Type of finding - Significant Deficiency and Non-Compliance

Governmental units will manage equipment in accordance with state laws and procedures (Title 2, Code of Federal Regulations, Part 225, Appendix B). In addition, the Office of Management and Budget Circular A-133 Compliance Supplement, Part 3, Section F, mandates that states receiving federal awards shall use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. In addition, the Office of the Texas Comptroller of Public Accounts (Comptroller's Office) *SPA Process User's Guide* states that each item of property, capitalized or controlled, must be assigned a unique property inventory number. Each agency is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent loss, theft, damage, or misuse.

Initial Year Written: 2010  
Status: Implemented  
  
U.S. Department of Justice

The Department of Public Safety (DPS) policies require that all controlled assets must have an inventory tag attached. Forty-five assets were selected including thirty-five patrol vehicles and content items and ten information technology equipment items. One vehicle radar and nine information technology equipment items were noted not to have an affixed inventory tag. All of these assets were properly safeguarded, locatable based on property record details, identifiable by serial number, and included in the property record system.

### Corrective Action:

Corrective action was taken.

Reference No. 11-107

### Allowable Costs/Cost Principles

### Matching, Level of Effort, Earmarking

(Prior Audit Issues 10-35 and 09-38)

### Homeland Security Cluster

Award years - see below

Award numbers - see below

Type of finding - Material Weakness and Material Non-Compliance

### Allowable Costs/Cost Principles - Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Part 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Initial Year Written: 2008  
Status: Partially Implemented  
  
U.S. Department of Homeland Security

- Reflect an after-the-fact distribution of the actual activity of each employee.

- Account for the total activity for which each employee is compensated.
- Are prepared at least monthly and must coincide with one or more pay periods.
- Are signed by the employee.

Budget estimates that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

Additionally, according to Title 2, CFR, Part 225, to be allowable under federal awards, costs must be adequately documented.

The Department of Public Safety's (Department) State Administrative Agency (SAA) manages and administers Homeland Security grant programs, including the Homeland Security Cluster of federal awards, for the State of Texas. **SAA employees complete weekly time sheets to indicate the number of hours worked, including the number of hours charged to each federal award. However, the Department does not base its charges to each federal award solely on the time charged.** Instead, it distributes wages using estimates based on the amount of time employees and management charged as well as the management and administrative (M&A) funds remaining for each grant.

**For all 11 monthly payroll charges tested, the Department did not base its payroll charges to federal awards on actual work completed, although most employees did submit weekly timesheets.** According to the tool the Department used to allocate payroll charges to federal awards, the Department charged \$33,862 to the Homeland Security Cluster for the monthly payrolls tested. For these 11 employees, the Department charged a total of \$52,761 for the payroll period to all federal programs administered by the SAA. As a result of incorrectly charging federal grants based on factors other than actual time worked, the Department overcharged the Homeland Security Cluster \$7,566 for the 11 payroll charges tested. Total salaries and benefits charged to the Homeland Security Cluster for fiscal year 2010 were \$2,201,786. Because the SAA uses this allocation methodology to charge payroll costs to all of its federal awards, this issue affects all federal programs the SAA administers. In addition to the Homeland Security Cluster, the SAA managed and administered eight other federal grant programs, which are listed below.

**Additionally, for 1 (9 percent) of the 11 monthly payroll charges tested, the Department could not provide an employee's timesheets for the majority of the time charged during the period tested.**

#### Allowable Costs/Cost Principles – Non-Payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Part 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, OMB requires that costs be treated consistently with other costs incurred for the same purposes in like circumstances.

**Four (8 percent) of 49 non-payroll expenditures tested that the Department charged to the Homeland Security Cluster were not solely allocable to the Homeland Security Cluster.** All four expenditures were paid to temporary staffing firms for M&A services. These services benefited multiple grant programs, including the Homeland Security Cluster and other federal programs listed below, and should have been allocated across the M&A budgets for each of these grant programs. In fiscal year 2010, the Department charged \$313,971 to the Homeland Security Cluster for the services of two temporary staffing firms that were included in auditors' allowable costs testing.

**The Department does not use an allocation process to ensure that it charges expenditures for contract labor to the correct award. Instead, the Department charges contractor invoices to program budgets that have remaining M&A funds available.** The contractor invoices auditors reviewed did not contain detailed descriptions

of the work performed; therefore, auditors were unable to determine the amount of questioned costs associated with these errors. Because the Department does not use a proper allocation methodology for contract labor, it is not charging the cost of contract labor to the federal grant programs that benefited from the services provided. This issue also affects other federal programs the SAA administers. In addition to the Homeland Security Cluster, the SAA managed and administered nine other federal grant programs, which are listed below.

**Additionally, the Department did not classify one of the four payments for temporary services discussed above as an M&A cost, although it was an administrative cost.** As a result, the Department did not treat this expenditure in the same manner that it treated similar expenditures. Not properly recording M&A expenditures could cause the Department to charge more M&A expenditures to Homeland Security Cluster programs than is permitted by the Department's grant agreements. This issue is discussed in more detail below.

**Earmarking**

According to U. S. Department of Homeland Security grant guidance, the Department is required to limit M&A expenditures to a percentage of the award amount. The percentages were 3 percent for award years 2005, 2008, and 2009 (Title 6, United States Code, Section 609(a)(11)) and 5 percent for award years 2006 and 2007 (Title 42, United States Code, Section 3714(c)(2); Title III, Pub. L. No. 108-334; and Conference Report 109-241 to the Fiscal Year 2006 Department of Homeland Security Appropriations Act (Pub. L. No. 109-90)). The Department establishes separate M&A budget codes within its accounting system to track M&A expenditures and monitors its compliance with earmarking limits. It then classifies expenditures using these budget codes and monitors amounts charged to M&A budget codes to ensure that it does not exceed earmarking limits.

Proper classification and allocation of expenditures across budget codes is important to successful tracking of M&A expenditures and for the Department to ensure that it does not exceed earmarking percentages. As discussed above, however, **the Department does not have a process to allocate direct charges to the appropriate federal programs.** As a result, the Department is relying on incomplete and inaccurate data to monitor its compliance with earmarking requirements. However, that data indicates that the Department complied with earmarking requirements during fiscal year 2010.

The Department received the following Homeland Security Cluster awards:

<b><u>Grant Number</u></b>	<b><u>Beginning Date</u></b>	<b><u>End Date</u></b>
2005-GE-T5-4025	October 1, 2004	September 30, 2009
2006-GE-T6-0068	July 1, 2006	June 30, 2010
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

In addition to the Homeland Security Cluster awards, the Department's SAA also manages grant funds for the following grant programs:

- Buffer Zone Protection Program. (CFDA 97.078)
- Emergency Management Performance Grant. (CFDA 97.042)
- Emergency Operations Center Grant Program. (CFDA 97.052)
- Interoperable Emergency Communications Grant. (CFDA 97.001)
- Non-profit Security Grant Program. (CFDA 97.008)
- Operation Stonegarden. (CFDA 97.067)
- Public Safety Interoperable Communications. (CFDA 11.555)

- Regional Catastrophic Preparedness Grant Program. (CFDA 97.111)
- Transit Security Program Grant. (CFDA 97.075)

General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users in its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce code changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

Corrective Action:

This finding was reissued as current year reference number 12-106.

Reference No. 11-108

**Cash Management**

**Period of Availability of Federal Funds**

**Special Tests and Provisions - Subgrant Awards**

**Homeland Security Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Significant Deficiency and Non-Compliance**

Interest on Advances

Beginning in fiscal year 2005, Homeland Security Grant Program awards to states were exempted from the provisions of the Cash Management Improvement Act (CMIA). Grantees are permitted to draw down funds up to 120 days prior to expenditure/disbursement provided they maintain procedures to minimize the time elapsing between the receipt and disbursement of funds (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 4, Section 97.067).

Additionally, grantees must place those funds in an interest-bearing account, and the interest earned must be submitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by the grantee for administrative expenses (Title 44, Code of Federal Regulations (CFR), Section 13.21).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Homeland  
Security

**The Department of Public Safety (Department) did not calculate or monitor interest earned on federal funds for the Homeland Security Cluster, nor did it remit interest earned on federal funds to the U.S. Treasury.** The Department has not established a process to calculate or monitor interest earned on advanced federal funds. These funds are received by the Texas Comptroller of Public Accounts and deposited into a treasury account along with non-Homeland Security funds. The Department has not entered into an arrangement with the Texas Comptroller of Public Accounts to isolate the interest earned solely on Homeland Security funds. Therefore, the Department has never remitted any interest earned to the U. S. Treasury. Auditors tested a sample of 85 transactions and estimated an interest liability of \$59.89 related to those transactions. The Department drew down \$132,498,105 of federal Homeland Security Cluster funds during that period.

Subrecipient Advances

Recipients of federal funds are required to follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients. Pass-through entities must ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity (Title 44, CFR, Section 13.37 a(4)). The U. S. Department of Homeland Security requires that grantees and subgrantees be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and disbursement by the grantee or subgrantee (Title 44, CFR, Section 13.21).

**For 7 (13 percent) of 52 subrecipients tested, the Department provided hardship advances to subrecipients without obtaining proof of subsequent disbursement.** The Department allows subrecipients to request cash advances in cases of economic hardship. However, it does not follow up with subrecipients that have received hardship advances to ensure that they spent the federal funds. The Department does not require subrecipients to submit proof of payment for advanced funds. As a result, the Department cannot provide reasonable assurance that recipients of hardship advances are minimizing the time between receipt and disbursement of federal funds.

The Department passed through funds and received advanced funds from the following Homeland Security Cluster awards:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
2005-GE-T5-4025	October 1, 2004	September 30, 2009
2006-GE-T6-0068	July 1, 2006	June 30, 2010
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012

Period of Availability of Federal Funds and Special Tests and Provisions – Subgrant Awards

Although the general control weakness described below applies to period of availability of federal funds and special tests and provisions – subgrant awards, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Agencies shall maintain internal control over federal programs that provide reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users in its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high level security access to MSA.** This could enable the programmers to introduce changes to MSA they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

Corrective Action:

This finding was reissued as current year reference number: 12-107.

Reference No. 11-109

## Procurement and Suspension and Debarment

**Homeland Security Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Material Weakness and Material Non-Compliance**

In accordance with Title 44, Code of Federal Regulations (CFR), Section 13.36, grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in that CFR section. All procurement transactions must be conducted in a manner providing full and open competition. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals.

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Homeland Security

### Emergency Procurements

The Department of Public Safety's (Department) purchasing policy outlines proper procurement procedures and emphasizes the importance of competitive bidding, including in the case of emergency purchases. That policy requires staff to notify the Department's accounting function immediately before initiating any bidding or purchasing and provide written justification to the accounting function before processing any payments on the procurement. The policy also states that failure to anticipate need does not constitute an emergency.

The Department classified 4 (80 percent) of the 5 procurements that auditors tested as emergency procurements. **For 3 (75 percent) of those 4 emergency procurements totaling \$486,633, the Department was not able to provide sufficient documentation to support that the circumstances constituted an emergency. In each of these three instances, Department documentation indicated that the Department either (1) did not allow sufficient time to complete a competitive bidding process prior to expiration of a current contract or (2) disregarded the results of a competitive bidding process and purchased the services from an existing vendor using an emergency procurement process.** Each of the three emergency procurements was an extension of a previous emergency contract into which the Department had entered. Based on Department documentation and the Department's purchasing policy, those three purchases should have been competitively procured.

**For one of the three emergency procurements discussed above, Department management overrode established procurement procedures to award a contract to a preferred vendor.** The Department originally solicited and evaluated competitive bids for this purchase. However, when the result of the bid scoring favored a vendor that was not management's preferred vendor, the Department overrode existing controls to cancel the procurement and enter into an emergency contract with its preferred vendor. The amount of this procurement was \$225,000. After it awarded the emergency contract to its preferred vendor, the Department modified its request for proposal (RFP) to include specifications not included in the original RFP and initiated another competitive bidding process. Under the revised RFP specifications, the proposal that the Department's preferred vendor submitted was scored the highest. The proposal review team that scored the proposals consisted of the same reviewers who scored the proposals submitted in response to the original RFP, and the Department awarded a new contract to its preferred vendor. After the State Auditor's Office informed Department executive management about the circumstances surrounding this procurement, the Department canceled its contract with the vendor effective January 31, 2011.

### Department of Information Resources (DIR) Procurements

The Department's State Administrative Agency (SAA) used existing contracts through the Texas Department of Information Resources (DIR) to procure consultant services to assist in the administration of the homeland security program and other programs that the SAA administered. DIR's contract provides information technology (IT) staff augmentation services to state entities.

## **PUBLIC SAFETY, DEPARTMENT OF**

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Based on information SAA staff provided, SAA management identified specific individuals whom it wanted to hire as consultants. SAA management then contacted the DIR-approved vendor and requested that the vendor provide the services of these specific individuals through the DIR contract. **This allowed the SAA to retain the services of specific individuals and not use the Department's competitive bidding process.**

The Department was not able to provide detailed information regarding the work that the consultants who worked through the DIR contract performed. However, based on Department documentation and interviews conducted with Department staff, the SAA used the DIR contract to obtain management and administrative support for federal programs that the SAA administered. Most of the consultants paid through the DIR contract did not specifically provide IT staff augmentation services. **As a result, the SAA inappropriately used an existing DIR contract to obtain non-IT services and circumvented the Department's established process to procure non-IT consultant services.**

Department invoices indicated the Department paid the consultants discussed above \$420,336 during fiscal year 2010 for services performed for federal programs administered by the SAA. Of that amount, the department charged \$151,265 to the Homeland Security Cluster. In fiscal year 2011, the SAA entered into a subrecipient agreement with a local government entity and instructed the local government entity to subcontract with a different contractor for the services of the same consultants obtained through the DIR contract.

Because the Department allocates the costs paid under the DIR contract to multiple federal awards, the contracting issues discussed above affected other federal grant programs that the SAA administered, including the programs and awards listed below.

In addition to the Homeland Security Cluster awards, the SAA also manages grant funds for the following grant programs:

- Buffer Zone Protection Program (CFDA 97.078).
- Emergency Management Performance Grant (CFDA 97.042).
- Emergency Operations Center Grant Program (CFDA 97.052).
- Interoperable Emergency Communications Grant (CFDA 97.001).
- Non-profit Security Grant Program (CFDA 97.008).
- Operation Stonegarden (CFDA 97.067).
- Public Safety Interoperable Communications (CFDA 11.555).
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111).
- Transit Security Program Grant (CFDA 97.075).

The issues discussed above affected the following awards that had procurements in fiscal year 2010:

<b><u>Grant Number</u></b>	<b><u>Beginning Date</u></b>	<b><u>End Date</u></b>
2005-GE-T5-4025	October 1, 2004	September 30, 2009
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012

General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users in its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce code changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

Corrective Action:

This finding was reissued as current year reference number: 12-108.

Reference No. 11-110

**Reporting**

(Prior Audit Issue 10-36)

**Homeland Security Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Significant Deficiency and Non-Compliance**

Reporting

Recipients of Homeland Security Cluster funds are required to report the financial status of their federal awards on a quarterly basis through the Federal Financial Report (SF-425). Reports must be submitted for every calendar quarter of the period of performance within 30 days of the end of each quarter (Title 44, Code of Federal Regulations, Section 13.41).

Initial Year Written: 2009  
Status: Implemented  
  
U.S. Department of Homeland Security

**For 4 (67 percent) of 6 reports tested at the Department of Public Safety (Department), the reported amounts of cash receipts and cash disbursements did not agree with data from the Department's accounting system.** For 3 (75 percent) of those 4 reports, the Department did not correct the errors in subsequent quarterly reports.

To ensure accurate reporting, the Department requires reconciliations for each budget number included in the Federal Financial Report. Budget analysts are required to document explanations for all differences between internal spreadsheets and the Department's accounting system and all differences between expenditures and revenue. For all four reports discussed above, budget reconciliations were either missing or contained errors. In some cases, the reconciliation totals did not agree with totals in the Federal Financial Report. As a result, the amounts of cash receipts and cash disbursements the Department reported were not completely accurate. For each report, the errors accounted for less than 1 percent of total reportable grant activity.

The following awards were affected by the above finding:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
2006-GE-T6-0068	July 1, 2006	June 30, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011

General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards incompliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users in its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high level security access to the MSA accounting system.** This is a weak segregation of duties since a programmer could introduce changes to MSA that the programmer could then exploit as an accounting user. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

Corrective Action:

Corrective action was taken.

Reference No. 11-111

**Subrecipient Monitoring**

(Prior Audit Issues 10-37 and 09-43)

**Homeland Security Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Material Weakness and Material Non-Compliance**

During-the-award Monitoring

Recipients of Homeland Security Cluster funds are required to monitor grant and subgrant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, Code of Federal Regulations, Section 13.40).

The Department of Public Safety (Department) largely monitors subrecipient activities through review and approval of reimbursement requests, quarterly progress reporting, and site visits it conducts at subrecipients that it selects based on a biennial risk assessment. However, **the Department did not consistently enforce and monitor subrecipient compliance with federal requirements. As a result, the Department's controls did not detect instances of subrecipient noncompliance with federal requirements.** Specifically:

- For 34 (65 percent) of 52 subrecipients tested, either (1) the Department did not monitor the subrecipient's compliance with quarterly reporting requirements or (2) the subrecipient did not comply with quarterly reporting requirements. All 34 subrecipients received federal funds during fiscal year 2010.
- Five (10 percent) of the 49 subrecipients in the test sample with moderate or high scores on the Department's risk assessment had never received a site visit from the Department as of October 7, 2010. As a result, the Department could not provide documentation showing that those subrecipients' procurement and equipment policies and procedures had ever been monitored. In addition, two of those subrecipients were not included in the Department's 2010 risk assessment and, therefore, were not considered for site visits.

Initial Year Written: 2008  
Status: Partially Implemented  
  
U. S. Department of Homeland Security

- For 4 (9 percent) of 44 subrecipients at which the Department conducted site visits, the Department did not maintain documentation that management had reviewed and approved the documented results of the site visits.
- For 7 (24 percent) of 29 subrecipients at which the Department's site visits had uncovered deficiencies, the Department did not maintain documentation showing that its monitoring staff followed up on those deficiencies.

In addition, **the Department did not fully use its risk assessment to select the subrecipients at which it would conduct site visits.** For example, some subrecipients had high risk assessment scores but the Department did not visit them during 2010. However, the Department did visit several subrecipients with low risk assessment scores.

**Also, 1 (2 percent) of 52 subrecipients tested received reimbursement for costs incurred outside of the period of performance specified on the subaward between the Department and the subrecipient.** Although subrecipients are denied access to the State Preparedness Assessment and Reporting Service (SPARS) at the close of their period of performance, the Department allows subrecipients to submit invoices via fax or mail for 90 days after the end of that period. The Department then processes those invoices and enters them into SPARS. This subrecipient submitted two invoices in this manner, but Department staff did not identify that the subrecipient's costs were not incurred during the period of performance and that the 90-day period had ended.

Insufficient monitoring during the award period increases the risk that the Department would not detect subrecipients' non-compliance with requirements regarding federally funded projects, which could result in significant liabilities for both the Department and its subrecipients.

#### A-133 Compliance Monitoring

According to Office of Management and Budget (OMB) Circular A-133, the Department must ensure that subrecipients expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within 9 months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with A-133 audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist. **However, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain an A-133 audit. As a result, the Department could not provide documentation to support that all subrecipients complied with the requirement to obtain an A-133 audit or that subrecipients that did not comply had been appropriately sanctioned.**

For 13 (25 percent) of 52 subrecipients tested, the Department did not verify whether the subrecipient obtained an A-133 audit. Ten of those subrecipients were not included in the Department's A-133 tracking spreadsheet and, therefore, the Department did not monitor them for compliance with A-133 audit requirements. The remaining three were included on that spreadsheet, but they either (1) did not respond to the Department's Single Audit questionnaire or (2) did not submit their A-133 audit report within nine months of their fiscal year end. In addition, three subrecipients had findings in their A-133 audit reports, but the Department's tracking spreadsheet did not contain documentation of a management decision because that spreadsheet lacks fields to document follow-up actions and management decisions regarding audit findings. For all cases discussed above, the Department's A-133 monitoring files did not contain evidence that it responded to subrecipient noncompliance in accordance with its sanction policy. Finally, one subrecipient submitted an audit report that the Department did not review within the required six-month time period.

Not ensuring that subrecipients obtain A-133 audits and not following up on deficiencies noted in the subrecipients' audit reports increases the risk that deficiencies could go unaddressed.

## PUBLIC SAFETY, DEPARTMENT OF

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The issues noted above effect the following Homeland Security Cluster awards:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
2006-GE-T6-0068	July 1, 2006	June 30, 2010
2007-GE-T7-0024	July 1, 2007	December 31, 2010
2008-GE-T8-0034	September 1, 2008	August 31, 2011
2009-SS-T9-0064	August 1, 2009	July 31, 2012

### General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users in its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

### Corrective Action:

This finding was reissued as current year reference number: 12-109.

Reference No. 11-112

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles  
Cash Management**

**Public Assistance Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Material Weakness and Non-Compliance**

### Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Office of Management and Budget (OMB) Circular A-87, Attachment A, Part C, lists factors affecting allowability of costs, including that costs must be (1) necessary and reasonable for proper and efficient performance and administration of federal awards, (2) allocable to federal awards under the provisions of the circular, and (3) be adequately documented. For the Public Assistance program, allowable costs must be for the federally approved project as described on the project worksheet and supporting documentation.

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Homeland  
Security

**For 1 (2 percent) of 50 items tested, the Department of Public Safety (Department) did not ensure that its drawdowns of federal funds were properly supported. Specifically, errors the Department made while accumulating information in timesheets led to questioned costs of \$1,965 in state management costs.** While the Department has a control to review drawdown information, that control is not adequate to identify inaccuracies in the manual process of inputting timesheets into a spreadsheet that tracks payroll costs per disaster. During fiscal year 2010, the Department did not perform a subsequent review of the information that was included in the drawdown of

## **PUBLIC SAFETY, DEPARTMENT OF**

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federal funds. Not having accurately supported documentation could cause unallowable costs to be awarded to the Department and could jeopardize future funding.

These following programs were affected by the above issue:

<b><u>Disaster</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1379	FEMA-1379-DR	June 9, 2001
1606	FEMA-1606-DR	September 24, 2005

### **Funding Technique**

According to the Cash Management Improvement Act Agreement between the State of Texas and the U.S. Department of the Treasury (Treasury-State Agreement), the Public Assistance program exceeds the State's threshold for major federal assistance programs and, therefore, is subject to the Treasury-State Agreement. The Public Assistance program is subject to the pre-issuance funding technique. Under this method, the State is required to request that funds be deposited in the State account no more than three days prior to the day the State makes a disbursement (Treasury-State Agreement, Section 6.2.1). In an August 14, 2002, letter from the Federal Emergency Management Agency (FEMA) Region VI Regional Director to the Department's Division of Emergency Management, an exception was allowed for up to seven days for the withdrawal and disbursal of federal funds to sub-grantees.

**For 3 (6 percent) of 50 items tested, the Department did not comply with established time requirements.** In these three instances, the Department distributed funds from 8 to 19 days after the receipt of the federal funds. This occurred due to delays in the manual processing of withdrawal and disbursement of funds to sub-grantees. Not following the required time requirements means that subgrantees are not receiving federal funds in a timely manner.

### **Disbursement Proportions**

According to Title 44, Code of Federal Regulation (CFR), Section 206.207, the State must submit a revised plan to FEMA annually for the administration of the Public Assistance program that must include several items, including procedures for processing requests for advances of funds and reimbursements. According to the State of Texas Administrative Plan for Hurricane Ike, for large projects that were 99 or 100 percent complete when written, the Division of Emergency Management shall disburse 75 percent of the entire federal share for Hurricane Gustav and 90 percent of the entire federal share for Hurricane Ike to the applicant upon obligation of funds by FEMA. Additionally, an applicant may request an advance on an approved large project, not to exceed 75 percent of the federal share for any one project.

**For 15 (30 percent) of 50 items tested, the Department did not ensure that its draws of federal funds complied with the State of Texas Administrative Plan for Hurricane Ike. Specifically, the Department drew down and disbursed 100 percent of the federal share for approved project costs prior to project completion.** This occurred because Department management authorized advance payments for seven subgrantees and for projects that the Department directly managed. This advance of funds exceeded the limit established in the State of Texas Administrative Plan for Hurricane Ike. The Department drew down \$1,044,845 for three subrecipient projects included in auditors' testing. Of that amount, \$146,566 was not eligible for disbursement at the time of the drawdowns based on the requirements in the State Administrative Plan. This could jeopardize future funding under the Public Assistance program.

### **Calculation of Clearance Pattern**

According to Title 31, CFR, Section 205.12, the federal government and a state may negotiate the use of mutually agreed-upon funding techniques. Funding techniques should be efficient and minimize the exchange of interest between states and federal agencies. States use clearance patterns to project when funds are paid out, given a known dollar amount and a known date of disbursement. States must ensure that clearance patterns meet the requirements of Title 31, CFR, Section 205.20.

According to the Treasury-State Agreement, the Department must calculate the clearance pattern for period 1 (from deposit date to issuance date, where issuance date is the date of the actual release of payments). The Office of the Comptroller of Public Accounts will calculate the clearance pattern for period 2 from issuance date to clearance date.

**The Department's clearance pattern does not conform to the requirements for developing and maintaining clearance patterns in the Treasury-State Agreement.** Specifically, the Department:

- Determined the number of days in period 1 incorrectly because it calculated the average period 1 time frame for each draw within the time period and then calculated the average of all of those averages.
- Did not correctly calculate the total number of days from the deposit date to the paid date when it calculated period 1. The Department calculated the total number of days from the deposit date to the paid date as 1,630 days when the correct number of days was 1,637.

Errors in the Department's period 1 calculation may result in the State over/under paying interest liabilities to the federal government.

These following programs were affected by the above exceptions:

<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1257	FEMA-1257-DR	October 21, 1998
1274	FEMA-1274-DR	May 6, 1999
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1479	FEMA-1479-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1709	FEMA-1709-DR	June 29, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
3216	FEMA-3216-EM	September 2, 2005
3261	FEMA-3261-EM	September 21, 2005
3277	FEMA-3277-EM	August 18, 2007
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008

#### General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users of its accounting system, Management Science of America (MSA).** Specifically, two programmers have inappropriate high-level security access to MSA. This could enable the programmers to introduce changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

*Corrective Action:*

This finding was reissued as current year reference number: 12-112.

Reference No. 11-113

**Procurement and Suspension and Debarment  
Matching, Level of Effort, Earmarking  
Period of Availability of Federal Funds**  
(Prior Audit Issue 10-40)

**Public Assistance Cluster**  
**Award years - see below**  
**Award numbers - see below**  
**Type of finding - Significant Deficiency and Non-Compliance**

**Procurement and Suspension and Debarment**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210).

Initial Year Written: 2009  
Status: Partially Implemented  
U.S. Department of Homeland Security

**For all 12 procurements tested, the Department of Public Safety (Department) did not verify that the vendors were not suspended or debarred from federal procurements.** Eleven of those 12 procurements were for sheltering services, and the remaining procurement was for the purchase of showers, toilets, and hand-washing stations. Auditors reviewed the EPLS and verified that the vendors for those 12 procurements were not currently suspended or debarred. The 12 procurements totaled \$6,683,329.

**The Department did not have a process to ensure that vendors providing shelter/emergency services and mutual aid services during emergencies were not suspended or debarred from federal procurements.** Failure to verify the suspension and debarment status of all vendors increases the risk that the Department will enter into an agreement with an entity that is not eligible for federal procurements.

**Additionally, the Department could not provide evidence that it verified that 2 (4 percent) of 50 subrecipients were not suspended or debarred before entering into an award agreement.** For these two subrecipients, the Department was not able to provide evidence of subrecipient award documentation, including the subrecipients' certification that they were not suspended or debarred.

The issue discussed above affected the following awards that had procurements and subawards in fiscal year 2010:

<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1379	FEMA-1379-DR	June 9, 2001
1791	FEMA-1791-DR	September 13, 2008
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008

**Matching, Level of Effort, Earmarking and Period of Availability of Federal Funds**

Although the general control weakness described below applies to matching, level of effort, earmarking; and period of availability of federal funds, auditors identified no compliance issues regarding those compliance requirements.

**General Controls**

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users of its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

**Recommendations:**

The Department should:

- Develop and Implement a process to verify the suspension and debarment status of all vendors and subrecipients, including those procured under emergency procurement procedures.
- Restrict access to MSA, the mainframe, and the network based on job duties and responsibilities, and periodically review access levels to ensure that it grants appropriate access.

**Management Response and Corrective Action Plan 2010:**

*The Department agrees with the recommendation.*

*The Texas Division of Emergency Management has added the requirement to document the review of the suspension and debarment list to the State Operations center Finance Team procedures checklist.*

*We will further review controls to ensure the suspension and debarment status is verified for all vendors and subrecipients, including those procured under emergency procurement procedures.*

*The Department has established controls to endure that access to MSA, the mainframe, and the network are based on job duties and responsibilities and periodic review ensure appropriate access. Lastly, the Department has terminated rights for the two programmers with inappropriate security access to MSA.*

**Management Response and Corrective Action Plan 2011:**

*The Department agreed with the recommendation and developed and implemented a process to verify the suspension and debarment status of all vendors and subrecipients, including those procured under emergency procurement procedures.*

*Implementation Date:      Completed June 2011*

*The Department has established controls to endure that access to MSA, the mainframe, and the network are based on job duties and responsibilities and periodic review ensure appropriate access. Lastly, the Department has terminated rights for the two programmers with inappropriate security access to MSA.*

## PUBLIC SAFETY, DEPARTMENT OF

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*Implementation Date:* Completed February 2011

*Responsible Persons:* Nim Kidd and Mark Doggett

Reference No. 11-114

### **Reporting**

(Prior Audit Issues 10-41, 09-47, 08-91, and 07-26)

### **Public Assistance Cluster**

#### **Award years - see below**

#### **Award numbers - see below**

#### **Type of finding - Significant Deficiency and Non-Compliance**

#### **Reporting**

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function or activity supported by the award. Recipients use the *Federal Financial Report SF-425* (Office of Management and Budget No. 0348-0061) to report financial activity on a quarterly basis. Reports must be submitted within 30 days of the end of each quarter (Title 44, Code of Federal Regulations, Section 13.41).

Initial Year Written: 2006  
Status: Partially Implemented  
U.S. Department of Homeland Security

**The Department of Public Safety (Department) did not always ensure that financial reports it submitted were adequately supported by data in the Department's accounting system.** Specifically:

- 1 (9 percent) of 11 SF-425 reports tested included revenue received through cash draws that could not be traced to the accounting system within a reasonable amount.
- 3 (30 percent) of 10 SF-425 reports tested included expenditures that could not be traced to the accounting system within a reasonable amount.

Department management reviewed all reports tested, but those reviews were not sufficient to ensure that all information in the reports was adequately supported. The Department was unable to provide an explanation for the variances between the SF-425 reports and its accounting system. The Department compares information from the SmartLink system and the Federal Payment Management System to prepare its SF-425 reports, but it does not reconcile the information in Smartlink to its accounting system. When the Department submits an inaccurate report, this decreases the reliability of the information intended for the federal government.

**Additionally, the Department submitted 5 (45 percent) of 11 SF-425 financial reports tested after the date they were due.** It submitted those five reports for the quarter ending June 30, 2010. The Department submitted them an average of 25 days late because it did not provide the responsible employee with procedures or training.

The issues discussed above affect the following awards:

<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1606	FEMA-1606-DR	September 24, 2005
1658	FEMA-1658-DR	August 15, 2006
1780	FEMA-1780-DR	July 24, 2008
3216	FEMA-3216-EM	September 2, 2005
3277	FEMA-3277-EM	August 18, 2007
3290	FEMA-3290-EM	August 29, 2008

General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users of its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

Corrective Action:

This finding was reissued as current year reference number: 12-114.

Reference No. 11-115

**Subrecipient Monitoring**

**Special Test and Provisions – Project Accounting**

(Prior Audit Issues - 10-42 and 09-48)

**Public Assistance Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Material Weakness and Material Non-Compliance**

The Department of Public Safety (Department) is required by Office and Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Homeland Security

**The Department does not have a formal system to track, administer, and monitor the subgrants it provides to subrecipients.** Without such a system, the Department relies on informal processes that vary by disaster and by staff member. This inhibits the Department's ability to easily locate and maintain subrecipient files. In fiscal year 2010, the Department passed through \$397,069,684 to subrecipients.

Award Identification

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133 Compliance Supplement, Part 3, Section M).

**For 2 (4 percent) of 50 subrecipients that received pass-through funds from the Department, the Department was not able to provide the award agreements into which it entered with each subrecipient.** As a result, the Department was not able to provide evidence that it communicated all required information, including both award information and applicable requirements.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Inadequate

identification of federal awards by the Department may lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards (SEFA).

**During-the-award Monitoring and Special Tests and Provisions**

The Department's primary monitoring tool for Public Assistance subrecipients is the final audit that it conducts on projects designated by the Federal Emergency Management Agency (FEMA) as "large" projects. FEMA determines a funding threshold for each disaster (for example, the threshold for Hurricane Ike was \$60,900), and the projects with awarded amounts exceeding that amount are required to have a final audit and a final project accounting prior to payment of the final invoice. The final project audit includes a review of a subrecipient's compliance with applicable state and federal requirements for each large project.

According to the Department's State Administrative Plan (1) emergency projects, such as debris removal, must be complete within 6 months of the disaster declaration and (2) permanent projects, such as building repair, must be complete within 18 months of the disaster declaration. Subrecipients can request that the Department extend those time periods in some circumstances. **For 17 (71 percent) of 24 projects that had exceeded the time periods allowed, the Department could not provide evidence that it approved a time extension.**

For large ongoing projects, subrecipients are required to submit quarterly reports to the Department. For all projects, subrecipients are required to submit a project completion and certification report after the project is complete. **For 8 (19 percent) of 43 subrecipients, the Department could not provide evidence that it received and reviewed those required reports.** For each of those eight subrecipients, the Department could not provide the project completion and certification report.

**The Department also did not audit, close, and account for projects that appeared to be complete based on the Department's documentation.** Specifically:

- For 2 (17 percent) of 12 large projects that appeared complete, the Department did not request or conduct a final audit.
- For 12 (57 percent) of 21 projects that appeared complete, the Department did not complete final close-out procedures for its audit and could not provide documentation regarding the status of the project.

In addition, the Department uses site inspection visits to monitor subrecipient projects. The Department conducts an on-site visit for some types of large projects and for 20 percent of each subrecipient's small projects. The Department does not conduct on-site visits for projects that were complete at the time the project was approved by FEMA. Based on information the Department provided, **the Department did not use site visits to monitor the 50 subrecipients tested.** Not all of these subrecipients required site visits. **However, at least 6 (12 percent) of the 50 subrecipient projects were large projects requiring a site visit prior to project close-out.** One of these six projects was complete prior to the end of fiscal year 2010.

Insufficient monitoring during the award period increases the risk that the Department would not detect non-compliance by subrecipients administering federally funded projects, which could result in significant liabilities for both the Department and its subrecipients.

**A-133 Audit Compliance Monitoring**

According to OMB Circular A-133, the Department must ensure that each subrecipient that expends more than \$500,000 in federal funds obtains an OMB Circular A-133 Single Audit and provides a copy of the audit report to the Department within 9 months of the end of the subrecipient's fiscal year (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Section 225).

The Department's Division of Emergency Management Audit and Compliance Unit (Division) is responsible for monitoring its subrecipients' A-133 audit reports. However, the Division did not consistently receive, review, and follow-up on its subrecipients' A-133 audit reports.

**For 10 (20 percent) of 50 subrecipients tested that received funding during fiscal year 2010, the Division was unable to provide evidence that it received an A-133 audit report from the subrecipient or verified that an audit was not required.** Specifically:

- Three of those 10 subrecipients were not included in the Division's A-133 audit tracking spreadsheet and, as a result, the Division did not monitor them for compliance with A-133 audit requirements.
- For seven of those 10 subrecipients, the Division sent a letter requesting a copy of the subrecipient's A-133 audit report or a certification that an audit was not required, but the Division did not ensure that the subrecipients responded to these letters.

Four of those 10 subrecipients submitted an A-133 audit report to the Federal Audit Clearinghouse in fiscal year 2010, and two of those audit reports identified significant deficiencies.

Because the Division did not receive these A-133 audit reports, it was unable to identify potential issues that would require follow-up; as a result, it was unable to issue management decisions on audit findings associated with these subrecipients. Additionally, while the Department has a policy to sanction subrecipients for failure to comply with audit and compliance requirements, it was unable to determine whether sanctions were necessary without this audit information. Most importantly, the Division and the Department are unaware of potential risks related to subrecipients' compliance with federal compliance requirements.

**Additionally, for 1 (2 percent) of 50 subrecipients tested, the Division received and reviewed an A-133 audit report that included a significant deficiency that directly affected the Public Assistance program. However, the Department did not issue a management decision on this finding or follow up to determine the resolution of the finding.** While the Department has a tracking system to document its review of A-133 audit findings, that tracking system did not include fields for following up or issuing management decisions on subrecipients' A-133 audit findings. According to Department management, the Department did not generally follow up on subrecipient deficiencies during fiscal year 2010.

Not ensuring that subrecipients obtain A-133 audits and not following up on deficiencies noted in the subrecipients' audit reports increases the risk that deficiencies could go unaddressed.

The issues discussed above affected the following awards:

<b><u>Disaster</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1379	FEMA-1379-DR	June 9, 2001
1606	FEMA-1606-DR	September 24, 2005
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008T

#### General Controls

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Department did not maintain appropriate segregation of duties for high-profile users of its accounting system, Management Science of America (MSA). Specifically, two programmers have inappropriate high-level security access to MSA.** This could enable the programmers to introduce changes to MSA that they could then exploit as accounting users. Additionally, although the Department provided evidence of a user access review it performed for MSA in August 2010, it was not able to provide evidence of the user access reviews it had scheduled

## PUBLIC SAFETY, DEPARTMENT OF

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for November 2009 and May 2010. Auditors could not confirm that the Department reviewed user access on a regular basis for the entire audit period. The Department also could not provide evidence of its user access review for Resource Access Control Facility (RACF) mainframe and data file security.

### Corrective Action:

This finding was reissued as current year reference number: 12-113.

Reference No. 09-47

### **Reporting**

(Prior Audit Issues 08-91 and 07-26)

### **CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)**

Award years- see below

Award number - see below

Type of Finding - Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) must report on a quarterly basis for each Federal Emergency Management Agency (FEMA) approved project a FEMA form 20-10, *Financial Status Report*, per Office of Management and Budget A-133 Compliance Supplement, FEMA *Public Assistance Guide*, and FEMA Grant Applicant Resources. The FEMA *Public Assistance Guide* states that "FEMA has no reporting requirements for applicants, but the State is expected to impose some reporting requirements on applicants so that it can prepare quarterly reports." Additionally, the guide emphasizes that it is critical that applicants establish and maintain accurate records of events and expenditures related to grant funds.

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Homeland Security

A Department supervisor did review reports to ensure all required information was reported. However, supporting documentation related to the recipients' share of outlays is not obtained or reviewed, by report preparers or management, in sufficient level of detail to ensure the accuracy of the reports.

### **CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)**

Auditors tested 13 reports that were filed during fiscal year 2008 for Hazard Mitigation. The non-federal share of a project's costs must be at least 25 percent of the expenditures. For 12 (92 percent) of the 13 reports tested, the matching share reported on the FEMA Form 20-10 was calculated using total outlay amounts reported (that is, 25 percent of the total project amount reported) instead of based on actual costs incurred.

During performance of matching, level of effort, and earmarking test work, auditors selected invoices for review and noted that the Department reimbursed only 75 percent of the total expenditures incurred to the jurisdiction.

The Hazard Mitigation grant has multiple grant sub awards and award years as noted below:

<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1257	FEMA-1257-DR-TX	October 21, 1998
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR-TX	June 9, 2001
1425	FEMA-1425-DR-TX	July 4, 2002
1439	FEMA-1439-DR-TX	November 5, 2002
1434	FEMA-1434-DR-TX	September 26, 2002
1479	FEMA-1479-DR-TX	July 17, 2003
1606	FEMA-1606-DR-TX	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006

**PUBLIC SAFETY, DEPARTMENT OF**

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<b><u>Disaster Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Start Date</u></b>
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007

***Corrective Action:***

This finding was reissued as current year reference number: 12-111.

## Sam Houston State University

Reference No. 10-43

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.032 Award Number Not Applicable, 84.007 P007A084110, 84.033 P033A084110, 84.038

Award Number Not Applicable, 84.063 P063P082301, 84.376 P3765082301, and 84.379 P379T092301

Type of finding -Significant Deficiency and Non-Compliance

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

Sam Houston State University (University) did not maintain appropriate user access to the SIS Plus Financial Aid Management (FAM) system, its financial aid application. Specifically, University programmers have access to production code, and one programmer is responsible for migrating code from test to production. The University should appropriately restrict access to migrate code changes to the production environment based on an individual's job function to help ensure adequate internal controls are in place and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. Additionally, the University does not perform formal, periodic reviews of user access rights in FAM. Allowing employees inappropriate or excessive access to areas in FAM that are outside of their job functions increases the risk of inappropriate changes and does not allow for segregations of duties.

### Corrective Action:

Corrective action was taken.

Reference No. 10-44

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.032 Award Number Not Applicable, 84.007 P007A084110, 84.033 P033A084110, 84.038

Award Number Not Applicable, 84.063 P063P082301, 84.376 P3765082301, and 84.379 P379T092301

Type of finding -Significant Deficiency and Non-Compliance

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Education

Sam Houston State University (University) did not maintain appropriate user access to the SIS Plus Financial Aid Management (FAM) system, its financial aid application. Specifically, University programmers have access to production code, and one programmer is responsible for migrating code from test to production. The University should appropriately restrict access to migrate code changes to the production environment based on an individual's job function to help ensure adequate internal controls are in place

and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. Additionally, the University does not perform formal, periodic reviews of user access rights in FAM. Allowing employees inappropriate or excessive access to areas in FAM that are outside of their job functions increases the risk of inappropriate changes and does not allow for segregations of duties.

**Corrective Action:**

Corrective action was taken.

**Pell Reporting**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (OMB Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

The University's financial aid system automatically reports Pell disbursements to the COD system. However, the financial aid system reports the estimated disbursement amount and the estimated disbursement date. The estimated disbursement date used to report to the COD System is defined separately from, and is unrelated to, the date the financial aid system is scheduled to actually disburse Pell awards. The financial aid system does not update the disbursement information in the COD System when the actual disbursement is made. As a result, the University reported incorrect disbursement dates to the COD System for all 18 students tested.

**Recommendations:**

The University should strengthen controls to ensure that it establishes a process to correct Pell disbursement data in the COD System after the University updates estimated disbursement dates with actual disbursement dates.

**Management Response and Corrective Action Plan 2009:**

*Sam Houston State University acknowledges the limitations of the SIS/PLUS Financial Aid Management with regard to reporting the actual disbursement dates of Pell Grants. The solution is the implementation of SunGard's Banner Unified Digital Campus (UDC) software which will provide integration between the campus business areas, including all departments involved in student account activity such as the offices of Undergraduate Admission, Graduate Admissions, Registrar, Bursar and Financial Aid. The implementation of the Financial Aid module for academic year 2009-2010 was the initial step toward SHSU's goal of a unified digital campus.*

*The Financial Aid module is currently operating as a stand alone system with interface software created in SHSU Information Resources. The functionality of processes that request, track, and release Pell Grant disbursements through Banner and into Student Receipt System result in a median difference of one day between the date of actual disbursement and the reported disbursement date. Upon implementation of the Student Accounts Receivable and Cashiering modules of Banner, University departments will be integrated resulting in improved electronic communication and reporting. The scheduled implementation dates for these modules are January 2011 and June 2011.*

*Banner UDC software is widely utilized in higher education and has proven results in the Pell Grant reporting area. The processes and procedures through which Pell Grant disbursement data is gathered and reported through COD are established. The disbursement dates and amounts reported to COD will reflect the actual dates and disbursements reflected in student account records and regular functionality will be verified by FAO personnel.*

Management Response and Corrective Action Plan 2010:

*SHSU has made timely progress in the implementation of SunGard's Banner Unified Digital Campus (UDC) software which will provide integration between the campus business areas, including all departments involved in student account activity such as the offices of Undergraduate Admission, Graduate Admissions, Registrar, Bursar and Financial Aid. The Financial Aid module is currently still standalone. The functionalities necessary to provide the actual Pell Disbursement Date are included in the Finance module. The Finance module, including cashiering and student accounts receivable functionality, is on schedule to be implemented in March 2011.*

Management Response and Corrective Action Plan Fall 2011:

*The SunGard Higher Education response to SHSU's report of the Pell Grant disbursement date discrepancy issue when using the 'Just in Time' program option is that a resolution is not in the immediate future. Therefore, the University is building processes through which the task will be accomplished while also insuring the FAM system will be able to properly import subsequent records from COD. The set of processes will extract actual disbursement dates from the University's database in order to create and transmit an 'Update Record' Common Line file to COD. The COD acceptance of the update records will then be brought back into the Banner Financial Aid data. The target test date is October 31, 2011 with production implementation scheduled for November 7, 2011.*

*Implementation Date:      November 7, 2011*

*Responsible Person:      Lisa Tatom*

## **Stephen F. Austin State University**

Reference No. 10-48

### **Eligibility**

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, CFDA 84.007 P007A084129, CFDA 84.033 P033A084129, CFDA 84.063 P063P082315, CFDA 84.375 P375A082315, CFDA 84.376 P376S082315, and CFDA 84.379 P379T092315**

**Type of finding - Significant Deficiency and Non-Compliance**

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Implemented  
U.S. Department of Education

Stephen F. Austin University (University) did not maintain appropriate user access to PLUS, its financial aid application. Auditors identified several areas within PLUS that enabled employees to have excessive modify access privileges. Specifically:

- Eleven users had excessive access to modify the minimum/maximum aid limits for the various federal funds.
- One user had excessive access to modify the disbursement date tables.

Additionally, the University has not performed a review of user access to PLUS or its Enterprise Resource Platform (ERP). Allowing employees inappropriate or excessive access to areas in PLUS that are outside of their job functions increases the risk of inappropriate changes and does not allow for segregation of duties.

The University also should appropriately restrict access to migrate PLUS code changes to the production environment based on an individual's job function to help ensure that adequate internal controls are in place and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. However, 20 users, including programmers, have access to an application that provides them excessive access to migrate code into PLUS's production environment. The University's current change management procedures do not promote segregation of duties and do not comply with the University's change management policy. The University also does not maintain consistent documentation of authorization, testing, and approval of changes to PLUS.

### Calculation of the Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6 and 682.603).

For 1 (2.5 percent) of 40 students tested, the University calculated COA incorrectly based on the wrong residency status. The University has tuition rates for Texas residents, non-residents, and Arkansas and Louisiana residents. This student was not on the Office of Admission's change in residency report submitted to the Financial Aid office for determining residency status for COA. Consequently, the student was classified as a non-resident for the COA calculation when the student was actually a Louisiana resident. As a result of this misclassification, the student's COA was overstated, and the student was overawarded \$4,456 in subsidized Stafford loans.

**Corrective Action:**

Corrective action was taken.

Reference No. 10-49

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable,  
CFDA 84.007 P007A084129, CFDA 84.033 P033A084129, CFDA 84.063 P063P082315, CFDA 84.375  
P375A082315, CFDA 84.376 P376S082315, and CFDA 84.379 P379T092315**

**Type of finding - Significant Deficiency and Non-Compliance**

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Implemented  
U.S. Department of Education

Stephen F. Austin University (University) did not maintain appropriate user access to PLUS, its financial aid application. Auditors identified several areas within PLUS that enabled employees to have excessive modify access privileges. Specifically:

- Eleven users had excessive access to modify the minimum/maximum aid limits for the various federal funds.
- One user had excessive access to modify the disbursement date tables.

Additionally, the University has not performed a review of user access to PLUS or its Enterprise Resource Platform (ERP). Allowing employees inappropriate or excessive access to areas in PLUS that are outside of their job functions increases the risk of inappropriate changes and does not allow for segregation of duties.

The University also should appropriately restrict access to migrate PLUS code changes to the production environment based on an individual's job function to help ensure that adequate internal controls are in place and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. However, 20 users, including programmers, have access to an application that provides them excessive access to migrate code into PLUS's production environment. The University's current change management procedures do not promote segregation of duties and do not comply with the University's change management policy. The University also does not maintain consistent documentation of authorization, testing, and approval of changes to PLUS.

**Common Origination and Disbursement System Reporting**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (OMB Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

The University did not accurately report the disbursement dates for Pell awards to the COD System. PLUS has an automated procedure that reports estimated disbursement information, including the date and amount of the award, to the COD System electronically. Due to changes in PLUS, the system had an incorrect estimated disbursement date for the Spring 2009 semester, and the University was not aware of this prior to the PLUS system reporting the estimated disbursement date to the COD System. Additionally, the PLUS system does not update the COD System with the actual disbursement date.

As a result of this issue, the University reported incorrect Pell disbursement dates reported to the COD System for 13 (65 percent) of 20 students tested. Twelve students had incorrect disbursement dates caused by the changes that were made to the PLUS system and one had an estimated disbursement date reported that could not be corrected when the actual disbursement was delayed.

**Corrective Action:**

Corrective action was taken.

## Sul Ross State University

Reference No. 09-49

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2007 to June 30, 2008

Award numbers - CFDA 84.032 Award Number Not applicable, CFDA 84.063 P063P072316, CFDA 84.375 P375A072316, CFDA 84.376 P376S072316, CFDA 84.007 P007A074130, and CFDA 84.033 P033A074130

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance Calculation

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant, Title 34, Code of Federal Regulations, Sections 673.5 and 673.6; Federal Family Education Loans, Title 34, Code of Federal Regulations, Section 682.603).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Sul Ross State University (University) incorrectly calculated the COA for 2 (4 percent) of 50 students tested. University staff performed manual adjustments to the system-programmed COA, resulting in incorrect COA calculations. However, the incorrect COA calculations did not have an effect on the amount of assistance awarded to students.

### Recommendations:

The University should establish controls over manual adjustments it uses in determining financial need.

### Management Response and Corrective Action Plan 2008:

*The University has implemented an internal office auditing process by which no budget adjustments can be made by Financial Counselors without verification of calculations by another staff member.*

### Management Response and Corrective Action Plan 2009:

*The University had implemented an internal office auditing process by which budgets were not to be manually calculated without another staff member overseeing this change. Additional monitoring will be done to make sure that this does not happen.*

Management Response and Corrective Action Plan 2010:

*Certain changes in the administrative reporting structure have come about with the retirement of Rena Gallego, Director of Financial Aid, effective June 1, 2010, and the Financial Aid Office is under the supervision of the Executive Director of Enrollment Services.*

*A new policy outlining documentation, data entry, and approval policies has been drafted and approved. A minimum of two staff members are required to process a budget adjustment, one to document and calculate the requested adjustment and another to review, approve, and enter the adjustment in management computer system (BANNER). The Budget Adjustment Worksheet must be completed and signed by both staff members and, in some cases, approved by the Executive Director of Enrollment Services. \* The Budget Adjustment Worksheet and all supporting documents will be scanned into the electronic imaging system.*

- \* *The Executive Director of Enrollment Services will approve these adjustments until a permanent Director of Financial Aid is in place as the Interim Director is also serving as a full-time Financial Aid Specialist.*

*We believe the administrative support is now in place that acknowledges the serious nature of this finding and that appropriate procedures have been put in place to ensure corrective action is enforced.*

Management Response and Corrective Action Plan 2011:

*Due to the change of Administration, effective in January 2011, implementation of this policy has been delayed but is in progress.*

*A minimum of two staff members are required to process a budget adjustment, one to document and calculate the requested adjustment and another to review, approve, and enter the adjustment in the management computer system (BANNER). The Budget Adjustment Worksheet must be completed and signed by both staff members and, in some cases, approved by the Executive Director of Enrollment Services. The Budget Adjustment Worksheet and all supporting documents will be scanned into the electronic imaging system*

*Implementation Date: August 1, 2011*

*Responsible Person: Michael Corbett*

## Tarleton State University

Reference No. 10-50

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) that is provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student financial need (Federal Work Study and Federal Supplemental Educational Opportunity Grant, Title 34, Code of Federal Regulations (CFR), Section 673.5; Federal Family Education Loans (FFEL), Title 34, CFR, Section 682.603(d)(2)).

Initial Year Written: 2009  
Status: Implemented  
U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Furthermore, Title 34, CFR, Section 668.2, defines a full-time student as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. The student's workload may include any combination of courses, work, research, or special studies that the institution considers sufficient to classify the student as a full-time student. However, for an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours or 12 quarter hours per academic term for a program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters). Additionally, a half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

For 1 (3 percent) of 40 students tested, Tarleton State University (University) overestimated the student's COA. The University uses full-time COA budgets to determine COA for students receiving loans, regardless of students' expected enrollment according to their ISIRs. Therefore, if a student indicates on the ISIR that he or she expects to enroll half-time or three-quarter time, the University still uses the COA associated with a full-time COA budget. Using a full-time COA budget to estimate the COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need. For the one student for whom the University overestimated COA, the ISIR showed that the student expected to attend half-time for the 2008-2009 school year. The University estimated this student's COA at \$17,180 (which includes tuition and fees of \$5,590) based on full-time enrollment. Based on the University's published estimated cost of tuition and fees schedule, the COA for half-time enrollment (in 6 hours) would be \$13,469 (which includes tuition and fees of \$2,438). The difference between the tuition and fees for full-time enrollment and a half-time enrollment is \$3,152.

It is important to note that for the 40 student files tested, the University's estimated COA did not lead the University to award student financial assistance that exceeded financial need for the 2008-2009 school year. Therefore, there were no questioned costs. A total of 5,630 students at the University received federal student financial assistance for the 2008-2009 school year. Of those 5,630 students, 181 (3 percent) indicated on their ISIRs that they expected to enroll half-time. The University's total loan expenditures for the 2008-2009 school year were \$39,656,259.

*Corrective Action:*

Corrective action was taken.

Reference No. 10-52

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles  
Period of Availability of Federal Funds**

**Research and Development Cluster**

**Award years - March 1, 2009 to February 28, 2010**

**Award numbers - CFDA 10.450 09IE08700026 and CFDA 15.000 08IE08710054**

**Type of finding - Significant Deficiency and Non-Compliance**

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct costs activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220(J)(10)).

Initial Year Written: 2009  
Status: Implemented

U.S Department of Agriculture  
U.S. Department of Interior

Office of Management and Budget (OMB) Circular A-133, Section 300(b), requires entities to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. A properly designed and implemented internal control system includes written policies governing A-133 compliance areas. OMB Circular A-110 requires that recipients shall have “written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the award” (OMB A-110, Section 21(b)(6)). In addition, Texas A&M University System policy 15.01.01 “Administration of Sponsored Agreements - Research and Other,” Section 7.5, states that “each system member shall have written procedures for determining the allowability of costs of federally sponsored agreements and monitor those procedures according to OMB Circular A-110.”

Tarleton State University (University), which is a member of the Texas A&M University System, did not complete after-the-fact confirmations of effort certifications for 2 (25 percent) of 8 employees tested. Monthly salary charges to the federal program for those two employees totaled \$10,166. Two departments at the University, the Center for Agribusiness Excellence (CAE) and Common Information Systems (CIMS), paid these two employees from federal grants when the employees did not commit 100 percent effort to projects funded by the federal grants (i.e., the employees were not “dedicated personnel”). The University asserts that most employees who contribute effort to these projects are dedicated personnel, and therefore, it did not complete after-the-fact confirmations. Failure to certify effort can result in required adjustments to accounts funded by federal research and development grants going undetected. During fiscal year 2009, the University charged \$764,087 in payroll-related costs to the CAE and CIMS programs.

Three University departments manage federally funded research and development programs. These departments include CAE, CIMS, and the Texas Institute for Applied Environmental Research (TIAER). Each department performs its own grant and contract administration, including time and effort certification. As a result, these departments do not administer grants and contract in a consistent manner. For example, CAE and CIMS do not perform after-the-fact confirmations of effort certifications while TIAER performs these confirmations.

In addition, the University did not have a sufficient policy that addressed federal grant administration related to allowable costs and cost principles. For example, the University's policy did not specify the types of costs that are allowed or unallowed when funded by federal grants, did not address funding periods, and did not distinguish between direct and indirect costs. The policy also did not reference monitoring procedures according to OMB Circulars A-21 and A-110. Failure to have adequate policies increases the risk of non-compliance with federal requirements, which may lead to unallowable and questioned costs.

**Corrective Action:**

Corrective action was taken.

Reference No. 10-54

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - March 1, 2009 to February 28, 2010**

**Award number - CFDA 10.450 09IE08700026**

**Type of finding - Significant Deficiency and Non-Compliance**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all non-procurement transactions (i.e., subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.220 and 180.970).

Initial Year Written: 2009  
Status: Implemented

U.S Department of Agriculture

Tarleton State University's (University) process is to check the EPLS for the suspension and debarment status of the vendor for all procurements. However, it does not maintain any evidence of its EPLS verification. In addition, the University uses a procurement contract template containing a clause referencing the excluded parties list. However, for 1 (8 percent) of 12 procurements tested, the procurement contract did not contain a suspension and debarment clause, and the University retained no other evidence that it determined the suspension and debarment status of the vendor. The procurement totaled \$1,827,071.75. Auditors verified that the vendor was not suspended or debarred.

In addition, the University retained no evidence that it determined the suspension and debarment status for the vendor associated with one subaward, which was the only subaward initiated during the fiscal year that involved federal research and development funding. The subaward totaled \$2,046,225.92. Auditors verified that the entity associated with the subaward was not suspended or debarred.

**Corrective Action:**

Corrective action was taken.

## Texas A&M Health Science Center

Reference No. 11-116

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.0007 P007A095144, CFDA 84.063 P063P092583, CFDA 84.268 P268K102583, CFDA 93.342 Award Number Not Applicable, and CFDA 93.925 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

#### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**Texas A&M Health Science Center's (Health Science Center) written satisfactory academic progress (SAP) policy did not include requirements for students enrolled in the College of Nursing.** The Health Science Center did not update its SAP policy to include the College of Nursing when it added that college to its programs in the Summer of 2008. As a result, nursing students may not be aware of SAP requirements for financial assistance. Although it did not formally update its SAP policy, the Health Science Center evaluated nursing students' academic progress through its promotions committee.

#### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

**The Health Science Center's written COA budgets did not detail adjustments necessary to determine tuition and fees for out-of-state students or non-medical students attending year-round. Furthermore, the Health Science Center was unable to provide documentation of how it calculated the COA adjustments it made in its financial aid application, Banner.** The Health Science Center adjusted COA budgets directly in Banner, but it did not update its written COA budgets accordingly. Without support for the COA budget adjustments, auditors were unable to determine whether the Health Science Center accurately determined student COA and financial need.

#### Corrective Action:

Corrective action was taken.

Reference No. 11-117

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A095144, CFDA 84.063 P063P092583, CFDA 84.268 P268K102583, CFDA 93.342 Award Number Not Applicable, and CFDA 93.925 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notifications**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan (FPL), or Teacher Education Assistance for College and Higher Education (TEACH) Grant program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010

Status: Implemented

U.S. Department of Education

**For 21 (22 percent) of 96 loans tested, Texas A&M Health Science Center (Health Science Center) did not send the required disbursement notification letter to the student or parent after crediting the student's account with FFEL funds.** All 21 exceptions were for College of Medicine December loan disbursements. For these loans, the Health Science Center entered the date parameter for the notification process incorrectly into its financial aid application, Banner. Not receiving these notifications can impair loan recipients' ability to cancel their awards.

**Common Origination and Disbursement System Reporting**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students. (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

**For 2 (50 percent) of 4 Pell recipients tested, the disbursement date in the COD System did not match the disbursement date in the Health Science Center's financial aid application, Banner.** The two Pell awards contained correct disbursement amounts, but the summer disbursement dates did not match. The Health Science Center incorrectly reported the date the records were prepared to send to the COD System, instead of the actual disbursement date. As a result, the U.S. Department of Education did not receive accurate Pell disbursement information during the award year.

**Additionally, the Health Science Center did not report 23 (31 percent) of 74 Pell disbursements and adjustments to the COD System within 30 days.** For the 2009-2010 award year, the Health Science Center reported Pell disbursements and refunds to the COD System only three times during the year. As a result, the U.S. Department of Education did not receive Pell disbursement and adjustment information in a timely manner during the award year.

**Corrective Action:**

Corrective action was taken.

## Texas A&M International University

Reference No. 11-118

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.033 P033A094137, CFDA 84.063 P063P093216, CFDA 84.007 P007A094137, CFDA 84.375

P375A093216, CFDA 84.376 P376S093216, and CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Academic Competitiveness Grant

The Academic Competitiveness Grant (ACG) program provides grants to eligible students enrolled as first-year or second-year students in an ACG-eligible program. Grants are up to \$750 for first-year students and \$1,300 for second-year students (Title 34, Code of Federal Regulations, Sections 691.6 and 691.62).

Initial Year Written: 2010

Status: Partially Implemented

U.S. Department of Education

### **Texas A&M International University (University) disbursed ACG grants**

**to 78 students who were enrolled as third-year or fourth-year students and, therefore, were not eligible to receive the grants.** The University awarded a total of \$64,097 in ACG funds to those ineligible students. Those students met the eligibility requirements during the Spring 2009 semester, when the University initially awarded the grants. However, the students were classified as third-year or fourth-year students at the time of the disbursement of the grants. The edit checks in the University's financial aid application prevented the awarding of ACG grants to third-year or fourth-year students, but they did not prevent the disbursement of ACG grants to third-year or fourth-year students.

### Corrective Action:

Corrective action was taken.

### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include (1) a qualitative component that consists of grades, work projects completed, or comparable factors that are measurable against a norm; and, (2) a quantitative component that consists of a maximum time frame in which a student must complete his or her educational program (Title 34, CFR, Section 668.16 (e)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average (GPA) of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34 (b)).

University staff perform SAP determinations manually using paper forms. The University asserts that, as a control, administrative staff perform random, periodic reviews of those forms; however, because those reviews are not documented, auditors were unable to verify the existence of this control. **During testing, auditors identified several inconsistencies in staff's documentation of SAP determinations.** Specifically, auditors noted instances in which:

- The documented cumulative GPA included grades earned from non-institutional courses. According to the University's SAP policy, the cumulative GPA should include only institutional courses.

- The documented cumulative GPA, course completion rate, and total cumulative hours attempted did not incorporate courses completed in the Fall 2008 and/or Spring 2009 semesters. According to the University's SAP policy, SAP determinations are made at the end of the academic year.
- The documented total cumulative hours attempted included hours earned from transfer courses not applicable to a student's degree program. According to the University's SAP policy, a student's total cumulative hours attempted are counted only if they apply to the student's degree program.

Despite these inconsistencies in SAP calculations, based on testing of 40 students, auditors did not identify any students who were ineligible to receive financial assistance for not meeting SAP requirements.

**Recommendations:**

The University should improve controls over its calculation and review of SAP determinations.

**Management Response and Corrective Action Plan 2010:**

*In an effort to improve controls over the calculation and review of SAP compliance, the SAP checklist and folder completion checklist will be separated. The SAP checklist form will be completed after spring grades become available for current TAMIU students in accordance with the TAMIU SAP Policy. For new and transfer students, the form will be completed after the student has been admitted to the institution and a FAFSA becomes available. The new form will differentiate between returning TAMIU students, new, and/or transfer students. It will also include TAMIU Overall GPA, Transfer Overall GPA, and Overall GPA to be used to verify GPA requirements, calculation of 75% required hours used to calculate deficit hours, calculation of transferable degree hours used to calculate maxed out hours, and an audit section used by the administrators during the review/audit of SAP determinations.*

**Management Response and Corrective Action Plan 2011:**

*The SAP checklist and folder completion checklist were separated to improve controls over the calculation and review of SAP compliance. The SAP checklist form is completed after grades become available for current TAMIU students in accordance with the TAMIU SAP Policy. For new and transfer students, the form is completed after the student has been admitted to the institution and a FAFSA becomes available*

**Implementation Date:** February 2011

**Responsible Persons:** Laura Elizondo and Isabel Woods

Reference No. 11-119

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.032 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement,

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

**Texas A&M International University (University) did not consistently send the required disbursement notifications to FFEL loan recipients for the Fall 2009 and Spring 2010 semesters within 30 days of disbursing loan proceeds. For 24 (96 percent) of 25 loan recipients tested, the University did not send the required notifications within 30 days.** For example, although the majority of the Spring 2010 loan disbursements occurred in February 2010, the University did not send notifications for these disbursements until May 2010.

The University's financial aid application automatically produces disbursement notifications, but the University must manually initiate this process. For the 2009-2010 award year, the University did not consistently initiate this process within the required time frames. Not receiving these notifications can impair loan recipients' ability to cancel their awards.

**Corrective Action:**

Corrective action was taken.

## Texas A&M University

Reference No. 11-120

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P095286, CFDA 84.033 P033A094136, CFDA 84.375 P375A095286, CFDA 84.376 PP376S095286, CFDA 84.379 P379T105286, CFDA 84.268 P268K105286, CFDA 84.007 P007A094136, CFDA 93.925 TH08HP13301-01-00 and T0AHP15858-01-00, CFDA 93.342 E15HP17893, CFDA 84.038 Award Number Not Applicable, and CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented  
U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**Texas A&M University (University) overestimated COA for 5 (13 percent) of 40 students tested.** This occurred because the five students were enrolled less than full-time, but the University used full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student's actual enrollment level or expected enrollment level according to the student's ISIRs. For example, if a student indicated on the ISIR that he or she expected to enroll half-time or three-quarter time, the University still used the COA associated with a full-time COA budget. Using a full-time COA budget to estimate the COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University used only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2009-2010 school year.

### Corrective Action:

This finding was reissued as current year reference number: 12-122.

Reference No. 11-121

## Reporting

### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award number - CFDA 84.063 P063P082293

Type of finding - Significant Deficiency and Non-Compliance

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, June 2010, Part 5, Student Financial Assistance Cluster, III.L.1.f, page 5-3-19). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-30).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 8 (16 percent) of 50 students tested, the disbursement date that Texas A&M University (University) reported to the COD System did not match the disbursement date in the University's financial aid application.** For these eight students, the date discrepancies ranged from one day to four days. This occurred because the University reported the anticipated disbursement date to the COD System, and it did not adjust its reporting to the COD System when the actual disbursement date differed from the anticipated disbursement date.

## Corrective Action:

This finding was reissued as current year reference number: 12-123.

Reference No. 11-122

## Special Tests and Provisions - Disbursements To or On Behalf of Students

### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, CFDA 84.268 P268K105286, and CFDA 84.379 P379T105286

Type of finding - Significant Deficiency and Non-Compliance

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**For 7 disbursements to 5 (15 percent) of 34 students tested, Texas A&M University (University) did not send disbursement notification letters within the required time frame.** A scheduling function within the financial aid application that is responsible for creating disbursement notifications did not operate from April 16, 2010 to September 13, 2010. As a result, in addition to the five students noted during testing, this issue affected all students with loan or TEACH Grant disbursements from April 16, 2010 through August 15, 2010.

On September 13, 2010, the University sent notification letters for all disbursements made within the affected date range. Not receiving these notifications within the required time frame can impair loan and TEACH Grant recipients' ability to cancel or modify their awards.

***Corrective Action:***

Corrective action was taken.

Reference No. 11-123

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.063 P063P090387**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (1)-(4)).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

When a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return or if it has to notify the lender or the Secretary to issue a final demand letter (Title 34, Code of Federal Regulations, section 668.21). The institution must return those funds for which it is responsible as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, section 668.21(b)).

**For 6 (43 percent) of 14 students tested, Texas A&M University (University) did not return all Title IV funds within 30 days after the University determined that the students did not begin attendance.** These six students received a Perkins loan and/or Pell grant for the Spring 2010 semester, but they did not begin attendance in the Spring semester. In June 2010, the University determined that these students did not begin attendance, but it did not return Title IV funds for these students until August 2010. As a result, the returns occurred between 11 and 17 days late.

This issue also may have affected eight other students who received a Perkins loan and/or Pell grant for the Spring 2010 semester and for whom the University made the determination that the students did not attend the semester during June 2010.

***Corrective Action:***

Corrective action was taken.

Reference No. 11-124

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 10-56 and 09-53)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

Under the Federal Perkins Loan Program, institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period (Title 34, Code of Federal Regulations, Section 674.42(c)(2)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)). If the borrower does not respond to the final demand letter within 30 days, the institution shall attempt to contact the borrower by telephone before beginning collection procedures (Title 34, Code of Federal Regulations, Section 674.43(f)).

If the borrower does not satisfactorily respond to the final demand letter or following telephone contact, the institution is required to report the account as being in default to a national credit bureau and either use its own personnel to collect the amount due or engage a collection firm to collect the account (Title 34, Code of Federal Regulations, Section 674.45(a)).

**Texas A&M University (University) did not consistently perform necessary collection procedures.**  
Specifically:

- For 1 (10 percent) of 10 defaulted students tested, the University did not provide evidence that it attempted to contact the borrower by phone before beginning collection procedures.
- For 7 (70 percent) of 10 defaulted students tested for which the University was required to make the first effort to collect, the University did not provide evidence that it made the required efforts.

The employee position responsible for making these contacts was vacant for a portion of the Spring 2010 semester, which affected the timeliness of the University's collection efforts.

***Corrective Action:***

This finding was reissued as current year reference number: 12-126.

## Texas A&M University - Commerce

Reference No. 10-57

### Eligibility

#### Special Tests and Provisions - Disbursements To or On Behalf of Students

##### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.007 P007A084016, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A084016, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P080384, CFDA 84.268 P268K090384, CFDA 84.375 P375A080384, CFDA 84.376 P376S080384, and CFDA 84.379 P379T090384

Type of finding - Significant Deficiency and Non-Compliance

#### Eligibility and Calculation of the Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, and 685.301).

For 2 (5 percent) of 40 students tested, the University incorrectly calculated the COA budget. Specifically, it incorrectly calculated the COA budget for two students who attended the Summer semester as a percentage of the Fall and Spring semesters combined. When the students attended only the Fall or Spring semester, and then attended the Summer semester, their COA budgets were inflated. In these instances, the COA equaled the budget for the Fall semester plus the Spring semester, rather than for only one semester (Fall or Spring, as applicable) plus the Summer semester. For these two students combined, the COA budgets were overstated by \$5,903. Although University staff assert that they use an automated overaward program on a daily basis to ensure that each student's total award does not exceed his or her need, it was unable to produce an archived copy of the report generated by that program with evidence that appropriate University personnel reviewed that report. When COA budgets are inflated for students who attend only the Fall or Spring semester (but not both) and the Summer semester, this increases the risk of overawarding financial assistance to these students. However, the COA errors auditors identified did not result in financial assistance that exceeded financial need for these two students.

#### Recommendations:

The University should:

- Correct COA budget calculations for students who attend only the Fall semester and the Summer semester or students who attend only the Spring semester and the Summer semester.
- Document and maintain its review of the report generated by its automated overaward program to ensure that it calculates COA correctly.

#### Management Response and Corrective Action Plan 2009:

*Testing of budget calculations will occur during the setup of a new academic year. Budget calculations will be tested for the following combinations; Fall and Spring, Fall only, Spring only, Fall-Summer, and Spring-Summer*

terms. Each will be reviewed in the Banner test system and signed off by an Information Technology Office representative, Assistant Financial Aid Director for Technology, with final signoff by Director of Financial Aid prior to moving to Banner production. Upon migration to Banner production, a final review by Assistant Director for Technology with signoff by Director of Financial Aid will occur. This process will be utilized for this summer 2010 term.

Beginning February 1, 2010, all financial aid exception reports will be archived in the financial aid shared drive; folder "Exception Reports".

Management Response and Corrective Action Plan 2010:

Financial aid reports are archived and continue to be archived since implementation date of February 2010; responsible party is Assistant Director for Technology and Reporting.

Cost of education budgets for the fall and spring 2010-2011 were tested throughout months of April and May; signed off on June 14 prior to awarding for fall and spring 2010-2011 cycles. Testing of cost of education budgets for the summer 2011 year, and to comply with auditor's recommendations requires the implementation of BANNER financial aid module 8.9 released by SunGuard in September 2010. This module is scheduled to be installed in test environment on January 8, 2011 with testing to conclude in early February and rolled into production on February 15, 2011. Full implementation in production is scheduled for March 21, 2011; sign off March 31, 2011 prior to awarding for summer 2011 terms.

2011 Update:

The University calculated the COA incorrectly for a portion of students tested because it used only full-time budgets to calculate the COA, regardless of each student's actual or expected enrollment. Fourteen (93 percent) of 15 students tested were enrolled less than full-time, but because the University based their attendance on full-time enrollment this resulted in an overstatement of those 14 students' COA. Because the University uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 academic year. Additionally, one of these fourteen students was budgeted using a year – round graduate budget although the student was still an undergraduate during the Fall Semester. As a result, the COA was underestimated by \$463.

Management Response and Corrective Action Plan 2011:

Based on the documentation from SunGuard, vendor of BANNER system, released in September 2010 the implementation of BANNER financial aid module 8.9 would have satisfied the recommendations related to determining summer cost of education. Implementation of BANNER financial aid module 8.9 occurred as stated in the response. Upon implementation it was found that the summer updates were not in the 8.9 module. At the March 20 SunGuard BANNER conference, the announcement was made that the summer update release would not be occurring until BANNER financial aid module 8.12 was released. The schedule release would be at the earliest August 2011. The reason stated at the conference by SunGuard was due to all the unknowns happening at the federal level with the management and how to award the federal programs for the summer, SunGuard had made the decision to hold off on doing an earlier release. Our office runs an overaward exception report to monitor activity and take corrective steps. To work around the limitations as they currently exist and are inherent in the BANNER system. The Financial Aid Office implemented part-time budgets in processing financial aid for the 2011-2012 processing cycle. The part time budgets for undergraduate students are full time (12 hours or more),  $\frac{3}{4}$  time (9 to 11 hours)  $\frac{1}{2}$  time (6-9 hours ) and less than  $\frac{1}{2}$  time budget applicable only to the Federal Pell Grant program. Graduate student budgets will be full time (9 or more hours) and  $\frac{1}{2}$  time budget (6 – 8 hours). In addition there are Resident and Non-resident budgets within each category. Student enrollment during the semester will be monitored as of census date for the semester and adjustments will be made to reflect enrollment records as of census date.

Implementation Date: August 2011

Responsible Person: Maria Ramos

## Texas Engineering Experiment Station

Reference No. 11-125

### Period of Availability of Federal Funds

#### Research and Development Cluster

Award years - September 30, 2008 to September 29, 2009

Award number - CFDA 12.902 H98230-08-C-0365

Type of finding - Significant Deficiency and Non-Compliance

Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Office of Management and Budget (OMB) Circular A-110, Subpart C, Paragraph 28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (OMB Circular A-110, Subpart D, Paragraph 71.b).

Initial Year Written: 2010  
Status: Partially Implemented  
U.S. Department of Defense

**The Texas Engineering Experiment Station (Station) did not always liquidate obligations within 90 calendar days after the end of the funding period as required.** Specifically, 1 (10 percent) of 10 transactions tested that were charged to the federal award after the end of the period of availability was not liquidated until 154 calendar days after the end of the funding period.

The delay occurred because a Station department did not submit an invoice to the Station's fiscal office for payment in a timely manner. Failure to comply with period of availability requirements could adversely affect future research and development funding decisions.

#### Recommendation:

The Station should strengthen controls to ensure that it liquidates all obligations incurred during an award period not later than 90 calendar days after the end of the funding period.

#### Management Response and Corrective Action Plan 2010:

*The transaction questioned in the audit was paid on March 3, 2010, prior to the approval of a new procedure for non-payroll costs and transfers to sponsored accounts/projects which prevents the posting of expenditures outside the period of availability without approval.*

*In addition to the new procedures, on May 12, 2010, an approval step was added to the end of the electronic document routing path in the accounting system to ensure that payments of expenditures requested after the period of availability are not released without documented sponsor approval.*

#### Management Response and Corrective Action Plan 2011:

*A new procedure was implemented March 3, 2010 (and a written procedure signed March 9, 2010) for non-payroll costs and transfers to sponsored accounts/projects which prevents the posting of expenditures outside the period of availability without approval.*

*In addition, the following controls were added to the accounting system to ensure that payments of expenditures requested after the period of availability are not released without documented sponsor approval.*

## TEXAS ENGINEERING EXPERIMENT STATION

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- *On May 12, 2010, an approval step was added to the end of the electronic document routing path for direct expenditures.*
- *On August 10, 2011, an accounting system edit was added for indirect expenditures.*

*It should be noted that obtaining sponsor approval is an internal procedure that TEES has adopted, when applicable. It is not a sponsor requirement.*

*Implementation Date:*      *August 10, 2011*

*Responsible Person:*      *Andy Hinton*

Reference No. 11-126

### **Procurement and Suspension and Debarment**

#### **Research and Development Cluster**

**Award years - see below**

**Award numbers - see below**

**Type of finding - Significant Deficiency and Non-Compliance**

Title 2, Code of Federal Regulations (CFR), Chapter 215, establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education. Title 2, CFR, Section 215.43, requires that “all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.” In addition, Title 2, CFR, Section 215.46, requires that procurement records and files include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price.

Initial Year Written:      2010  
Status: Implemented  
  
U.S. Department of Energy  
U.S. Department of Defense  
National Science Foundation

The Texas Engineering Experiment Station (Station) has established procurement guidelines that require all purchases that exceed \$5,000 to either (1) go through a competitive bidding process or (2) when competitive bids or offers are not obtained, have a completed “Sole Source Justification” document prior to a purchase being agreed upon with a vendor. To begin this process, the Station requires all purchases that exceed \$5,000 to have a requisition entered into Epik, the Station’s financial management system.

**The Station did not secure bids or document its rationale for limiting competition for 4 (10 percent) of 40 procurements exceeding \$5,000 that auditors tested.** The requesting personnel at the Station did not enter the procurements into Epik prior to making the purchases, which resulted in these four procurements bypassing the bidding process without staff documenting the rationale for limiting competition prior to the procurement. The four procurements totaled \$40,321.

The issues noted above related to the following awards:

<b><u>Federal Agency</u></b>	<b><u>Award Number (CFDA)</u></b>	<b><u>Award Years</u></b>
U.S. Department of Energy	DE-AC26-07NT42677 (81.089)	September 3, 2008 – March 31, 2011
U.S. Department of Defense	HR0011-09-C-0075 (12.910)	March 31, 2009 – December 31, 2010
U.S. Department of Defense	FA8650-05-D-1912 (12.800)	October 13, 2009 – November 1, 2010
National Science Foundation	CNS-0837717 (47.070)	December 1, 2008 – November 30, 2011

#### **Corrective Action:**

Corrective action was taken.

## Texas Southern University

Reference No. 11-127

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P092327, CFDA 84.007 P007A094145, CFDA 84.033 P033A094145, CFDA 84.375 P375A09327, CFDA 84.376 P376S092327, CFDA 84.379 P379T102327, CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, and CFDA 84.268 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

**Texas Southern University (University) incorrectly calculated the COA for 3 (7.5 percent) of 40 students tested.** For all three students, the COA assigned to the student by the financial aid system, Banner, did not match the COA in the internal document the University used to calculate Fall semester only, Spring semester only, and Summer semester budgets.

- For one student, the COA in Banner was \$3,084 less than the COA on the University's internal budget sheet. This resulted in a potential underaward of \$3,084.
- For one student, the COA in Banner was \$113 more than the COA on the University's internal budget sheet. This resulted in a potential overaward of \$113.
- For one student, the COA in Banner was \$98 more than the COA on the University's internal budget sheet. This resulted in a potential overaward of \$98.

While the budget differences could have resulted in both underawards and overawards, these three students were not overawarded assistance.

In addition to the three incorrect COA budgets, auditors identified several other budgets in Banner that did not agree with (1) the budgets the University reported to the Texas Higher Education Coordinating Board and (2) the internal budget spreadsheet the University used to calculate Fall semester only, Spring semester, only, and Summer budgets. For example, the budgets in Banner for undergraduate students who are Texas residents, living off campus, and attending the University in either the Fall semester only or Spring semester only were \$2,909 less than the budgets on the University's internal budget spreadsheet. As a result, students in this category were potentially underawarded financial assistance funds. During the 2009-2010 award year, a total of 282 students were in this budget category. During the same award year, the University disbursed a total of \$119,306,579 in federal student financial assistance.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University has not configured its Banner enterprise software to enforce rules regarding password length or complexity.** Banner can be configured to enforce any standards specified in the University's information security policy. Not enforcing password rules increases the risk of unauthorized access to key financial aid processes, student records, and University financial data.

Recommendations:

The University should:

- Review COA budgets entered into Banner to ensure they agree with budgets calculated on internal documents and budgets reported to the Higher Education Coordinating Board prior to packaging of student financial assistance.
- Configure Banner to enforce rules regarding password length and complexity.

Management Response and Corrective Action Plan 2010:

Review COA Budgets:

*Management agrees with the recommendation and finding. The error was manual in nature and was caused by the inadvertent entry of inaccurate tuition and fee information into the financial aid system. However, this error did not result in an overaward of financial aid. Additionally, for several categories of students such as Pharmacy and Doctoral commuter and Doctoral resident and non-resident Dorm, there have not been any eligible students enrolled within these categories for multiple years.*

*Management will update all budget categories regardless to whether eligible recipients are enrolled on campus. The Cost of Attendance Budgets will be calculated and entered by the Associate Director. The Director and Assistant Director will perform a review and sign-off on the calculations. The reviewed spreadsheet will be entered into BANNER by the Associate Director. The System's Analyst and Director will perform a review and sign-off prior to initial process for the award year. The Financial Aid team is researching an upload process to import the Cost-of-Attendance Spreadsheet into the BANNER system and reduce the possibility of errors. The projected implementation date is summer 2011.*

Configure Banner to enforce rules regarding password length and complexity:

*Management agrees with the finding and recommendation. The Office of Information Technology/Enterprise Applications division has taken on a Banner Security Project that is scheduled to begin February 2011. The first phase of the project will include password length and complexity rule enforcement. Phase I is scheduled for completion by March 31, 2011.*

2011 Update:

The University's COA calculation in Banner for the 2010-2011 academic year matched its final published COA budgets for the 2010-2011 academic year. Therefore, the University has addressed the prior year recommendation in this area. However, the University calculated the COA incorrectly for a portion of students tested because it used only full-time budgets to calculate the COA, regardless of each student's actual or expected enrollment. Because the University uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011

academic year. Additionally, because of a coding error, the University incorrectly budgeted one doctoral student as a graduate student.

**Management Response and Corrective Action Plan 2011:**

**Cost of Attendance – Full – time only budgets:**

*An automated process has been developed to identify students that are not enrolled in the appropriate number of hours for the specified category; full-time, half-time or less than half-time. The appropriate adjustment is posted to the student's tuition and fees, and books. The funding is reviewed and if necessary reduced to prevent an overaward. Due to the limited amount of funding available to students and the high amount of credit declinations for PLUS loans, ability to tuition and fees for the actual number of hour, the student award packages did not require adjustments. A full analysis for the 10-11 award year is being performed the students received the appropriate amount of aid per the federal guidelines.*

*Implementation Date: September 2011*

*Responsible Person: Linda Ballard*

**Configure Banner to enforce rules regarding password length and complexity:**

*Decision was made not to roll out password length and complexity modification until after fall registration and headcount was complete.*

*Implementation Date: October 3, 2011*

*Responsible Person: Kathy Booker*

**Awards of Pell Grants**

The Federal Pell Grant Program awards grants to help financially needy students meet the cost of their postsecondary education (Title 34, Code of Federal Regulations, Section 690.1). In selecting among students for the Federal Pell Grant program, an institution must determine whether a student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, Code of Federal Regulations, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, Code of Federal Regulations, Section 609.75 (a) (2)). For a student to be eligible to receive an Academic Competitiveness Grant (ACG) award, they must also receive a Federal Pell Grant disbursement in the same award year (Title 34, Code of Federal Regulations, Section 691.15(a)).

**The University awarded Academic Competitiveness Grant (ACG) funds to one student who did not also receive a Pell Grant** (based on auditor's review of all financial assistance recipients). The student was eligible for a Pell Grant, and was initially awarded a Pell Grant for \$1,400, but during a semester-end procedure the University inadvertently removed the Pell Grant from the student's account. The student had withdrawn from the University during the semester and the University removed the student's Pell Grant during a procedure to remove funding from students with zero enrolled hours. However, the student had remained in courses long enough to earn the full Pell Grant. When auditors brought this to the University's attention, the University corrected the student's award package so the student would receive the Pell Grant for which the student was eligible. The amount of the new Pell grant awarded was \$1,400.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-128

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P092327, CFDA 84.007 P007A094145, CFDA 84.033 P033A094145, CFDA 84.375 P375A09327, CFDA 84.376 P376S092327, CFDA 84.379 P379T102327, CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, and CFDA 84.268 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

#### Disbursement Notifications

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Partially Implemented  
  
U.S. Department of Education

**Texas Southern University (University) did not send disbursement notifications to the 27 students who received TEACH Grant Program funds for the 2009-2010 award year.** University staff assert that they were unaware of the requirement to send disbursement notifications to TEACH Grant recipients. Not receiving these notifications can impair TEACH Grant recipients' ability to cancel their awards.

#### Reporting Requirements

An institution must submit the initial disbursement record for a TEACH Grant to the Secretary of the U.S. Department of Education no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment, or cancellation is made (Title 34, Code of Federal Regulations, Section 686.37(b)).

**The University did not submit disbursement records to the Secretary of the U.S. Department of Education within 30 days of disbursement for two TEACH Grant recipients** (based on auditor's review of all financial assistance recipients). Staff assert that they attempted to report these disbursements to the Common Origination and Disbursement (COD) System, but the transmission was not processed. University staff were unaware that these disbursement records were not processed and did not resubmit them until auditors brought the discrepancy to their attention, which was several months after the University made the disbursements. Not reporting disbursements can increase the risk of over awards being made to students and limit the University's monitoring capabilities.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University has not configured its Banner enterprise software to enforce rules regarding password length or complexity.** Banner can be configured to enforce any standards specified in the University's information security policy. Not enforcing password rules increases the risk of unauthorized access to key financial aid processes, student records, and University financial data.

Recommendations:

The University should:

- Sends disbursement notifications to TEACH Grant recipients within the required timeframe.
- Improve its oversight of submissions to the COD System to ensure that it reports disbursement records as required.
- Configure Banner to enforce rules regarding password length and complexity.

Management Response and Corrective Action Plan 2010:

Send disbursement notifications to TEACH Grant recipients within the required timeframe:

*Management agrees with the finding and recommendation. Management has added the TEACH Grant to the disbursement notification process to ensure notifications are sent to students prior to the expiration of the 30 day limit.*

Improve its oversight of submissions to the COD System to ensure that it reports disbursement records as required:

*Management agrees with the finding and recommendation. The Student Office of Assistance-Financial Aid Accountant will perform a review and comparison of the COD system and BANNER at the end of month to improve the oversight of the submissions to the COD system.*

Configure Banner to enforce rules regarding password length and complexity. Management agrees with the finding and recommendation:

*The Office of Information Technology/Enterprise Applications division has taken on a Banner Security Project that is scheduled to begin February 2011. The first phase of the project will include password length and complexity rule enforcement. Phase I is scheduled for completion by March 31, 2011.*

Management Response and Corrective Action Plan 2011:

Send disbursement notifications to TEACH Grant recipients within the required timeframe:

*The procedures have been updated and to ensure all dates for all terms are captured in the letter generation process. A manual review of the disbursed grants and the disbursement letters will be conducted each month to ensure all students have been captured.*

*Implementation Date: October 1, 2011*

*Responsible Person: Linda Ballard*

Configure Banner to enforce rules regarding password length and complexity:

*To avoid impacting fall registration, decision was made not to roll out password length and complexity modification until after September 2011.*

*Implementation Date: October 3, 2011*

*Responsible Person: Kathy Booker*

**Returning Funds to Lender**

An institution must disburse loan funds within 3 business days of receipt if the lender provided the funds by electronic funds transfer or master check, or 30 days if the lender provided the funds by check payable to the borrower or copayer to the borrower and the institution. If a student is temporarily not eligible for a disbursement, but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return FFEL funds that it does not disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement (Title 34, Code of Federal Regulations, Section 668.167).

**For 1 (2 percent) of 50 students tested, the University did not return the funds to the lender within 10 business days after the date the funds were required to be disbursed.** Instead, it returned the funds to the lender 1 day late (11 days after the date the funds were required to be disbursed.) The delay in returning funds was the result of the University's manual process for returning funds to the lender.

**Corrective Action:**

This portion of the finding is no longer valid. The University no longer participates in the Federal Family Education Loan (FFEL) Program.

Reference No. 09-62

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 08-58)

**Student Financial Assistance Cluster**

**Award years - July 1, 2007 to June 30, 2008**

**Award numbers - CFDA 84.063 P063P072327, CFDA 84.007 P007A074145, CFDA 84.375 P375A072327, and CFDA 84.376 P376S072327**

**Type of finding - Material Weakness and Material Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)).

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the U.S. Department of Education or the appropriate Federal Family Educational Loan Program lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

Texas Southern University (University) incorrectly calculated the amounts of Title IV aid to be returned for 46 (92 percent) of 50 students tested. The cause for the inaccurate calculations varies, including:

- The Spring semester return calculations did not take into account the days off for spring break, making the semester nine days longer for the calculation. Nineteen (38 percent) of the 50 tested were from the Spring semester

- The University's financial aid system (Banner) showed that the students' had earned a portion of their Title IV funds; however, the calculation for returning funds was based on the student not being enrolled.
- Banner system data did not match data used on the paper return of Title IV calculation which, in turn, did not match auditors' recalculation.

Questioned costs could not be determined with accuracy due to the extensive nature of the erroneous calculations.

Additionally, there is a lack of controls over the University's entire Return of Title IV calculation process.

The University did not calculate or consistently calculate the students' portion of the return and did not consistently return the student's portion. The University does not have policies and procedures for the returning of the student's portion of the return.

**Recommendation:**

The University should establish controls to ensure that the amount of Title IV funds to be returned is calculated correctly and returned.

**Management Response and Corrective Action Plan 2008:**

*The Financial Aid Accountant has recalculated all information based on the identification of the omission of the Spring Break Week in the calendar and has conducted a full scope review and corrected all calculations. The university is currently realigning the Financial Aid Accountant position to report to the Financial Aid Office. The university has increased the Financial Aid staff by 2. One new accountant will work with compliance issues, such as this finding. Additional new operating procedures will require weekly updates. The position will be directly supervised by the Director of Financial Aid. A comprehensive spreadsheet and calendars are being developed to assist with the review process.*

**Management Response and Corrective Action Plan 2009:**

*The auditor reviewed a sample of students that received Title IV funds and withdrew from the University. In one instance, a student withdrew and TSU calculated the refund amount correctly; however, the funds were not returned within the required timeframe. TSU implemented new procedures in 2009. Additionally, the University did a 100% recalculation of Title IV refunds for academic years 2008 and 2009. The one exception in the audit sample occurred prior to the implementation of the new procedures. Of the sample tested there were no exceptions in calculations, eligibility, and student status changes. We believe that our revised procedures adequately address the audit issue. TSU will continue to review procedures and transactions to ensure that the current procedures are working as planned.*

**Management Response and Corrective Action Plan 2010:**

*Effective November 15, 2010, TSU has modified the processes for performing R2T4 calculations since the recent audit. We strongly believe that these changes bring TSU into compliance by increasing the calculation accuracy and timing of return funds. The measures we have taken include (but are not limited to) the re-establishment of the R2T4 processes that were intended to become institutionalized. Currently, the manual process includes the following:*

- *Student Accounting performs the R2T4 calculations on a weekly basis. This begins with a Banner query to identify all students who have withdrawn from the term after the first day of the term through the last date of the term. A separate query is run to identify any students that have been retroactively withdrawn from a previous term.*

- *Student Accounting enters the data into an internal Master (Excel) Critical Spreadsheet, restricted to authorized financial personnel and equipped with the appropriate formulas and compares the results to the Department of Education worksheet. All financial aid information, term and withdrawal dates, and institutional costs used in the calculation are extracted from Banner. Student Accounting coordinates with the Registrar's Office and confirms the accuracy of the term dates disclosed in Banner.*
- *Student Accounting works in conjunction with the Financial Aid Accountant to ensure that all funds are adjusted from the student's account and returned as soon as possible but not later than 45 days from the date of the withdrawal. Student Accounting returns the funds for the institution's portion. Student Accounting receives verification from Financial Aid that the Direct Loans information was updated in COD for the student.*
- *Student Accounting sends the student a letter notifying them of the amount to be returned and their obligations. Copies of these letters are maintained electronically.*
- *Student Accounting keeps an RT24 Activity Log which details the following: the students withdrawn, withdraw date, calculated return amount, student account adjustment date (date that the account was adjusted), funds return date (the date the funds were returned), and where the funds were returned.*

*The optimal internal control of which the University intends to place reliance upon full implementation is the automation of the RT24 calculation in the Banner application. As of calendar Q4 2010, this process is in progress and being tested in conjunction with the Banner 8 Upgrade Project which is planned for go live in late December 2010. Subsequent to the upgrade, Student Accounting will parallel the manual process with the automated Banner process and validate/reconcile for a period of three (3) to six (6) months to confirm the validity, accuracy and completeness of the automated process- in production post Banner 8 upgrade. (Upon six consecutive parallels of manual-to-automated validation, the manual process may be decommissioned upon concurrence of the Student Accounting and Financial Aid functions).*

*Management Response and Corrective Action Plan 2011:*

*For the remainder of the Fall semester, we will parallel the manual calculation and Banner automated calculation processes. Comparisons will be made between outputs from both processes throughout the semester and any corrections made. At the end of the semester, a full cutover will be made to the Banner.*

*Implementation Date: January 2012*

*Responsible Person: Beverly Ruffin*

**Texas State Technical College - West Texas**

Reference No. 08-65

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

Access to the Student Information System

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

The College does not have appropriate controls over access to its Student Information System (System). The College's financial aid staff has inappropriate access to the System, which gives them the ability to post disbursement transactions and process refunds.

Initial Year Written: 2007  
Status: Implemented  
  
U.S. Department of Education

Corrective Action:

Corrective action was taken.

## Texas State University - San Marcos

Reference No. 11-129

### Eligibility

#### Activities Allowed or Unallowed

#### Cash Management

#### Period of Availability of Federal Funds

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Verification

#### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 10-70 and 09-65)

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P090387, CFDA 84.033 P007A094122, CFDA 84.375 P375A090387, CFDA 84.376 P376S090387, CFDA 84.379 P379T100387, CFDA 84.268 P268K100387, CFDA 84.007 P033A094122, CFDA 93.925 T08HP13066, CFDA 84.038 Award Number Not Applicable, and CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

**Texas State University - San Marcos (University) overestimated COA for 2 (5 percent) of 40 students tested.** This occurred because the two students were enrolled less-than-full-time, but the University uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student's actual or expected enrollment level according to the student's ISIRs. Therefore, if a student indicates on the ISIR that he or she expects to enroll half-time or three-quarter time, the University still uses the COA associated with a full-time COA budget. Using a full-time COA budget to estimate the COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2009-2010 school year.

**Other Compliance Requirements**

Although the general controls weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, special tests and provisions - separate funds, special tests and provisions - verification, special tests and provisions - disbursements to or on behalf of students, and special tests and provisions - borrower data transmission and reconciliation (direct loan), auditors identified no compliance issues regarding these compliance requirements.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not appropriately restrict access to its Financial Aid Management (FAM) system.** Specifically:

- Two programmers had super user access to the production mainframe supporting the FAM system.
- One programmer had access rights to move program code changes into the production environment.
- An unknown number of computer operators shared a generic user ID with system administrator privileges.

**Additionally, the University did not appropriately restrict access to its SAP financial management systems.** One programmer had access rights to move program code changes into the production environment.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment. Sharing a user ID does not allow for appropriate segregation of duties and user accountability.

**Corrective Action:**

This finding was reissued as current year reference number: 12-131.

Reference No. 11-130

**Reporting**

(Prior Audit Issues 10-71 and 09-66)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P090387, CFDA 84.007 P007A094122, CFDA 84.268 P268K100387, CFDA 84.033**

**P033A094122, CFDA 84.375 P375A090387, CFDA 84.376 P376S090387, CFDA 84.379 P379T100387,**

**CFDA 93.925 T08HP13066 and T0AHP15819, CFDA 84.038 Award Number Not Applicable, and**

**CFDA 84.032 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Common Origination and Disbursement System Reporting**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB)

Initial Year Written: 2008  
Status: Implemented

U.S. Department of Education

Compliance Supplement A-133, June 2010, Part 5, Student Financial Assistance Cluster, III.L.1.f, page 5-3-19). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-30).

If an institution credits a student's institutional account with institutional funds in advance of receiving Title IV, Higher Education Act (HEA) program funds, the U.S. Department of Education considers that the institution makes that disbursement on the 10th day before the first day of classes (Title 34, Code of Federal Regulations, Section 668.164).

**For 11 (14 percent) of 81 Pell disbursements to 40 students tested, the Fall 2009 disbursement date in the COD System did not match the disbursement date shown on the students' institutional accounts.** For the Fall 2009 semester, Texas State University - San Marcos (University) reported the date it credited institutional funds to the students' accounts as the disbursement date to the COD System, instead of the 10th day before the first day of classes. According to the University, this issue was the result of a software issue it corrected after the Fall 2009 disbursement period. For all Spring 2010 Pell disbursements tested, the University reported the correct disbursement date to the COD System.

The University disbursed \$33,499,071 in Pell funds during the 2009-2010 federal award year; it disbursed \$16,310,580 of that amount during the Fall 2009 semester.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not appropriately restrict access to its Financial Aid Management (FAM) system.** Specifically:

- Two programmers had super user access to the production mainframe supporting the FAM system.
- One programmer had access rights to move program code changes into the production environment.
- An unknown number of computer operators shared a generic user ID with system administrator privileges.

**Additionally, the University did not appropriately restrict access to its SAP financial management systems.** One programmer had access rights to move program code changes into the production environment.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment. Sharing a user ID does not allow for appropriate segregation of duties and user accountability.

#### Corrective Action:

Corrective action was taken.

Reference No. 11-131

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 10-72 and 09-68)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094122, CFDA 84.033 P033A094122, CFDA 84.063 P063P090387, CFDA 84.268**

**P268K100387, CFDA 84.375 P375A090387, CFDA 84.376 P376S090387, and CFDA 84.379**

**P379T100387**

**Type of finding - Significant Deficiency and Non-Compliance**

**Return of Title IV Funds**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (1)-(4)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)). When classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the return calculation. The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)).

**For 7 (17.5 percent) of 40 students tested, Texas State University - San Marcos (University) incorrectly calculated the percentage of enrollment period that the students completed, resulting in incorrect return amount calculations for all 7 students.** The University entered the incorrect date range for the Spring 2010 semester when it populated a table for the automated return amount calculation. As a result of this error, for the seven students identified during testing, the University returned \$126 less in Title IV funds than it was required to return, and the students returned \$177 less in Title IV funds than they were required to return. This date range error affected a total of 140 students who withdrew during the Spring 2010 semester.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not appropriately restrict access to its Financial Aid Management (FAM) system.** Specifically:

- Two programmers had super user access to the production mainframe supporting the FAM system.
- One programmer had access rights to move program code changes into the production environment.
- An unknown number of computer operators shared a generic user ID with system administrator privileges.

**Additionally, the University did not appropriately restrict access to its SAP financial management systems.** One programmer had access rights to move program code changes into the production environment.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment. Sharing a user ID does not allow for appropriate segregation of duties and user accountability.

**Corrective Action:**

This finding was reissued as current year reference number: 12-133.

Reference No. 11-132

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers – CFDA 84.007 P007A094122, CFDA 84.033 P033A094122, CFDA 84.063 P063P090387, CFDA 84.268 P268K100387, CFDA 84.375 P375A090387, CFDA 84.376 P376S090387, and CFDA 84.379 P379T100387**

**Type of finding - Significant Deficiency and Non-Compliance**

**Student Status Changes**

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

The University uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.3.1.1).

**For 22 (56 percent) of 39 graduated students tested, Texas State University - San Marcos (University) reported an incorrect enrollment change date to NSLDS. All 22 students graduated in the Spring of 2010.** According to the *NSLDS Enrollment Reporting Guide*, the University should have reported the enrollment change date as the date the students completed all course requirements. Instead, the University incorrectly reported the students' commencement date.

**Additionally, for 1 (2 percent) of 49 students tested, the University reported the student's graduated status to NSLDS 47 days late.** According to the University, it delayed reporting the student's status change until it received the student's grades from a community college at which the student was enrolled.

Inaccurate and delayed information affects determinations made by guarantors, lenders, and servicers of student loans related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not appropriately restrict access to its Financial Aid Management (FAM) system.** Specifically:

- Two programmers had super user access to the production mainframe supporting the FAM system.
- One programmer had access rights to move program code changes into the production environment.
- An unknown number of computer operators shared a generic user ID with system administrator privileges.

**Additionally, the University did not appropriately restrict access to its SAP financial management systems.** One programmer had access rights to move program code changes into the production environment.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment. Sharing a user ID does not allow for appropriate segregation of duties and user accountability.

Corrective Action:

Corrective action was taken.

Reference No. 11-133

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 10-73 and 09-69)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.038 Award Number Not Applicable**

**Type of finding - Material Weakness and Material Non-Compliance**

**Student Loan Repayments**

Under the Federal Perkins Loan Program, institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period (Title 34, Code of Federal Regulations, Section 674.42(c)(2)).

Initial Year Written: 2008  
Status: No Longer Valid

U.S. Department of Education

Under the Federal Perkins Loan Program, institutions are required to send borrowers a written notice and a statement of account at least 30 days before their first payment is due (Title 34, Code of Federal Regulations, Section 674.43 (a)(2)(i)).

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)). If the borrower does not respond to the final demand letter within 30 days, the institution shall attempt to contact the borrower by telephone before beginning collection procedures (Title 34, Code of Federal Regulations, Section 674.43(f)).

If the borrower does not satisfactorily respond to the final demand letter or following telephone contact, the institution is required to report the account as being in default to a national credit bureau and either use its own personnel to collect the amount due or engage a collection firm to collect the account (Title 34, Code of Federal Regulations, Section 674.45(a)). If the institution, or firm it engages, pursues collection activity for 12 months and does not succeed in converting the account to regular repayment status, the institution should either litigate or make a second effort to collect (Title 34, Code of Federal Regulations, Section 674.45(c)). If the institution is unable to place the loan in repayment, the institution shall continue to make annual attempts to collect from the borrower (Title 34, Code of Federal Regulations, Section 674.45(d)).

**Texas State University - San Marcos (University) did not consistently contact defaulted borrowers at required intervals or perform necessary collection procedures.** Specifically:

- For 5 (42 percent) of 12 defaulted students tested, the University did not provide evidence that it sent the first grace period notice. For an additional 4 (33 percent) of 12 defaulted students tested, the University did not send the first grace period notice within 90 days. Additionally, the University's first grace period notice to all borrowers did not include the amount of principal and interest due on the loan or the projected life of the loan.
- For 3 (25 percent) of 12 defaulted students tested, the University did not provide evidence that it sent the second grace period notice. For an additional 8 (67 percent) of 12 defaulted students tested, the University did not send the second grace period notice within 150 days.
- For 3 (25 percent) of 12 defaulted students tested, the University did not provide evidence that it sent the third grace period notice. For an additional 4 (33 percent) of 12 defaulted students tested, the University did not send the third grace period notice within 240 days.

Auditors identified issues related to grace period notices during the audit of the prior year. Because the sending of grace period notices occurred prior to the time period covered by the current audit, the University did not have an opportunity to correct this issue prior to audit of the current year. Auditors identified the following issues during the current audit:

- For all 12 defaulted students tested, the University did not provide evidence that it sent billing statements to the students.
- For 6 (23 percent) of 26 defaulted loans tested for which the University was required to send first overdue notices, the University did not provide evidence that it sent the first overdue notice. For an additional 1 (4 percent) of those 26 defaulted loans, the University did not send the first overdue notices within 15 days.
- For 2 (13 percent) of 16 defaulted loans tested for which the University was required to send second overdue notices, the University did not provide evidence that it sent the second overdue notice. For an additional 3 (19 percent) of those 16 defaulted loans, the University did not send second overdue notices within 30 days after the first overdue notice.
- For 5 (45 percent) of 11 defaulted loans tested for which the University was required to send a final demand letter, the University did not provide evidence that it sent the final demand letter. For an additional 6 (55 percent) of those 11 defaulted loans, the University did not send final demand letters within 15 days after second overdue notices.
- For 3 (38 percent) of 8 defaulted loans tested for which the University was required to attempt to contact the borrower by telephone, the University did not provide evidence that it attempted this contact prior to beginning collection procedures.
- For 2 (33 percent) of 6 defaulted loans for which the University was required to contact a national credit bureau, the University did not provide evidence that it made the required contacts.
- For 4 (67 percent) of 6 defaulted loans for which the University was required to make the first effort to collect, the University did not provide evidence that it made the required efforts.
- For 2 (100 percent) of 2 defaulted loans for which the University was required to initiate litigation or make a second effort to collect on these loans, the University did not provide evidence that it made the required efforts.
- For 2 (100 percent) of 2 loans in default for more than one year, the University did not conduct a yearly attempt to collect.

University personnel use a monthly aging report to identify students to contact regarding Perkins billing. University personnel then manually create notices and contact students who are in default based on aging reports. The above issues resulted from a breakdown in this manual processes.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not appropriately restrict access to its Financial Aid Management (FAM) system.** Specifically:

- Two programmers had super user access to the production mainframe supporting the FAM system.
- One programmer had access rights to move program code changes into the production environment.
- An unknown number of computer operators shared a generic user ID with system administrator privileges.

**Additionally, the University did not appropriately restrict access to its SAP financial management systems.** One programmer had access rights to move program code changes into the production environment.

Allowing employees inappropriate or excessive access to University systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment. Sharing a user ID does not allow for appropriate segregation of duties and user accountability.

**Corrective Action:**

This finding is no longer valid. The University liquidated its Federal Perkins Loan portfolio during the 2010-2011 award year.

Reference No. 10-75

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Period of Availability of Federal Funds**

**Research and Development Cluster**

Award years - see below

Award numbers - see below

Type of finding - Significant Deficiency and Non-Compliance

**Direct Costs**

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations, Section 220(C)). When a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.28).

Texas State University's - San Marcos (University) wireless cellular communication services policy (UPPS No. 05.03.11) establishes University policy concerning the use, availability, and acquisition of wireless cellular communication services by University employees, including grant-funded employees. Under that policy, a department head is responsible for initiating the processing of an allowance for using an employee's personal cellular instrument and service for business purposes. The allowance is processed through the University's payroll system and is included as additional compensation on the employee's remuneration statement.

The University also has established policies and procedures for delegating "authority to sign specific contracts, or specific types of contracts, to certain regular employees." That policy states that "a contract signed by an unauthorized person is not binding on the University. A person who signs without proper authorization may be personally liable for any damages incurred by the University or the state."

Auditors determined that 1 (3 percent) of 40 expenditures tested at the University was unallowable because the cost was not allocable to the sponsored agreement to which it was charged. In September 2008, the University paid a stipend of \$110 for personal cellular service to a University employee who was assigned as a principal investigator for several federal grants. The University charged this stipend to a sponsored agreement, but the University paid the

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Defense  
U.S. Department of Agriculture  
U.S. Department of Commerce  
U.S. Department of Interior  
U.S. National Science Foundation  
U.S. Department of  
Homeland Security  
U.S. Department of Education  
U.S. Environmental Protection  
Agency  
U.S. Department of Health  
and Human Services

employee's base salary from non-federal funds. In addition, the University did not report effort for or receive compensation from services performed on any sponsored project for the time period associated with this expenditure.

Although the University has a policy for providing such an allowance for personal cellular service, the policy is unclear regarding when an employee who receives the allowance is or is not working and certifying effort on a federally sponsored project. The University has the responsibility for proper fiscal management, conduct of sponsored projects, and ensuring that all expenditures charged to a project are reasonable, allocable, and allowable. The expenditure discussed above resulted in questioned costs of \$110.

In addition, 4 (8 percent) of 51 grant agreements tested were signed by an unauthorized individual. The four grants totaled \$2.4 million. For these four grant agreements, the University did not follow its policy on contracting authority. This resulted in contracts being signed that may not be binding, and it could create a personal liability on the part of the individual who signed the grant agreements.

The issues discussed above affected the following awards:

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
12.300	N00014-08-1-1107	June 20, 2008 to December 31, 2009
10.200	2008-38869-19174	July 15, 2008 to June 14, 2010
66.202	EM-96634101-0	September 6, 2006 to September 30, 2010
11.426	NA06NOS4260118	September 1, 2006 to August 31, 2010
15.921	J2124080047	August 1, 2008 to June 30, 2010

**Corrective Action:**

Corrective action was taken.

**Indirect Costs**

Facilities and administration (F&A) costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships, as well as the portion of each subgrant and subcontract in excess of \$25,000, shall be excluded from modified total direct costs. Other items may be excluded only where necessary to avoid a serious inequity in the distribution of F&A costs. For this purpose, an F&A cost rate should be determined for each of the separate F&A cost pools developed pursuant to federal requirements. The rate in each case should be stated as the percentage that the amount of the particular F&A cost pool is of the modified total direct costs identified with such pool (Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, Section G, Subsection 2).

For 3 (8 percent) of 40 indirect cost rate items tested at the University, the indirect cost the University charged was not in accordance with the University's indirect cost rate agreement with the cognizant federal agency. Specifically:

- For two of these indirect cost rate items, the University initially undercharged the amount of indirect costs allowable per the indirect cost rate agreement. This occurred because project budgets were amended when additional federal funding was received; however, the indirect cost budget was not amended in the system the University uses to calculate indirect costs. As a result, the system ceased to apply the approved indirect cost rate once the original budget was exceeded. The University corrected this in a subsequent period by processing manual journal vouchers to recover the costs.

- For one of these indirect cost rate items, the University exceeded the approved indirect cost rate. During a two-month period, the University did not use its system to calculate the indirect costs associated with the grant and instead processed manual journal vouchers to recover the costs. When automated processing of the indirect cost resumed, the system did not recognize the amounts previously recovered by processing journal vouchers. As a result, the rate was applied to the same direct cost base twice for a two-month period. Indirect costs recovered exceeded the allowable amount by \$1,633.

The issues discussed above affected the following awards:

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
47.075	SES-0729264	November 1, 2007 to October 31, 2010
15.640	401817M112	February 28, 2007 to February 28, 2012
12.300	N00014-08-1-1107	June 20, 2008 to December 31, 2009

**Corrective Action:**

Corrective action was taken.

**Time and Effort Certification**

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct costs activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220(J)(10)).

The University's time and effort certification policy in effect for fiscal year 2009 required that time and effort certifications be completed within 21 days of receipt.

For 16 (64 percent) of 25 aggregate payroll expenditures tested (consisting of 44 detailed payroll transactions) at the University, employees time and effort certifications for the applicable period were not completed in a timely manner (completion was considered to be timely if it occurred within 21 days of the end of the certification period). The late certifications were more prevalent for positions that were classified as other than professional. Of the 16 late certifications, 12 (75 percent) were for individuals in positions classified as other than professional. Although the University performed effort certifications for all employees tested, not completing the certifications within the time frame established in its policy can result in adjustments to accounts funded by federal research and development grants not being made in a timely manner.

The issues discussed above affected the following awards:

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
10.200	2008-38869-19174	July 15, 2008 to June 14, 2010
12.000	NAN0982	October 31, 2008 to August 15, 2009
12.300	N00014-08-1-1107	June 20, 2008 to December 31, 2009
47.075	SES-0648278	March 1, 2007 to February 28, 2010
97.077	2008-DN-A R1012-02	September 15, 2008 to August 31, 2009
84.002	9410003711037.00	October 1, 2008 to September 30, 2009
84.324	R324B070018	August 1, 2008 to July 31, 2010
84.031	P031C080008	September 1, 2008 to September 30, 2009
66.460	582-8-77060	December 1, 2007 to November 30, 2009
47.076	HRD-0402623	November 1, 2007 to October 31, 2008
15.608	201818G902	January 17, 2008 to August 31, 2009

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
47.074	DEB-0816905	September 1, 2008 to August 31, 2010
93.086	09FE0128/03	September 30, 2008 to September 29, 2009

**Recommendations:**

The University should ensure that employees complete time and effort certifications within the time frames established in its policy.

**Management Response and Corrective Action Plan 2009:**

*Management Concurs. The University is currently configuring an electronic effort reporting system. This system should ensure that effort reports are completed within policy established time frames.*

**Management Response and Corrective Action Plan 2010:**

*10-75 to our knowledge was not tested for compliance. As Management stated in an email dated 9-22-2010, not enough data had accumulated for reasonable testing of compliance with management's response to this finding. All process changes have been put in place and data continues to accumulate. Enough data should exist for testing during the next review.*

**Management Response and Corrective Action Plan 2011:**

*Following discussion and recommendation by the Effort Reporting Guidance Committee the University changed the approach it was taking to deliver an appropriate effort reporting solution to the campus. The University's Effort Reporting Guidance committee has made numerous recommendations on the business process workflow and front end appearance of the solution and technical system configuration is in process. Expect completion of project in 2012.*

*Implementation Date:*      In Process

*Responsible Person:*      W. Scott Erwin

Reference No. 10-77

## Procurement and Suspension and Debarment

### Research and Development Cluster

Award years - see below

Award numbers - see below

Type of finding - Significant Deficiency and Non-Compliance

### Procurement

Title 2, Code of Federal Regulations (CFR), Section 215, establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education. 2 CFR Section 215.46 requires that procurement records and files shall include the following at a minimum: (1) basis for contractor selection; (2) justification for lack of competition when competitive bids or offers are not obtained; and (3) basis for award cost or price.

Texas State University - San Marcos (University) has established procedures for processing contracted services contracts and documented them in University Policies and Procedures Statement No. 03.04.01. Employees are required to select a contractor on the basis of "best value" or demonstrated competence and qualifications, and on the amount of the fee. For 1 (4 percent) of 26 procurements tested, the University did not retain documentation supporting the basis of its contractor selection. The University recorded the procurement as a professional and contract services contract for \$35,500. The University's policy discussed above does not specifically address procurement file retention. Failure to fully record and retain documentation related to procurement transactions results in ineffective monitoring and increases the risk of entering into contractual agreements that do not provide the University with best value.

The University also requires employees to complete a "Justification for Proprietary, Sole Source or Brand Procurement" form when competitive bids or offers are not obtained. However, for 1 (11 percent) of 9 non-competitive procurements tested, the University did not retain the required form that sufficiently explained the rationale to limit competition. As a result, the University did not comply with its internal policy, which is intended to mitigate the risk of non-compliance with federal regulations.

In addition, the University uses its accounting system to initiate and approve requisitions. Auditors reviewed assigned roles within the accounting system and determined that 50 (5 percent) of 990 users could both initiate and approve requisitions during a portion of fiscal year 2009. In May 2009, the University significantly reduced the segregation of duty risk by editing assigned roles so that only nine users could both initiate and approve requisitions. After fiscal year 2009, the University made further edits of the assigned roles and reduced the number of individuals with the dual roles to four users. The University's information technology security policy requires the approval of the vice president before granting a user both of these roles. According to University staff, some grants do not have administrative support; therefore, one person has been assigned both roles. The lack of segregation of duties between requisitioner and approver increases the risk that federal funds will not be spent as intended.

The issues noted above are related to the following awards:

<u>Federal Agency</u>	<u>Award Numbers (CFDA)</u>	<u>Award Years</u>
National Oceanic and Atmospheric Administration	NA06NOS4260118 (11.426)	September 1, 2006 - August 31, 2010
National Science Foundation	BCS-0820487 (47.075)	September 15, 2008 - August 31, 2010

Initial Year Written: 2009  
Status: Partially Implemented

National Oceanic and  
Atmospheric  
Administration  
U.S. Environmental  
Protection Agency  
National Science Foundation  
U.S. Department of Defense  
U.S. Fish and Wildlife  
U.S. Department of Justice

**Suspension and Debarment**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, CFR, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all non-procurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.220 and 180.970).

The University did not maintain documentation confirming that suspension and debarment determinations were made for all seven covered procurement transactions tested. Although University policy is to conduct an EPLS search for each vendor name at the time of procurement, the University has not implemented procedures to document the search. As a result, auditors could not determine whether the University complied with federal requirements to verify that the entity is not suspended or debarred or otherwise excluded from federal contracts.

Auditors conducted an EPLS search for all entities for which the University did not have a suspension and debarment certification and determined that the entities were not suspended or debarred.

The issues noted above are related to the following awards:

<b><u>Federal Agency</u></b>	<b><u>Award Numbers (CFDA)</u></b>	<b><u>Award Years</u></b>
National Oceanic and Atmospheric Administration	NA05NOS4261162 (11.426) NA06NOS4260118 (11.426)	September 1, 2005 - August 31, 2009 September 1, 2006 - August 31, 2010
U.S. Environmental Protection Agency	EM-96634101-0 (66.202)	September 6, 2006 - September 30, 2010
National Science Foundation	CHE-0821254 (47.079) BCS-0820487 (47.075)	August 1, 2008 - July 31, 2011 September 15, 2008 - August 31, 2010
U.S. Department of Defense	W911NF-07-1-0280 (12.431)	May 15, 2007 - May 14, 2009
U.S. Fish and Wildlife	201818G902 (15.608)	January 17, 2008 - August 31, 2009
U.S. Department of Justice	2008-DD-BX-0568 (16.580)	September 1, 2008 - August 31, 2010

**Recommendations:**

The University should:

- Implement policies and procedures to document the basis for contractor selection.
- Ensure that employees complete and retain the required justification forms for all non-competitive procurements.
- Implement segregation of duties between the roles associated with initiating requisitions and approving requisitions in its accounting system.
- Establish procedures to ensure that staff document suspension and debarment determinations.
- Maintain sufficient documentation to prove that it made suspension and debarment determinations at the time of procurement.

Management Response and Corrective Action Plan 2009:

*Recommendations:*

- *Implement policies and procedures to document the basis for contractor selection.*
- *Ensure that employees complete and retain the required justification forms for all non-competitive procurements.*
- *Establish procedures to ensure that staff document suspension and debarment determinations.*
- *Maintain sufficient documentation to prove that it made suspension and debarment determinations at the time of procurement.*

*University Management is in agreement with the recommendation.*

*The Purchasing Office has procedures in place, which require completion and retention of supporting purchasing documentation as noted in UPPS No. 03.04.01.*

*Additional mandatory training will be provided and documented for purchasing Staff in Central Purchasing and the College of Science Purchasing Office. Training will cover the importance of completing, evaluating, and retaining the appropriate documents into the requisition at the time of the purchase.*

*A procedure is in place to provide the correct documentation and explanation supporting the purchase in question. The Central Purchasing Office will reinforce the importance of including this documentation and make sure that all documentation is attached to the requisition. Additional mandatory training will be provided and documented for purchasing Staff in Central Purchasing and the College of Science Purchasing Office.*

*The Purchasing Office has a suspension and debarment determination procedure in place to verify and maintain sufficient documentation.*

*The Purchasing Staff will receive additional mandatory training and be made fully aware of the importance of this procedure. A report has been designed and will be initiated as a check/balance to prevent any oversight in the procurement process.*

*Recommendation:*

- *Implement segregation of duties between the roles associated with initiating requisitions and approving requisitions in its accounting system.*

*Management Concurs. The University will consistently enforce its policy such that all dual roles from all University staff are segregated. There are currently no individuals on campus that possess both security roles.*

*Management Response and Corrective Action Plan 2010:*

*10-77 As of Monday Dec 13, 2010 there are no Financial Services employees with dual roles.*

*Management Response and Corrective Action Plan 2011:*

1. *We have updated our bid tabulation sheet so that the end user does include more information as to why a vendor is chosen.*
2. *All sole source or proprietary purchase forms are clearly filled out and attached to the requisition electronically. Texas State will modify the required Documentation for the Purchase of Goods or Non Professional or Non-Consultant Services to include mandatory sole source or proprietary forms is attached to any personal service contract over \$5k.*

3. *Procedures are in place for suspension and debarment, reported daily. All documents are on file. While procedures were well documented, the process was not followed as intended. Corrections have been made and additional steps have been implemented to ensure compliance.*
4. *The purchasing personnel have completed additional training this year including both basic and advances purchasing classes. (Completed July 1, 2011)*
5. *The College of Science personnel have completed purchasing classes; both basic and advanced. They are required to take the test and pass it by March 31, 2012. (UPPS 05.02.04) (Completed October 2, 2011)*

*Implementation Date:* January 2, 2012

*Responsible Person:* Jacque Allbright

## Texas Tech University

Reference No. 11-134

### Eligibility

#### Activities Allowed or Unallowed

#### Cash Management

#### Period of Availability of Federal Funds

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094151, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094151, CFDA 84.063 P063P092328, CFDA 84.375 P375A092328, CFDA 84.376 P376S092328, and CFDA 84.379 P379T092328

Type of finding - Significant Deficiency and Non-Compliance

#### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

**Texas Tech University (University) incorrectly calculated the COA for 7 (14 percent) of 50 students tested.**  
Specifically:

- The University overstated one student's COA by \$350. This occurred because of a data entry error in Banner related to an approved budget increase for car repairs.
- The University understated two students' COAs by a total of \$1,040. This occurred because the University did not update these students' COA calculations after the board of regents approved an increase to the budgets on which the University bases its COA calculations. Due to Banner restrictions, the batch posting process to automatically update the budget amounts for all students did not work for some students. As a result, the University understated the COA by \$520 for each student, for a total of \$1,040.
- The University overstated two students' COAs by a total of \$7,782. This occurred because the University erroneously factored tuition and fees for both the Fall and Spring semesters into its COA calculations for those two students. However, the students only attended either the Fall or Spring semester. Banner automatically recalculated the students' tuition and fees based on the adjusted budgets approved by the board of regents. However, Banner recalculated the COA based on planned attendance for both semesters. As a result, the COA was overstated by \$3,891 for each student, for a total of \$7,782.
- The University understated one student's COA by \$704. This occurred because the University erroneously omitted the student from the Summer budget group in Banner, yet it included the student in the Summer aid period. As a result, the student's COA was calculated at 140 percent of the full year amounts, rather than on the summer rates established in the University's budget.

- The University understated one student's COA by \$19,385. This occurred because that student's COA included only tuition and fees and a loan fee. The COA erroneously omitted books, transportation, room and board, and miscellaneous components. As a result, the student's COA was understated by \$19,385.

It is important to note that, for the 50 student files tested, the University's estimated COA did not lead the University to award student financial assistance that exceeded financial need for the 2009-2010 school year. Therefore, there were no questioned costs. However, the risk of over/underawarding student financial assistance increases when the University does not calculate COA accurately.

#### Pell Awards

For the federal Pell Grant program, the payment and disbursement schedules provided each year by the U.S. Department of Education are used for determining award amounts (Title 34, Code of Federal Regulations, Section 690.62). These schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students. Additionally, a student's eligibility for a Pell Grant must first be determined and considered before a student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, Code of Federal Regulations, Section 685.200).

**Based on a review of the full population of student financial assistance recipients, the University did not award Pell to four students who were eligible to receive Pell funds.** Specifically:

- The University did not load two students' EFC/ISIR information properly into Banner; therefore, Pell funds were not awarded. The two students were eligible for Pell awards of \$3,600 and \$1,800, for a total of \$5,400.
- The University coded the student financial assistance period for one student incorrectly in Banner; therefore Pell funds were not awarded. The student was eligible for a Pell award of \$1,200.
- The University had requested additional documents from one student; as a result, the University did not award Pell funds while that request was pending. However, the University requested the documents in error, and it never awarded Pell funds to the student. The student was eligible for a Pell award of \$5,350.

#### Satisfactory Academic Progress (SAP)

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component which consists of grades, work projects completed or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum timeframe within which a student must complete his or her education (Title 34, Code of Federal Regulations, Section 668.16(e)).

The University gives a student a "strike" if the student does not comply with the SAP policy. After a student receives three strikes, the University will deny the student financial assistance.

**Two (4 percent) of 50 students tested did not comply with the University's SAP policy,** but the University did not give those students a strike. The University's former financial aid system determined compliance with the SAP policy, and the University converted SAP statuses from that system to the new financial aid system (Banner) at the beginning of the award year. However, the SAP status information for these two students was calculated and converted incorrectly. The University did not perform adequate reconciliations to ensure that SAP status information was properly calculated and converted into Banner. These two students had no previous strikes and were still eligible to receive assistance for the award year; therefore, there are no questioned costs. However, not appropriately assigning strikes to students in accordance with University policy increases the risk that the University could award assistance to an ineligible student.

Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, cash management, period of availability of federal funds, special tests and provisions – separate funds, and special tests and provisions – borrower data transmission and reconciliation (direct loan), auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system.** This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

Corrective Action:

This finding was reissued as current year reference number: 12-134.

Reference No. 11-135

**Reporting**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P092328, CFDA 84.007 P007A094151, CFDA 84.033 P033A094151, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, June 2010, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-19)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 4 (8 percent) of 50 students tested, Texas Tech University (University) did not report to the COD System within 30 days of disbursement for the Spring 2010 semester.** Those errors were the result of the University incorrectly configuring certain settings within Banner that were related to Fall 2009 reporting.

**Additionally, for 3 (6 percent) of 50 students tested, the cost of attendance listed in Banner did not match the amount reported to the COD System.** The University asserted that the Texas Tech University System Board of Regents approved a tuition increase for certain students subsequent to the initial COD System reporting. The University further asserted that because it determined that this increase would not affect the students' eligibility, it did not report the change to the COD System.

Fiscal Operations Report and Application to Participate (FISAP)

To apply for and receive funds for campus-based federal student assistance programs (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant (FSEOG)), institutions must have completed and submitted a FISAP by October 1, 2010 (Title 34, Code of Federal Regulations, Chapter 673.3 and *Instruction Booklet for Fiscal Operations Report and Application to Participate*, page i).

The FISAP the University submitted on October 1, 2010, reported on the University's campus-based program participation for the 2009-2010 award year and included an application for campus-based program funding for the 2011-2012 award year. On that FISAP, **the amount the University reported for state expended scholarships and grants to undergraduates erroneously included \$22,314,575** in awards to law students and awards that were not applicable state grants and scholarships, based on FISAP reporting instructions. **Additionally, the University erroneously omitted an applicable state grant totaling \$774,404.** The University reported \$22,428,053 in state grants and scholarships on the FISAP; however the correct amount was \$887,882.

The University reviewed the FISAP prior to submitting it; however, that review was not adequate to ensure that the University followed the FISAP reporting instructions. The U.S. Department of Education considers state grant and scholarship expenditures as a resource when determining the amount of FSEOG an institution may be eligible for. Therefore, erroneously reporting state grant and scholarship expenditures has the potential to affect the amount of FSEOG the University is awarded.

On November 17, 2010, the University submitted a revised FISAP to correct these errors.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system.** This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

Corrective Action:

This finding was reissued as current year reference number: 12-135.

Reference No. 11-136

**Special Tests and Provisions - Verification**

(Prior Audit Issue 09-72)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094151, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094151, CFDA 84.063 P063P092328, CFDA 84.375 P375A092328, CFDA 84.376 P376S092328, and CFDA 84.379 P379T092328**

**Type of finding - Significant Deficiency and Non-Compliance**

**Verification**

An institution may participate under a U.S. Department of Education-approved quality assurance program (QAP) that exempts it from verifying those applicants selected by the central processor, provided that the applicants do not meet the institution's own verification selection criteria. An institution not participating under a U.S. Department of Education-approved QAP is required to establish written policies and procedures that incorporate the provisions of Title 34, Code of Federal Regulations, Sections 668.51 through 668.61, for verifying applicant information. Such an institution shall require each applicant whose application is selected by the central processor, based on edits specified by the U.S. Department of Education, to verify the information specified in Title 34, Code of Federal Regulations, Section 668.56. Policies and procedures for verification must include: (1) the time period within which an applicant shall provide the documentation; (2) the consequences of an applicant's failure to provide required documentation within the specified time period; (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's expected family contribution (EFC) changes and results in a change in the applicant's award or loan; (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error; and (5) the procedures for making referrals under Title 43, Code of Federal Regulations, Section 668.16. The procedures must provide that the institution shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of application information, including the deadlines for completing required actions and the consequences of failing to complete any required action (Title 34, Code of Federal Regulations, Section 668.53).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

**Texas Tech University's (University) verification policy did not contain procedures for making referrals under Title 34, Code of Federal Regulations, Section 668.16.**

**In addition, for 1 (2 percent) of 50 verification cases tested, the University could not locate all required documents necessary to verify that the number of members in the household who are attending college, as reported by the student on the student's Institutional Student Information Report (ISIR), was correct.**

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system. This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.**

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

*Corrective Action:*

This finding was reissued as current year reference number: 12-136

Reference No. 11-137

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094151, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094151, CFDA 84.063 P063P092328, CFDA 84.375 P375A092328, CFDA 84.376 P376S092328, and CFDA 84.379 P379T092328**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**For 29 (78 percent) of 37 students tested for whom disbursement notices were required, Texas Tech University (University) did not send adequate disbursement notices within 30 days.** The following causes contributed to these errors:

- After the midyear holiday break, the University did not reactivate its automated process for generating disbursement notices until February 9, 2010, due to internal miscommunication. As a result, the University asserts that it sent disbursement notices for 10,140 loans disbursed from January 4, 2010, to January 8, 2010 more than 30 days after disbursement.

The University began disbursing Direct Loans for the Summer semester of 2010. The University's initial implementation of the Direct Loan process did not generate disbursement notices within 30 days after disbursement. As a result, the University asserts that it did not send disbursement notices for 1,308 recipients of Direct Loans within 30 days after disbursement.

**In addition, the University generated disbursement notification letters for TEACH Grant recipients manually outside of its automated process for generating other disbursement notices. Those disbursement notification letters did not contain the date and amount of the disbursement.** The University asserts that it disbursed TEACH Grant funds to 22 recipients during the award year.

Recipients of disbursement notifications that are sent more than 30 days after disbursement or that contained incomplete information may not have been able to make timely and fully informed decisions about accepting disbursements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system.** This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

Corrective Action:

Corrective action was taken.

Reference No. 11-138

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 09-74)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094151, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094151, CFDA 84.063 P063P092328, CFDA 84.375 P375A092328, CFDA 84.376 P376S092328, and CFDA 84.379 P379T092328**

**Type of finding - Significant Deficiency and Non-Compliance**

Return of Title IV Funds

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (1)-(4)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(e)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

**Auditors identified the following errors at Texas Tech University (University) for students who attended class during a semester in which they later withdrew:**

- For 2 (6 percent) of 33 withdrawals tested, the University incorrectly calculated either the amount of Title IV funds earned or the amount to be returned. This occurred because of data input errors.
- For 1 (5 percent) of 21 withdrawals tested, the University did not return the correct amount of unearned Title IV funds. This occurred because of a data input error.
- For 11 (52 percent) of 21 withdrawals tested, the University did not return all Title IV funds within the required time frame.

**Auditors also identified the following errors at the University for students who withdrew from the University prior to the first day of class:**

- For 8 (47 percent) of 17 withdrawals tested, the University did not return all Title IV funds within the required time frame.
- For 2 (12 percent) of 17 withdrawals tested, the University did not return all Title IV funds. For those student withdrawals, the University did not return a total of \$4,230 in Title IV funds, including \$747 in Direct Subsidized loans, \$747 in Direct Unsubsidized loans, \$1,741 in Subsidized FFELP, and \$995 in Unsubsidized FFELP.
- For 2 (100 percent) of 2 withdrawals tested for which Title IV funds were not returned, the University did not notify the lender that the student would not be attending.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system.** This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

***Corrective Action:***

This finding was reissued as current year reference number: 12-137.

Reference No. 11-139

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issue 09-75)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.032 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Student Status Changes**

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

Texas Tech University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.3.1.1).

**Sixteen (32 percent) of 50 student status changes tested at the University were not reported to NSLDS in a timely and accurate manner.** Specifically:

- 12 (24 percent) of 50 student status changes tested were not reported to NSLDS within the required 60-day timeframe.
- 3 (6 percent) of 50 student's status changes were not reported to NSLDS. These students graduated in May 2010, but they were not reported as graduated.
- 1 (2 percent) of 50 students had no enrollment history reported to NSLDS.

The University does not have a process to monitor the reporting of enrollment status to NSLDS. Without a monitoring process to ensure accurate and timely reporting, the University is not able to detect non-compliance and take appropriate and timely action to address issues. Inaccurate and delayed information affects determinations made by lenders, servicers of student loans related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University allowed excessive high-profile system access at the application level. Specifically, 23 users had excessive modify access to certain components of Banner, the University's student financial aid system.** This included information technology personnel, as well as an individual from the Sponsored Program Accounting and Reporting (SPAR) office who is involved in the cash draw-down process. The access these individuals had included modify access to the various financial aid budgets, federal fund management, global rules, and satisfactory academic progress (SAP) category tables, as well as modify access to award and authorize the disbursement of student financial assistance.

Allowing employees inappropriate or excessive access to areas in an application that are outside of their job responsibilities increases the risk of inappropriate changes and does not allow for proper segregation of duties.

**Corrective Action:**

This finding was reissued as current year reference number: 12-138.

## Texas Tech University Health Sciences Center

Reference No. 11-140

### Activities Allowed or Unallowed

### Allowable Costs/Cost Principles

### Cash Management

### Period of Availability of Federal Funds

### Procurement and Suspension and Debarment

### Research and Development Cluster

Award years - January 1, 2009 to December 31, 2010, September 1, 2009 to August 31, 2010, September 15, 2009 to September 14, 2010, September 1, 2009 to August 31, 2010, March 1, 2010 to February 28, 2011, September 20, 2009 to August 31, 2010, and July 1, 2008 to November 30, 2009

Award numbers - CFDA 93.395 R01CA82830, CFDA 93.701 2R01RY013610-04A1, CFDA 12.420 W81XWH-07-1-0580, CFDA 93.855 U19AI082623, CFDA 93.281 5R01MH085554-02, CFDA 93.701 1R21AA018160-01, and CFDA 93.855 R01AI079497

Type of finding -Significant Deficiency and Non-Compliance

### Salary Limitation

Appropriated funds for the National Institutes of Health (NIH) shall not be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level 1 of the federal executive pay scale (Public Law 111-117, Consolidated Appropriations Act, 2010). The Executive Level 1 annual salary rate was \$196,700 for the period from January 1, 2009, through December 31, 2009. Effective January 1, 2010, the Executive Level 1 annual salary rate increased to \$199,700 (NOT-OD-10-041, Salary Limitation on Grants, Cooperative Agreements, and Contracts).

Initial Year Written: 2010  
Status: Implemented

National Institutes of Health  
U.S. Department of Defense

**For 2 (5 percent) of 37 payroll items tested, the Texas Tech Health Sciences Center (Health Sciences Center) used NIH funds to pay employees more than the salary limitation.** One faculty member's salary exceeded the limitation by \$3,934 for the effort reporting period tested. The other faculty member's salary exceeded the limitation by \$8 for the effort reporting period tested. The Health Sciences Center does not have a process to ensure compliance with salary limitations. As a result, the Health Sciences Center may use federal funds to pay a salary that exceeds the federal salary limitation.

### After-the-fact Confirmation of Payroll

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220(J)(10)). Additionally, Health Sciences Center policy states that activity reports must be certified within 30 days after the reporting period.

**For 3 (8 percent) of 37 payroll items tested, the Health Sciences Center did not have employees' certified activity reports on file.** As a result, auditors could not verify whether those employees committed effort to the projects from which they were paid. For two additional payroll items tested, an employee did not certify the activity report within 30 days, as required by Health Sciences Center policy. (These two payroll transactions were for the same employee.) The employee certified the activity report 54 days late (84 days after the reporting period).

**Additionally, for one payroll item tested, the Health Sciences Center used grant funds to pay an employee 3.6 percent more in salary than the employee certified in effort for the project.** (This payroll item was also one of the salary limitation exceptions noted above). Health Sciences Center policy states that only effort adjustments that vary by more than 5 percent require correction. The design of this policy could result in payroll charges that exceed the amount of effort an employee committed to a project.

**Cost Transfers and Adjustments**

Any costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations to avoid restrictions imposed by law or by terms of the sponsored agreement or for other reasons of convenience (Title 2, Code of Federal Regulations, Section 220 (C)(4)).

Health Sciences Center policy states that “cost transfers will be denied if there is not sufficient supporting documentation and explanation justifying the benefit to the grant for the cost being moved.” The Health Sciences Center’s Office of Accounting Services processes cost transfers for non-payroll items, and the Health Sciences Center’s Budget Office processes any payroll-related items.

**The Health Sciences Center did not provide justification for three payroll cost transfers tested.** The transfers were employee benefit items for (\$16.67), \$37.66, and \$3.85. Without justifications for the payroll transfers, auditors were unable to determine whether the cost transfers benefited the appropriate grant.

**Additionally, for 1 (10 percent) of 10 transfers tested, the transferred costs were allowable for the project to which the costs were transferred; however, the Health Sciences Center originally charged those costs to an unrelated federal project.** The Health Sciences Center did this because, at the time it originally charged these costs, it had not yet established the correct project account. Therefore, the Health Sciences Center made this transfer for reasons of convenience, which is not a valid justification according to federal regulations. The amount transferred totaled \$10,561.

**Other Compliance Requirements**

Although the general controls weaknesses described below also apply to cash management, period of availability of federal funds, and procurement and suspension and debarment, auditors identified no compliance issues regarding these compliance requirements.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Health Sciences Center did not maintain adequate segregation of duties between programmers and system administrators for its Personnel and Activity Reporting System (PARs) or for its DirectPay application.** Specifically, auditors identified a programmer with system administrator rights to the PARs database and five programmers who had access to the DirectPay application and web server. Allowing employees inappropriate or excessive access to Health Sciences Center systems increases the risk of inappropriate changes and does not allow for segregation of duties.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-141

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - September 1, 2009 to August 31, 2010, October 1, 2009 to September 30, 2010, March 1, 2009 to February 28, 2011, April 6, 2010 to April 5, 2012, and August 2, 2010 to July 31, 2011**

**Award numbers - CFDA 93.701 R01EY013610-04A1 (ARRA), CFDA 17.258 2910XSW000 (ARRA), CFDA 93.703 1H8ACS11424-0100 (ARRA), CFDA 93.718 90RC004001 (ARRA), and CFDA 93.701 3R01AI071223 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

**Subrecipients of Recovery Act Funding**

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) maintain records that identify adequately the source and application of Recovery Act funds; (2) separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and amount of Recovery Act funds; and (3) require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written: 2010  
Status: Implemented

National Institutes of Health  
U.S. Department of Labor

**For all five of its subrecipients of Recovery Act funds in fiscal year 2010, the Texas Tech University Health Sciences Center (Health Sciences Center) did not require its subrecipients to identify these funds as Recovery Act funds in their SEFAs.** The Health Sciences Center did not have procedures to ensure that the required Recovery Act information was included in the subaward agreement. The Health Sciences Center used a federal demonstration partnership template for the Recovery Act awards; however, the template did not include the required language.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Health Sciences Center did not maintain adequate segregation of duties between programmers and system administrators for its Personnel and Activity Reporting System (PARs) or for its DirectPay application.** Specifically, auditors identified a programmer with system administrator rights to the PARs database and five programmers who had access to the DirectPay application and web server. Allowing employees inappropriate or excessive access to Health Sciences Center systems increases the risk of inappropriate changes and does not allow for segregation of duties.

**Corrective Action:**

Corrective action was taken.

## **Department of Transportation**

Reference No. 11-142

### **Davis-Bacon Act**

(Prior Audit Issue 10-82)

#### **Highway Planning and Construction Cluster**

##### **Award years - Multiple**

**Award numbers - Federal project HP 2008(045), STP 2009(699)ES, STP 2006(572)MM, and STP 2006(438)MM**

##### **Type of finding - Significant Deficiency and Non-Compliance**

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141-3144, 3146, and 3147 (formerly Title 40, USC, Sections 276a to 276a-7)).

Initial Year Written: 2009

Status: Partially Implemented

U.S. Department of  
Transportation – Federal  
Highway Administration

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (Title 29, Code of Federal Regulations (CFR), Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

The Department of Transportation (Department) was not always able to provide documentation showing that it collected certified payrolls from its contractors. **For 4 (8 percent) of 50 projects tested, the contractors did not always submit payroll certifications for fiscal year 2010.** The total value of those four projects, including payroll and non-payroll costs, was \$7,471,792.

For three of the four projects discussed above, the contractors were supposed to submit certified payrolls using the Department's automated system, the Electronic Project Records System (EPRS). The Department can use EPRS to identify any unreported payroll certifications, but personnel in the Department's district offices did not consistently monitor EPRS information. For the fourth project discussed above, the contractor was required to submit certified payrolls through a manual process. According to management at a Department district office, a new district staff person became responsible for monitoring payroll certification submittals and determined that this contractor had not submitted payroll certifications for six months. The contractor subsequently submitted payroll certifications for all six months on one certification.

**The Department does not have a standardized process for tracking certified payrolls that contractors submit.** Each area office within each district office determines its own method for ensuring that contractors submit payroll certifications. As of December 8, 2010, the Department's 25 district offices had a total of 101 area offices.

When contractors do not consistently submit required payroll certifications, the Department cannot ensure that contractor and subcontractor employees are properly classified and being paid the appropriate wage rate in accordance with the Davis-Bacon Act.

In addition, the insufficient wage report that the Department can generate from EPRS does not identify contractor timesheets that report more than eight hours of "regular time" pay per day. By not including that information in the report, the Department could be unaware of instances in which contractors are not paying employees overtime rates based on the prevailing wages for that area.

***Corrective Action:***

This finding was reissued as current year reference number: 12-142.

Reference No. 11-143

**Period of Availability of Federal Funds**

(Prior Audit Issue 10-81)

**Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency**

Agencies shall maintain internal control over federal programs that provides reasonable assurance that agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The Department of Transportation (Department) uses the Federal Project Authorization and Agreement (FPAA) system to process and track project approvals from the Federal Highway Administration. The FPAA system details when federal funds are authorized, which is the starting point for the period of availability of federal funds. The Department must obtain approval from the Federal Highway Administration prior to starting construction work on a project and expending federal funds (Title 23, Code of Federal Regulations, Section 630.106).

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of  
Transportation – Federal  
Highway Administration

**The Department did not appropriately restrict access to the FPAA system. Specifically, two programmers had access to move code into the production environment of FPAA.** In general, programmers should not have access to migrate code changes to the production environment. Allowing programmers inappropriate access increases the risk of unauthorized changes and does not allow for adequate segregation of duties.

The Department's Finance Division manages the FPAA system, and that division does not enforce the same change management processes that the Department enforces for enterprise-wide systems. The Department asserted that there were no changes made to the FPAA system in fiscal year 2010.

***Corrective Action:***

This finding was reissued as current year reference number: 12-143.

Reference No. 11-144

**Procurement and Suspension and Debarment**

**Subrecipient Monitoring**

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

(Prior Audit Issues 10-84 and 09-80)

**Highway Planning and Construction Cluster**

**Highway Planning and Construction Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Material Weakness and Material Non-Compliance**

The Department of Transportation (Department) is required by Office and Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements. In addition, the Department has the responsibility for the construction of all federal aid projects, and it is not relieved of such responsibility by authorizing performance of the work by a local public agency or other federal agency. State transportation departments are responsible for ensuring that such projects receive adequate supervision and inspection to insure that projects are completed in conformance with approved plans and specifications (Title 23, Code of Federal Regulations, Section 635.105(a)).

Initial Year Written: 2008  
Status: Partially Implemented  
  
U.S. Department of  
Transportation – Federal  
Highway Administration

**Pre-award Monitoring**

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133 Compliance Supplement, Part 3, Section M).

Additionally, federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.220 and 180.970).

**Auditors tested 41 agreements executed between 1998 and 2010 and identified exceptions in all of the agreements tested.** Specifically:

- For 38 (93 percent) of 41 subrecipient agreements tested, the Department did not properly identify federal award information to the subrecipient.
- For 32 (78 percent) of 41 subrecipient agreements tested, the Department did not require the subrecipient to certify that it was not suspended or debarred.
- For 2 (5 percent) of 41 subrecipient agreements tested, the Department did not notify the subrecipient of the requirement that invoices or requests for funds must be for expenses already incurred.
- For 4 (10 percent) of 41 subrecipient agreements tested, the Department did not notify the subrecipient of Single Audit requirements.
- For 5 (12 percent) out of 41 subrecipient agreements tested, the Department did not include an approved budget that listed allowed activities and costs.
- For 1 (2 percent) of 41 subrecipient agreements tested, the Department did not notify the subrecipient of OMB A-87 cost principles.

- For 1 (25 percent) of 4 subrecipient agreements signed after September 2009, the Department did not ensure that at least one of the subrecipient's staff had attended training on the local government project procedures required as part of its funding agreement, which the Department implemented to ensure that subrecipients are aware of project and grant requirements.

The Department did not properly identify federal award information and compliance requirements to the subrecipient consistently. While the Department uses a standard template for award agreements with subrecipients, the template did not consistently include identification of the federal award title and number or the CFDA title and number. The template also did not consistently identify the name of the federal awarding agency or compliance requirements. The template does, however, refer to the master advanced funding template agreement, which requires the subrecipient to comply with federal compliance requirements and provides other specific information regarding allowable costs and other requirements.

The template the Department used requires the subrecipient to refrain from doing business with other entities that are suspended or debarred; however, it does not require the subrecipient to certify that it is not suspended or debarred. Award templates dated after September 23, 2009, contained language that required the subrecipient to certify that it was not suspended or debarred.

Inadequate identification of federal awards by the Department may lead to improper reporting of federal funding on a subrecipient's Schedule of Expenditures of Federal Awards (SEFA). Additionally, when the Department does not verify that subrecipients are not suspended or debarred, this increases the risk that the Department will enter into an agreement with an entity that is not eligible to receive federal funding. Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards.

#### Subrecipients of Recovery Act Funding

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) maintain records that identify adequately the source and application of Recovery Act funds; (2) separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, the CFDA number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their SEFA information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Recipients of Recovery Act awards are also required to ensure that the subrecipients that receive Recovery Act funds maintain active registrations in the Central Contractor Registration (CCR) and obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number (Title 2, Code of Federal Regulations, Section 176.50, and Recovery Act, Section 1512(h)). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the U.S. Government Accountability Office.

**The Department did not consistently comply with Recovery Act requirements with respect to its subrecipients.** Specifically, for seven Recovery Act subrecipient awards tested:

- 5 (71 percent) did not contain evidence that the Department verified that subrecipients had obtained a DUNS number or were registered with CCR prior to award.
- 6 (86 percent) did not contain evidence that the Department, at the time of the award, notified the subrecipients of the requirement to include appropriate identification of Recovery Act funds in their SEFAs.
- 1 (14 percent) did not contain evidence that the Department ensured that the budget proposed to the subrecipient separately identified Recovery Act funds.
- 5 (71 percent) did not contain evidence that the Department separately identified to each subrecipient, and documented at the time of disbursement of funds, the Federal award number, CFDA number, and the amount of Recovery Act funds.

While the Department uses a standard template for award agreements with subrecipients, that template does not include identification of the federal award title and number, CFDA title and number, or name of the federal awarding agency. Additionally, at the time of testing, the Department did not have a process to ensure that subrecipients were registered with CCR and had obtained a DUNS number, or to notify subrecipients of required Recovery Act award notifications at time of disbursement of funds.

Inadequate identification of Recovery Act awards by the Department may lead to improper reporting of federal funding on a subrecipient's SEFA. During fiscal year 2010 the Department passed-through \$21,920,542 in Recovery Act funds to subrecipients.

**During-the-award Monitoring**

**The Department does not have standardized processes to ensure adequate during-the-award monitoring of subrecipients by its district offices.** As a result, there are different levels and types of monitoring across the district offices.

District offices provided documentation of their during-the-award monitoring for 47 subrecipients tested. This documentation included reviews of invoices for allowability, period of availability, and reporting. However, auditors identified the following issues at the district offices:

- For 7 (27 percent) of 26 subrecipients tested for which Davis-Bacon Act requirements applied, the Department was unable to provide evidence that it monitored the subrecipients' compliance with Davis-Bacon Act requirements.
- For 2 (7 percent) of 27 subrecipients tested for which quality assurance requirements applied, the Department was unable to provide evidence that it monitored the subrecipients' compliance with quality assurance requirements.

Although the Department provides monitoring guidelines to district and regional offices for the monitoring of subrecipients through its *Local Government Project Procedures Manual*, implementation of the guidelines and processes for monitoring are determined by the region and district level staff. In addition, the Department does not have a standard process for reviewing each district office's procedures and activities related to subrecipient monitoring.

By not providing direct oversight or review of monitoring procedures and activities used in each district office or region, the Department is not able to ensure that sufficient monitoring occurs at the statewide level. This also increases the risk that the Department would not detect non-compliance by subrecipients administering federally funded projects.

**Corrective Action:**

This finding was reissued as current year reference number: 12-144.

Reference No. 11-145

**Reporting**

(Prior Audit Issue 10-83)

**Highway Planning and Construction Cluster**

**Highway Planning and Construction Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple - ARRA 2010(669) and ARRA 2010(578)**

**Type of finding - Significant Deficiency and Non-Compliance**

**Recovery Act Section 1512 Reports**

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received; (2) the amount of Recovery Act funds received that were expended; (3) a detailed list of all projects or activities for which Recovery Act funds were expended; (4) an estimate of the number of jobs created or retained; and (5) detailed information on any subcontracts or subgrants awarded by the recipient, including the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) (Recovery Act Section 1512(c)).

Initial Year Written: 2009  
Status: Partially Implemented  
  
U.S. Department of  
Transportation - Federal  
Highway Administration

**Two (4 percent) of 51 Recovery Act Section 1512 reports tested at the Department of Transportation (Department) were not supported by applicable accounting records.** For these reports, Department staff incorrectly transposed two Department project numbers with two federal project numbers in the database it uses to create the reports. As a result, the Department underreported the amount of Recovery Act funds spent by \$29,994.

Quarterly reports are submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act funds spent. When the Department submits an inaccurate report, this decreases the reliability of the information intended for the federal government and the general public.

**PR-20 Reports**

Office of Management and Budget (OMB) Circular A-133 Compliance Supplement requires the Department to submit a PR-20, Voucher for Work Under Provisions of the Federal-Aid and Federal Highway Acts, as Amended (OMB No. 2125-0507). The PR-20 is required to report the total expenditures for a project that received federal aid from the Federal Highway Administration (FHWA). The report should be completed and submitted promptly after the close-out of a project.

**The Department has a significant backlog of PR-20 reports it must submit to the FHWA.** Auditors identified this issue in the prior audit period, and the Department implemented a corrective action plan to reduce the backlog of reports. In fiscal year 2010, the Department submitted 1,455 PR-20 reports, a significant increase from the 600 PR-20 reports it submitted in fiscal year 2009. However, as of August 31, 2010, the Department had not submitted PR-20 reports for 1,147 projects that had been closed for more than 90 days. The projects for which the Department must still submit PR-20 reports date back to September 1992. The FHWA relies on the Department to submit PR-20 reports to close out funding and records on funded projects. Auditors tested a sample of 25 PR-20 reports the Department submitted during the year and did not identify any compliance errors.

**Corrective Action:**

This finding was reissued as current year reference number: 12-145.

Reference No. 11-146

**Special Tests and Provisions - Quality Assurance**

(Prior Audit Issues 10-87 and 09-81)

**Highway Planning and Construction Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Material Weakness and Material Non-Compliance**

**Control Weaknesses in SiteManager**

Agencies shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The Department of Transportation (Department) uses SiteManager as its system of record for quality assurance testing on its highway construction projects.

However, **SiteManager does not have sufficient controls to ensure that (1) only certified testers are able to enter and sign off on test records and (2) a tester does not also sign off as the reviewer.**

Initial Year Written: 2008  
Status: Partially Implemented  
  
U.S. Department of  
Transportation – Federal  
Highway Administration

**For 39 (23 percent) of 171 quality assurance samples tested, the tester and reviewer were the same individual.** Department staff assert that, due to staff sizes and resource requirements, the Department is unable to ensure that each test is performed and signed off on by separate individuals. Not segregating these duties or allowing uncertified testers to complete test records may result in insufficient quality assurance testing or deficiencies in projects that cost the Department time and money to correct.

Additionally, **Department staff can turn off the “sample deficiency indicator” in SiteManager without documenting a justification in SiteManager.** Staff had turned off this indicator for 3 (8 percent) of 40 projects tested. The Department provided auditors with justification for turning off the indicator for these three projects, but this information was not included in SiteManager and Department management was not monitoring this information. The indicator tracks deficiencies in quality assurance testing and notifies project management each time an estimate is created in SiteManager when sample testing deficiencies exist. The indicator also prevents final payment to contractors if there are any testing deficiencies outstanding on a project. When the indicator is turned off for a project, SiteManager no longer tracks deficiencies in sample testing for that project.

**Quality Assurance Program**

Title 23, Code of Federal Regulations (CFR), Chapter 205, requires that each state transportation department “shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each federal-aid highway construction project on the [National Highway System] NHS are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in Title 23, CFR 637, Chapter 207, and be approved by the [Federal Highway Administration] FHWA.” Additionally, Title 23, CFR 637, Chapter 209, requires that only qualified personnel conduct sampling and testing to be used in the acceptance decision.

The Department did not always comply with the quality assurance program approved by the FHWA. Specifically:

- **Quality assurance tests for 1 (3 percent) of 40 projects tested did not comply with the requirements for each type of material as specified in the Department’s *Guide Schedule for Sampling and Testing*.** This quality assurance test included a blank test documented in SiteManager and a project in SiteManager for which the required test could not be found.
- **Quality assurance tests for 6 (15 percent) of 40 projects tested were conducted by an individual who was not a certified tester.**

Additionally, **documentation for 15 (9 percent) of 171 quality assurance samples tested was not located in SiteManager.** The Department's district offices rely on SiteManager to document the results of material sampling and testing. However, district offices did not consistently retain documentation of the testing information after entering data into SiteManager. District offices still use manual methods, in conjunction with SiteManager, to document quality assurance testing, and sometimes the manually documented tests are not entered into SiteManager. Not documenting all tests in SiteManager may result in insufficient quality assurance testing.

**Corrective Action:**

This finding was reissued as current year reference number: 12-146.

Reference No. 11-147

**Procurement and Suspension and Debarment**

**CFDA 20.106 - Airport Improvement Program**

**Award years - September 1, 2009 to August 31, 2010**

**Award numbers - 3-48-SBGP-46-2008, 3-48-SBGP-41-2007, 3-48-SBGP-45-2007, 3-48-SBGP-36-2006, 3-48-SBGP-37-2006, 3-48-SBGP-54-2009**

**Type of finding - Significant Deficiency and Non-Compliance**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all non-procurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210 and 180.220).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of  
Transportation - Federal  
Aviation Administration

**For 7 (18 percent) of 40 procurements tested, the Department of Transportation (Department) did not verify that the vendor or contractor was not suspended or debarred from federal procurements.** These seven procurements were design contracts, and the Department's standard contract template for design/engineer/consultant contracts did not include a clause for vendor certification of suspension and debarment status.

In 2009, the Department redesigned its standard contract template to include a suspension and debarment clause. However, the Department did not verify that vendors or contractors on its pre-existing design/engineer/consultants contracts were not suspended or debarred. Contracts for the seven procurements noted above were issued prior to the redesign of the contract template. Auditors reviewed the EPLS and verified that the vendors for the seven procurements were not currently suspended or debarred. The value of the seven contracts totaled \$1,270,115.

When the Department does not verify that contractors are not suspended or debarred, this increases the risk that it will enter into an agreement with an entity that is not eligible for federal procurements.

**Corrective Action:**

Corrective action was taken.

## TRANSPORTATION, DEPARTMENT OF

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Reference No. 11-148

### **Reporting**

(Prior Audit Issues 10-90 and 09-77)

#### **CFDA 20.106 - Airport Improvement Program**

#### **CFDA 20.106 - Airport Improvement Program - ARRA**

**Award years - September 1, 2009 to August 31, 2010**

**Award number - 3-48-SBGP-39-2005, 3-48-SBGP-058-2009 (ARRA), 3-48-SBGP-059-2009 (ARRA), 3-48-SBGP-060-2009 (ARRA), 3-48-SBGP-061-2009 (ARRA), 3-48-SBGP-062-2009 (ARRA), 3-48-SBGP-063-2009 (ARRA),**

**Type of finding - Significant Deficiency and Non-Compliance**

#### Standard Form 272 and 425 Reports

The Federal Aviation Administration's (FAA) *Airport Improvement Program Handbook* (Handbook) and Program Guidance Letters (PGL) provide specific guidance for the administration of Airport Improvement Program block grants. According to this guidance, prior to October 1, 2009, grantees were required to submit the Standard Form 272 (SF-272) quarterly for each block grant and submit a final SF-272 when grants were completed (Handbook, Sections 1301 and 1314(a), and PGL 05-02). Effective October 1, 2009, the FAA replaced the SF-272 report with the SF-425 report (PGL 10-01).

Initial Year Written:	2008
Status:	Implemented
U.S Department of Transportation - Federal Aviation Administration	

**One (13 percent) of 8 reports tested was not adequately supported by data in the Department of Transportation's (Department) accounting system.** The Department did not include one of its draws in the reported amounts. While Department management reviewed this report prior to submission, this review was not sufficient to detect the omission. As a result, the Department understated its cash draws by \$161,482. The Department corrected this error when auditors brought it to the Department's attention.

The Department transitioned to the SF-425 report in October 2009 as required by the FAA. Auditors did not identify any exceptions in SF-425 reports tested for fiscal year 2010.

#### Recovery Act Section 1512 Reports

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received; (2) the amount of Recovery Act funds received that were expended; (3) a detailed list of all projects or activities for which Recovery Act funds were expended; (4) an estimate of the number of jobs created or retained; and (5) detailed information on any subcontracts or subgrants awarded by the recipient, including the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) (Recovery Act Section 1512(c)).

**For each of the six Recovery Act reports the Department submitted for the period ending June 30, 2010, the Department listed the airports to which it passed funding as subrecipients.** However, in September 2010, the Department determined that those airports were not subrecipients, and it reclassified the expenditures associated with those airports as direct expenditures. It did not submit corrected reports to the FAA.

Quarterly reports are submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act funds spent. Failure to make necessary corrections decreases the reliability of the information intended for the federal government and the general public.

#### Corrective Action:

Corrective action was taken.

Reference No. 11-149

**Special Tests and Provisions - Revenue Diversion**

**CFDA 20.106 - Airport Improvement Program**

**Award years - September 1, 2009 to August 31, 2010**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

In February 2009, the Federal Aviation Administration (FAA) concurred on a policy for the Department of Transportation (Department) to monitor general aviation airport sponsors for revenue diversion. That policy requires the Department to monitor annual financial reports (AFR) and airport sponsor self-certification forms submitted by the airport sponsors. To monitor AFRs, the Department stated that it would (1) request copies of sponsor AFRs in the sponsor agreements, (2) review 25 percent of AFRs on a random basis, (3) notify the FAA if it identifies potential revenue diversion based on its AFR review, and (4) follow up as directed by the FAA. To monitor self-certification forms, the Department stated that it would (1) send self-certification forms to 25 percent of sponsors, (2) review returned forms, (3) notify the FAA if it identifies potential revenue diversion, and (4) follow up as directed by the FAA.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of  
Transportation - Federal  
Aviation Administration

**The Department did not consistently monitor its airport sponsors in accordance with its FAA-approved policy.** Specifically, for 3 (9 percent) of 32 airport sponsors tested that were listed as submitting an AFR, the Department could not provide evidence that it received or reviewed the AFRs. For each of these three airport sponsors, the Department received an Office of Management and Budget Circular A-133 audit report or letter certifying that an A-133 audit was not required, but it did not receive an AFR.

The Department tracks its receipt and review of AFRs using a spreadsheet, but that spreadsheet contained errors. Specifically, for 3 (10 percent) of the 29 AFRs tested that the Department received, the Department did not document its review of the AFRs on the spreadsheet. As a result, **auditors could not verify whether the Department had reviewed 25 percent of AFRs as required by its monitoring policy.**

In addition, for 2 (15 percent) of the 13 airport sponsors tested, the Department did not review the self-certification forms because the airport sponsors did not return the forms the Department sent to them. While the Department's agreement may not specifically require receipt and review of the forms it sends out, it is reasonable to assume that this is the intent of the self-certification requirement. The Department also did not consistently use its monitoring spreadsheet to track its review of sponsor airport self-certification forms. Specifically, for 2 (18 percent) of the 11 self-certification forms tested that the Department received, the Department did not document its receipt and review of the forms in its monitoring spreadsheet. As a result, **auditors could not determine whether the Department reviewed self-certification forms from 25 percent of airport sponsors as required by its monitoring policy.**

Insufficient monitoring for revenue diversion poses a risk that airport sponsors could be diverting revenue from airport activities toward unallowable activities. By not reviewing information related to revenue diversion as required by its monitoring agreement with the FAA, the Department may be unable to detect revenue diversion and report it to the FAA as its agreement requires.

**Corrective Action:**

Corrective action was taken.

Reference No. 10-88

**Subrecipient Monitoring**

**Highway Safety Cluster**

**Award years -Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Material Non-Compliance**

**Award Identification**

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the award name and number, and the name of federal awarding agency (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 3, Section M). Additionally, when a non-federal entity enters into a subaward agreement, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code Federal Regulations, Section 180.300).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Transportation -  
National Highway Safety  
Traffic Administration

For all 40 subrecipients tested for the Highway Safety Cluster, the Department of Transportation (Department) did not provide the CFDA title and number, the award name and number, the name of the federal agency, or the applicable compliance requirements to subrecipients at the time of award. The Department's standard grant agreement for fiscal year 2009 did not contain CFDA-related information.

For 4 (10 percent) of the 40 subrecipients tested for the Highway Safety Cluster, the Department also did not notify the subrecipient of OMB Circular A-133 audit requirements or verify that the subrecipient was not suspended or debarred from federal procurements. These four awards were for incentive grants awarded to law enforcement agencies for their participation in safety belt and impaired driving enforcement efforts. The Department's standard award agreement for this type of award did not contain clauses regarding OMB A-133 audit requirements or suspension and debarment.

In fiscal year 2009, the Department reported \$26,569,288 in federal pass-through to local entities. Not communicating the required award information and federal requirements to subrecipients increases the risk that subrecipients may not be informed and not comply with federal requirements. The absence of clear communication related to the federal award also increases the potential for misreporting of federal awards by the Department and the subrecipients on the Schedule of Expenditures of Federal Awards.

**A-133 Single Audit Monitoring**

According to OMB Circular A-133, Compliance Supplement Part 3, Section M, the Department must ensure that subrecipients expending federal funds of \$500,000 or more obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department. The Department is required to review the audit report and to issue a management decision, if applicable. OMB Circular A-133, March 2009 Compliance Supplement Part 3, Section M, requires the Department to issue a management decision on audit findings within six months after receipt of a subrecipient's audit report. In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions.

Twenty-nine (76 percent) of 38 subrecipients tested either did not have an A-133 Single Audit on record with the Department for fiscal year 2008 when an audit was required or did not have confirmation on file that the audit was not required. According to the Federal Audit Clearinghouse, 8 (28 percent) of these 29 subrecipients had submitted an A-133 Single Audit report for fiscal year 2008. The audit report for one of these entities contained a finding related to the data collection form not being submitted in a timely manner to the OMB-designated federal clearinghouse. The Department was not aware of the issue because it did not obtain the audit report from the subrecipient. The Department did not have a process to ensure that it maintained a log of audit reports received or audit findings that required follow-up. Additionally, the Department did not have a sanction policy for subrecipients

## **TRANSPORTATION, DEPARTMENT OF**

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of Highway Safety Cluster awards that do not adhere to A-133 Single Audit requirements. Weak monitoring results in diminished oversight and increases the potential of program funds not being spent as intended.

**Corrective Action:**

Corrective action was taken.

Reference No. 10-91

**Reporting**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**Award years - October 1, 2008 to September 30, 2009**

**Award numbers - TX-18-X028-02, TX-18-X029-04, TX-18-X030-01, and TX-18-X031-02**

**Type of finding - Significant Deficiency and Non-Compliance**

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the *Financial Status Report* (FSR) SF-269 (Office of Management and Budget (OMB) No. 0348-0039) or SF-269A (OMB No. 0348-0038) to report the status of funds for all non-construction projects and for construction projects when the FSR is required in lieu of the SF-271 (Title 49, Code of Federal Regulations, Section 18.41). Federal Transit Administration Circular 9040.1F requires recipients to submit an FSR annually on an accrual basis documenting costs incurred and available balances.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of  
Transportation - Federal  
Transit Administration

For 5 (83 percent) of 6 FSRs tested for the Formula Grants for Other Than Urbanized Areas program, the Department of Transportation (Department) reported non-federal share amounts that were not supported by its accounting records. The Department did not use or have accounting records to determine non-federal outlays and the non-federal share of unliquidated obligations. The Department serves as a pass-through for this program and did not track the local source amount of the non-federal share. The Department is capable of tracking the state source amount of the non-federal share; however, it did not use state accounting records to determine the non-federal amounts it reported on its FSRs. The Department determined non-federal outlay and unliquidated obligation amounts by multiplying the federal outlay amounts by the mandated matching requirements, instead of using actual non-federal costs incurred.

**Corrective Action:**

This finding was reissued as current year reference number: 12-148.

Reference No. 10-92

## **Subrecipient Monitoring**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas - ARRA**

**Award years - October 1, 2008 to September 30, 2009**

**Award numbers - TX-18-X029-00, TX-18-X030-02, TX-18-X031-02, TX-18-X032-00, and TX-86-X001-01 (ARRA)**

**Type of finding - Material Weakness and Material Non-Compliance**

The Department of Transportation (Department) as a pass-through entity is responsible for monitoring subrecipients' use of federal awards. The Department currently monitors 39 rural transit districts and several intercity bus providers to ensure they comply with the requirements for the Formula Grants for Other Urbanized Areas program. Monitoring is accomplished through the Department's 25 district public transportation coordinators who oversee various federal programs within their jurisdictions. Public transportation coordinators perform numerous duties including quarterly on-site visits, annual compliance on-site reviews, review of financial records, approval of monthly invoices, tracking of procurement activities, reviews of reports, issuance of improvement action plans when deficiencies are noted, discussion of problems encountered or need for technical assistance, and monitoring of compliance with federal regulations and provisions of grant agreements.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of  
Transportation - Federal  
Transit Administration

### Pre-award Documentation

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the award name and number, and the name of federal awarding agency (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 3, Section M). However:

- For all 41 subrecipient agreements tested, the Department did not include the federal award number on the award documentation it provided to the subrecipient. The Department uses a standard template for subrecipient awards, but it did not include the federal award number in that template.
- For 6 (15 percent) of 41 subrecipient agreements tested, the Department also did not notify subrecipients of the federal awarding agency's name; for 4 of those 6, it also did not include the CFDA number for the grant. These subrecipient agreements were all for intercity bus providers. The standard agreement for this type of subrecipient did not contain the awarding agency's name or CFDA number.

These issues increase the risk of subrecipients misreporting program expenditures on their schedule of expenditures of federal awards.

### During the Award Monitoring

The Department monitors its subrecipients compliance with federal requirements through several methods. As part of the monitoring process, the Department's Public Transportation Coordinators conduct monthly invoice reviews to ensure matching, cash management, period of availability, and program income requirements are being met. The review does not include a review for the allowability of items purchased with federal funds. However, the Department does conduct quarterly on-site visits, which include a limited review of transactions for allowable costs and activities. Additionally, the Department conducts an annual compliance review of its subrecipients, which includes nine program areas. A review of Charter Services and School Bus Operations to ensure compliance with applicable federal regulations related to this Special Test.

Public Transportation Coordinators perform additional duties, which include monitoring and documenting the subrecipients compliance with federal procurement guidelines multiple times throughout the year and performing biannual equipment inventories.

## **TRANSPORTATION, DEPARTMENT OF**

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The Department does not consistently conduct annual compliance reviews and other periodic monitoring, including review of Charter Services or school bus operations. Specifically:

- For 8 (20 percent) of 41 subrecipients tested, the Department did not perform an annual compliance review or annual review of Charter Services and School bus operations for fiscal year 2009.
- For 15 (42 percent) of 36 subrecipients tested, auditors could not verify that the Public Transportation Coordinator had performed its required biennial equipment inventory due to insufficient documentation.
- For 3 (16 percent) of 19 subrecipients tested, the Department's Public Transportation Coordinator did not document the procurement of equipment by subrecipients to ensure compliance with federal requirements. Total cost of the three pieces of equipment was \$164,368.

The Department does not consistently perform quarterly on-site reviews to determine the allowability of the subrecipient's costs. Specifically:

- For 6 (15 percent) of 41 subrecipients tested, the Department did not perform any quarterly on-site reviews to review allowable costs for fiscal year 2009.
- For 2 (5 percent) of the 41 subrecipients tested, the Department did not perform its required second quarter review for allowable costs.
- Additionally, the Department's process for reviewing allowable costs in its quarterly review is to select two expenditures, to review for allowability. However, the Department does not perform a monthly review of all expenditures of the subrecipient.

The Department does not consistently review monthly invoices to determine its subrecipient's compliance with matching, cash management, program income, and period of availability requirements. Specifically:

- For 13 (32 percent) of 41 subrecipients tested, the federal match amount on monthly invoices could not be verified due to lack of supporting documentation.
- For 12 (32 percent) of 37 subrecipients tested, the program income amount on monthly invoices could not be verified due to lack of supporting documentation.
- For 1 (3 percent) of 41 subrecipients tested, farebox revenue was not subtracted from operating expense prior to determining the federal share amount for reimbursement. This resulted in an overcharge of \$1,312 to the federal share of operating expenses on the monthly invoice causing the miscalculation of the federal match amount.
- For 1 (2 percent) of 41 subrecipients tested, the subrecipient charged 70 percent of operating assistance expenses to the 5311 Rural and Small Areas program instead of the required 50 percent. This resulted in an overcharge of \$4,052 to the federal share of operating expenses on the monthly invoice.
- For 1 (2 percent) of 41 subrecipients tested, the subrecipient charged \$5,476 of expense incurred by the 5307 Large Urban Cities program to the 5311 Rural and Small Areas program. The total invoice amount of \$6,200 also was miscoded as well. The \$6,200 were operating expenses, however, the Public Transportation Coordinator charged the operating expenses to the administrative account since the operating account was fully expended.

By not reviewing monthly invoices for match and program income requirements, the Department could be charging the incorrect amount of federal funds to the 5311 program and subrecipients could profit at the federal government's expense. In addition, by not properly conducting on-site visits both quarterly and annually, the Department is increasing the risk of significant non-compliance with federal rules and regulations including non-compliance with allowable activities and special tests and provisions. Furthermore, the Department by not verifying subrecipients are following federal procurement guidelines and performing inventory of purchased equipment with federal funds could result in the subrecipient purchasing unallowable items or disposing of vehicles without the Department's approval and knowledge. Each of the issues identified above may also bring sanctions and recoup future payments to the Department.

***Corrective Action:***

This finding was reissued as current year reference number: 12-149.

Reference No. 10-93

**Subrecipient Monitoring**

**Special Tests and Provisions - R3, Subrecipient Monitoring-Applicable to all Major Programs with Expenditures of ARRA Awards**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas - ARRA**

**Award years - October 1, 2008 to September 30, 2009**

**Award numbers - TX-86-X001-01 and TX-86-X002-00**

**Type of finding - Significant Deficiency and Non-Compliance**

The American Recovery and Reinvestment Act (ARRA) of 2009 required recipients to separately identify to each subrecipient--and document at the time of sub-award and at the time of disbursement of funds--the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and amount of ARRA funds. In addition, recipients must require their subrecipients to (1) agree to maintain records that identify adequately the source and application of ARRA awards; (2) separately identify to each subrecipient and document at the time of subaward and disbursement of funds, the federal award number, CFDA number, and amount of ARRA funds; and (3) provide identification of ARRA awards in their schedule of expenditures of federal awards (SEFA) and require subrecipients to do the same (Title 2, Code of Federal Regulations, Section 176.210). Recipients of ARRA awards also are required to ensure subrecipients that receive ARRA funds maintain active registrations in the Central Contractor Registration (CCR) and obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number (Title 2, Code of Federal Regulations, Section 176.50). This information is needed to allow the recipient to properly monitor subrecipient expenditures of ARRA funds and for oversight by the federal awarding agencies, offices of inspector general, and the Government Accountability Office.

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of  
Transportation - Federal  
Transit Administration

The Department of Transportation (Department) did not consistently comply with ARRA requirements with respect to its subrecipients for the Formula Grants for Other Than Urbanized Areas program. Specifically:

- For all 45 ARRA project grant agreements tested, the Department did not notify the subrecipient of the federal award number at the time of the award. The Department's standard agreement for subrecipient awards did not contain the federal award number.
- For 39 (87 percent) of 45 ARRA project grant agreements tested, the Department did not notify the subrecipient at the time of award of the requirement that subrecipients provide identification of ARRA awards in their SEFAs. The Department executed the agreements prior to additional clarification from the U.S. Office of Management and Budget regarding ARRA requirements.
- For all five subrecipients who received ARRA disbursements during the fiscal year, the Department did not notify the subrecipient at the time of ARRA disbursement of the federal award number, CFDA number, amount of ARRA funds disbursed, requirement to maintain records that identify adequately the source and application of ARRA awards, and provide identification of ARRA awards in their SEFAs.

The Department was not aware of the ARRA requirement for pre-award identification and disbursement notification at the time of the initial execution of the ARRA grant agreements because it executed ARRA grant agreements prior to guidance being established for ARRA disbursement requirements. During fiscal year 2009, the Department executed 47 ARRA project grant agreements and passed through \$982,277 to five ARRA subrecipients.

***Corrective Action:***

This finding was reissued as current year reference number: 12-149.

## University of Houston

Reference No. 11-150

### Cash Management

#### Activities Allowed or Unallowed

#### Eligibility

#### Period of Availability of Federal Funds

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094166, CFDA 84.033 P033A084166 and P033A094166, CFDA 84.063 P063P072333 and P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333

Type of finding - Significant Deficiency

### Cash Management

The U.S. Department of Education provides financial assistance funds to institutions under the advance, just-in-time, reimbursement, or cash monitoring payment methods. The advance payment method permits institutions to draw down financial assistance funds prior to disbursing funds to eligible students and parents. The institution's request for funds must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial assistance funds or its own funds. The institution must make the disbursements as soon as administratively feasible, but no later than three business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education. If an institution maintains excess cash for more than seven calendar days, the Secretary of the U.S. Department of Education may take actions such as requiring the institution to reimburse the Secretary for the costs incurred, or providing funds to the institution under the reimbursement payment method or the cash monitoring payment method described in Title 34, Code of Federal Regulations, Section 668.166.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**For 2 (4 percent) of 50 cash draws tested, the University of Houston's (University) request exceeded the amount it immediately needed to disburse funds to students for the specific awards tested. In addition, for 1 (2 percent) of 50 draws tested, the adjustment the University requested from the U.S. Department of Education was not supported by disbursements for the specific award tested.** For these draws, the University requested payments or adjustments in the federal system for the incorrect federal award numbers, although supporting documentation of related disbursements reflected the correct award numbers. All draws tested had evidence of University review and approval, however this control did not prevent the errors identified. The University subsequently identified and corrected all errors prior to auditors' testing. These errors did not cause the University's cumulative draws to exceed expenditures when aggregating all federal awards.

### Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, eligibility, period of availability of federal funds, special tests and provisions - separate funds, and special tests and provisions - disbursements to or on behalf of students, auditors identified no compliance issues regarding these compliance requirements.

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-151

**Reporting**

(Prior Audit Issues 10-94 and 09-83)

**Student Financial Assistance Cluster**

**Award year- July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094166, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094166, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333**

**Type of finding - Significant Deficiency and Non-Compliance**

**Common Origination and Disbursement System Reporting**

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-19)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

Initial Year Written: 2008  
Status: Partially Implemented  
U.S. Department of Education

**For 6 (12 percent) of 50 students tested, the University of Houston (University) did not report the Pell disbursement to the COD System within 30 days of disbursement.** These disbursements occurred on or between August 24, 2009, and September 16, 2009. The University did not submit a batch file to the COD System for these dates. The University discovered the oversight and submitted the disbursements to the COD System on October 20, 2009 or October 21, 2009.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the

ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

Corrective Action:

This finding was reissued as current year reference number: 12-151.

Reference No. 11-152

**Special Tests and Provisions - Verification**

(Prior Audit Issue - 10-95)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094166, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094166, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333**

**Type of finding - Significant Deficiency and Non-Compliance**

Verification

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income tax paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, foreign income exclusion, earned income credit, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

**The University of Houston (University) did not verify all required information on selected FAFSAs in accordance with federal regulations.** For 3 (6 percent) of 50 students tested, the University did not correctly update its records and the *Institutional Student Information Record* (ISIR). Specifically:

- For 1 student tested, the University did not correctly update its records and the ISIR to reflect information on the household members enrolled at least half-time in college; however, the student's eligibility was not affected by this error.
- For 1 student tested, the University did not correctly update its records and the ISIR to reflect information on the parent's untaxed income and benefits. Auditors could not determine whether the student's financial assistance was affected because the University stated it no longer had the ability to make corrections to the student's financial assistance.
- For 1 student tested, the University did not correctly update its records and the ISIR to reflect information on the student's adjusted gross income; however, the student's eligibility was not affected by this error.

**The University does not have an adequate process to monitor verification.** Without an adequate process to detect non-compliance and take appropriate and timely action to address issues, the University risks over awarding financial assistance.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

Corrective Action:

Corrective action was taken.

Reference No. 11-153

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 10-97 and 09-86)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094166, CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333**

**Type of finding - Significant Deficiency and Non-Compliance**

Return of Title IV Funds

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(4)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

**For 9 (18 percent) of 50 students tested, the University of Houston (University) did not return the correct amount of Title IV funds.** Specifically:

- For eight students, the University erroneously used nine days instead of eight days for Spring break in its computation of the enrollment period.
- For one student, the University used an incorrect withdrawal date in its return calculation, resulting in an incorrect determination that it did not need to return any funds. Based on the correct withdrawal date, the University should have returned \$1,307.

As a result of these nine errors, the University and the affected students returned \$1,212 more in Title IV funds than was required. The Spring break calculation error affected all 104 students with an official withdrawal that required a return of funds in Spring 2010.

**Additionally, the University did not consistently return Title IV funds in a timely manner.** Specifically:

- For all 28 unofficial withdrawals tested, the University did not determine the withdrawal date within 30 days of the end of enrollment period as required. The University explained that it delayed running the query it uses to identify unofficial withdrawals after the end of the term until all student grades were posted. One of the colleges within the University posts grades significantly later than other colleges. The University has revised its procedures to account separately for the grading policy of this college in its query for unofficial withdrawals.
- For 2 (6 percent) of 36 students tested for whom the University was required to return Title IV funds, the funds were not returned within 45 days after the date the University determined that the students withdrew.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

#### Corrective Action:

This finding was reissued as current year reference number: 12-152.

Reference No. 11-154

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issues 10-98, 09-87, 08-74 and 07-58)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094166, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094166, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333**

**Type of finding - Significant Deficiency and Non-Compliance**

**Student Status Changes**

Unless an institution expects to submit its next student status confirmation report to Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2006

Status: Partially Implemented

U.S. Department of Education

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.3.3.1).

**For 4 (8 percent) of 50 student status changes tested, the University did not report the status change to NSLDS. For an additional 8 student status changes tested, the University did not report the status change to NSLDS within the required 60-day time frame.** For 7 of these 8 status changes, the University reported an incorrect effective date to NSLDS. All of the students affected either officially or unofficially withdrew from the University.

**The University does not have an adequate process to report enrollment status to NSLDS for withdrawn students.** Specifically, the University did not follow its written procedures for reporting students who unofficially withdrew. In addition, the University believes there may be an error in the programming logic used to extract and report students who officially withdrew from the University. Without an adequate process to ensure accurate and timely reporting, the University is not able to detect non-compliance and take appropriate and timely action to address issues. Inaccurate and delayed information affects determinations made by lenders, servicers of student loans related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

**Corrective Action:**

This finding was reissued as current year reference number: 12-153.

Reference No. 11-155

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.007 P007A094166, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A094166, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092333, CFDA 84.268 P268K102333, CFDA 84.375 P375A092333, CFDA 84.376 P376S092333, and CFDA 84.379 P379T102333**

**Type of finding - Significant Deficiency and Non-Compliance**

**Direct Loan Reporting**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file that consists of cash summary, cash detail, and (optional at the request of the institution) loan detail records. The institution is required to reconcile these files to the institution's financial records. Up to three Direct Loan program years may be open at any given time; therefore, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 685.303).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 4 (8 percent) of 50 students tested, the University of Houston (University) reported an incorrect disbursement date to the COD System.** In all four cases, the errors were a result of the University reporting an anticipated date to the COD System, rather than an actual date.

**Additionally, for 3 (6 percent) of 50 students tested, the University did not report the disbursement to the COD System within 30 days of the disbursement.** It reported one disbursement to the COD System as a pending disbursement, and it did not correct that until it made a manual correction 78 days later. For the other two disbursements, the delay was a result of a University oversight in submitting the disbursement record.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the

ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

Corrective Action:

This finding was reissued as current year reference number: 12-154.

Reference No. 11-156

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Research and Development Cluster - ARRA**

**Award years - September 1, 2009 to August 31, 2010, August 1, 2009 to July 31, 2010, August 1, 2009 to July 31, 2010,  
October 1, 2009 to September 30, 2010, and September 1, 2009 to August 31, 2010**

**Award numbers - CFDA 47.070 IIS-0712941, CFDA 84.305 R305A050056, CFDA 93.701 1 R01 EY018165-01A1 (ARRA),  
CFDA 84.359 2472, and CFDA 93.701 3R01EY013175-07S2 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

Limited Competition

Title 2, Code of Federal Regulations (CFR), Section 215, establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education. Title 2, CFR, Section 215.46, requires that procurement records and files include the following at a minimum: (1) basis for contractor selection; (2) justification for lack of competition when competitive bids or offers are not obtained; and (3) basis for award cost or price.

Initial Year Written: 2010  
Status: Implemented

National Science Foundation  
U.S. Department of Education  
National Eye Institute

**For 1 (2 percent) of 48 procurements with limited competition that auditors tested, the University of Houston (University) did not document an adequate basis for contractor selection.** The University filled out and retained a sole source justification form, but that form stated that the reason for limited competition was that the contract was competitively bid at the principal investigator's (PI) previous institution. The University did not obtain documents from the PI's previous institution supporting the PI's assertion. The University paid \$30,000 to the contractor. This award was from the National Science Foundation.

Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, CFR, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.220 and 180.970).

**For 4 (15 percent) of 26 covered transactions that auditors tested, the University did not verify that the vendor was not suspended or debarred from federal procurements.** Auditors reviewed the EPLS and determined that none of the four vendors was suspended or debarred from federal procurements. For two of these transactions, the University did not perform the verification because the department that prepared the procurements had not

established suspension and debarment procedures for federally funded procurements. For the other two transactions, the University did not perform the verification because it had not established suspension and debarment verification procedures for procurements made with American Recovery and Reinvestment Act (Recovery Act) funds. The lack of suspension and debarment procedures affected all four procurements made with Recovery Act funds during the fiscal year for which the University was required to verify suspension and debarment status.

Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, cash management, and period of availability of federal funds, auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. **A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users.** The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

Corrective Action:

Corrective action was taken.

Reference No. 11-157

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - September 24, 2009 to August 31, 2010 and July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 93.701 5 RC1 RR028465-02 (ARRA) and CFDA 47.082 MCB-0920463 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) provide identification of Recovery Act awards in their Schedule of Expenditures of Federal Awards (SEFA). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the Government Accountability Office (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and  
Human Services  
National Science Foundation

**The University of Houston (University) did not identify Recovery Act information to 2 (100 percent) of 2 subrecipients at the time of the disbursement of funds, and it does not have a procedure to do so.** For fiscal year 2010, this affected subaward expenditures totaling \$79,299. Failure to notify subrecipients about Recovery Act information at the time of disbursement may result in inaccurate reporting of Recovery Act funds by subrecipients.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. **A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users.** The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

*Corrective Action:*

Corrective action was taken.

## University of Houston - Downtown

Reference No. 11-158

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 through June 30, 2010

Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A094118, CFDA 84.033 P033A094118, CFDA 84.063 P063P20092306, CFDA 84.375 P375A20092306, and CFDA 84.376 P376S20092306

Type of finding - Significant Deficiency

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**The University of Houston – Downtown's (University) written COA budget does not detail adjustments necessary to determine tuition and fees for part-time students in the Fall and Spring semesters.** Furthermore, the University was not able to provide documentation of how it calculated adjustments it made in PowerFAIDS to part-time students' tuition and fees during packaging of student financial assistance. According to University personnel, the part-time budget adjustments within PowerFAIDS were based on tuition and fees from the 2008-2009 award year because information on 2009-2010 tuition and fees was not available at the time the University programmed PowerFAIDS. Because support for tuition and fees adjustments was not available and the written budget did not provide sufficient detail for part-time students, University personnel cannot be assured that PowerFAIDS budget adjustments for part-time students accurately reflect tuition and fees normally assessed part-time students.

### Recommendation:

The University should ensure the COA budgets within the financial aid application contain sufficient detail to verify COA for part-time students.

### Management Response and Corrective Action Plan 2010:

*To help ensure that the COA budgets within the financial aid application contain sufficient detail to verify COA for part-time students we will prepare a supporting spreadsheet for undergraduate students: full time (12 or more hours), three quarter time (9-11 hours), half-time time (6-8 hours), and less than half-time (less than 6 hours) and for graduate students: full time ( 9 or more hours), three quarter (7-8 hours) and half-time (5-6 hours) students. The University's official Tuition and Fee schedule will be maintained as an attachment.*

### Management Response and Corrective Action Plan 2011:

*A budget spreadsheet was created to clearly display student budgets per hours registered.*

Implementation Date: June 6, 2011

Responsible Person: LaTasha Goudeau

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain adequate segregation of duties within PowerFAIDS, its financial aid system.** One information technology employee had administrative access to PowerFAIDS and the database and servers on which PowerFAIDS resides. Proper segregation of duties is required so that no employee has complete control of a business process. If an employee has administrative access to each component of a system (application, database, and servers), he or she could introduce unauthorized (errant or fraudulent) changes to the data or functionality of the production environment.

Corrective Action:

Corrective action was taken.

Reference No. 11-159

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A094118, CFDA 84.033 P033A094118, CFDA 84.063 P063P20092306, CFDA 84.375 P375A20092306, and CFDA 84.376 P376S20092306**

**Type of finding - Significant Deficiency and Non-Compliance**

Returning Funds to a Lender

An institution must disburse loan funds within 3 business days of receipt if the lender provided the funds by electronic funds transfer (EFT) or master check, or 30 days if the lender provided the funds by check payable to the borrower or copayer to the borrower and the institution. If a student is temporarily not eligible for a disbursement, but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return Federal Family Education Loan (FFEL) funds that it does not disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement (Title 34, Code of Federal Regulations, Section 668.167).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 3 (5 percent) of 58 FFEL disbursements tested, the University of Houston - Downtown (University) did not disburse the funds to students' accounts within 3 business days of receipt from the lender.** The delays in disbursements were not the result of eligibility issues. The University's financial aid office posts the EFT to the students' account within PowerFAIDS. However, the University's cashier's office must release the funds in a separate system in order for the funds to disburse to the students' accounts. For these three disbursements, the University posted the EFT in PowerFAIDS within three business days. However, the University did not release the EFT in the separate system in a timely manner. As a result, the three disbursements were released within four, five, and eight business days after receipt. Delays in disbursement of loan funds could result in students not having funds when needed.

Corrective Action:

This portion of the finding is no longer valid. The University no longer participates in the Federal Family Education Loan (FFEL) Program.

Financial Assistance History

If a student transfers from one institution to another institution during the same award year, the institution to which the student transfers must request from the Secretary of the U.S. Department of Education, through the National Student Loan Data System (NSLDS), updated information about that student so it can make certain eligibility determinations. The institution may not make a disbursement to that student for seven days following its request, unless it receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS, and the information it receives allows it to make that disbursement (Title 34, Code of Federal Regulations, Section 668.19).

**For all three mid-year transfer students tested, the University could not provide evidence of financial assistance history review prior to disbursing financial aid.** The University does not have a policy or procedure to ensure it verifies and documents financial assistance history of mid-year transfer students prior to aid disbursement. As a result, the University may award funds in excess of federal limits to a student who received financial assistance at another institution at the start of the award year.

Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster III.N.3 (page 5-3-19)) The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students. (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

**For all 36 Pell Grant disbursements tested, the actual date of the disbursement did not match the disbursement date the University reported to the COD System.** PowerFAIDS creates an origination date when running the COD System reporting process and reports that origination date as the Pell disbursement date. Although, PowerFAIDS can report the actual amount disbursed, it cannot identify and report the corresponding disbursement date to the COD System. As a result, the U.S. Department of Education is not obtaining accurate Pell disbursement information during the award year.

Additionally, the University did not submit any Pell disbursement records to the COD System from April 19, 2010, to June 10, 2010. During this time, the University identified 7 students for whom it did not submit Pell disbursement records within the 30-day reporting requirement.

Recommendations:

The University should:

- Maintain documentation supporting its review of NSLDS financial assistance history for mid-year transfer students.
- Report actual disbursement dates to the COD System in a timely manner.

Management Response and Corrective Action Plan 2010:

Financial Assistance History

*The University of Houston-Downtown concurs with this recommendation. The transfer file functionality was not part of PowerFaids and, as a result, was not well done. BANNER incorporates this functionality and all mid-year transfer and first-time enrollees will be placed on the transfer file.*

Common Origination and Disbursement Reporting

We concur that PowerFaids could not report the actual disbursement date to COD but defaulted to report date. The conversion from PowerFaids to Banner financial aid system should remedy this situation as BANNER has the ability to report the actual disbursement date.

The University was in error by not running Pell disbursement record during the period April 19, 2010 to June 10, 2010 and was the result of human error. In conjunction with the conversion from PowerFaids to BANNER financial aid system we will establish procedures to help ensure that actual disbursement dates are reported in a timely manner to COD.

Management Response and Corrective Action Plan 2011:

Financial Assistance History

There is a documented process in Banner Financial Aid for monitoring transfer students and will be assigned to one person to allow for proper monitoring on a weekly basis. The process will automatically place a 7-day hold on a student's record to prevent disbursement while transfer monitoring is in process.

Implementation Date: January 2012

Responsible Person: LaTasha Goudeau

Common Origination and Disbursement Reporting

Implementation of Banner Financial Aid will ensure accurate reporting of disbursement dates to Department of Ed. Powerfaids system did not allow for the reporting of actual disbursement dates as part of the reporting processes. Banner Financial Aid pulls actual disbursement date for reporting to COD. We have also implemented a procedure to monitor origination files to ensure they are sent in a timely manner. Director will spot check origination and disbursement files to make sure the files are sent regularly.

Implementation Date: September 2011

Responsible Person: LaTasha Goudeau

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain adequate segregation of duties within PowerFAIDS, its financial aid system.** One information technology employee had administrative access to PowerFAIDS and the database and servers on which PowerFAIDS resides. Proper segregation of duties is required so that no employee has complete control of a business process. If an employee has administrative access to each component of a system (application, database, and servers), he or she could introduce unauthorized (errant or fraudulent) changes to the data or functionality of the production environment

Corrective Action:

Corrective action was taken.

## University of Houston - Victoria

Reference No. 11-160

### Eligibility

#### Special Tests and Provisions - Disbursements To or On Behalf of Students

##### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.268 Award Number Not Applicable, CFDA 84.007 P007A04901, CFDA 84.063 P063P093632, CFDA 84.033 P033A094901, CFDA 84.376 P376S093632, and CFDA 84.379 P379T10632

Type of finding - Significant Deficiency and Non-Compliance

##### Financial Need

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's *Institutional Student Information Report* (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6 and 682.603).

The University of Houston - Victoria (University) performed all initial COA budget calculations correctly. However, after student enrollment levels changed, **the University did not consistently revalidate the students' enrollment status to ensure it awarded students the correct amount of financial assistance. As a result, the University overawarded financial assistance to 2 (5 percent) of 40 students tested based on the COA in the University's PeopleSoft system.** Specifically:

- For one student, the University awarded direct unsubsidized loans in excess of the student's COA. This occurred due to changes in the student's enrollment level for the Spring 2010 semester. The University initially awarded the student financial assistance based on full-time enrollment. However, the student dropped to three-quarter time enrollment for the Spring 2010 semester prior to the disbursement of financial assistance. The University did not repackaged the student's financial assistance to reflect the change in COA, which caused the student to be awarded \$2,372 more than the student's COA.
- For the other student, the University initially awarded the student financial assistance based on three-quarter time enrollment, but the student dropped to half-time enrollment for the Spring 2010 semester prior to the disbursement of financial assistance. The University did not repackaged the student's financial assistance, which could have resulted in an overaward of financial assistance. In this case, the student was not overawarded financial assistance because the student was co-enrolled at another institution during the Spring 2010 semester; however, the University did not have correct documentation in its system to reflect the student's co-enrollment status.

Based on a review of the entire population, as a result of not repackaging financial assistance awards prior to disbursement of financial assistance, the University overawarded a total of \$49,708 in financial assistance to 22 students (including the student discussed above).

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

Although the general control weaknesses described above apply to disbursements, auditors identified no compliance issues regarding disbursements for the student financial assistance cluster.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not properly maintain high-profile user accounts in the security module of the PeopleSoft Enterprise Resource Planning (ERP) system.** The University of Houston System (System) is responsible for granting access to that system. A total of 7 PeopleSoft administrator accounts and 145 other user accounts had the ability to manually create user accounts and assign roles to users. The ability to create user accounts and assign user roles should be very limited and should be provided only to users who need this ability as part of their job responsibilities. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems. After auditors brought this to the System's attention, it reduced the number of users with this access to 44.

**Corrective Action:**

Corrective action was taken.

## University of North Texas

Reference No. 11-161

### Cash Management

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094085 and CFDA 84.033 P033A094085

Type of finding - Significant Deficiency

The U.S. Department of Education provides financial assistance funds to institutions under the advance, just-in-time, reimbursement, or cash monitoring payment methods. The advance payment method permits institutions to draw down financial assistance funds prior to disbursing funds to eligible students and parents. The institution's request for funds must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial assistance funds or its own funds. The institution must make the disbursements as soon as administratively feasible, but no later than three business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education. If an institution maintains excess cash for more than seven calendar days, the Secretary of the U.S. Department of Education may take actions such as requiring the institution to reimburse the Secretary for the costs incurred, or providing funds to the institution under the reimbursement payment method or the cash monitoring payment method described in Title 34, Code of Federal Regulations, Section 668.166.

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**For 2 (4 percent) of 50 cash draws tested, the University of North Texas's (University) request for funds was not supported by expenditures reflected on corresponding monthly reconciliations.** As a result, for 1 (2 percent) of 50 cash draws tested, the University's request for funds exceeded the amount it immediately needed to disburse funds to students by \$1,530 for one federal program tested. However, this did not result in an excess cash balance overall because excess expenditures had accumulated for other federal programs included in the same draw.

For federal programs other than the Direct Loan program, the University bases its draw amounts per federal program on expenditure reconciliation totals, after monthly reconciliations for the programs are complete. For one draw, the University completed the request for funds more than a month after it completed the reconciliation for the program, and the request omitted an expenditure decrease that was reflected on the subsequent monthly reconciliation. For the other draw, the University based its calculation of the draw amount on an incorrect assumption, which caused a discrepancy between the draw and the supporting monthly reconciliation. The University repeated the same error for draw calculations related to all 5 monthly reconciliations reviewed for this federal program from February 2010 to June 2010. Although the calculated draw amounts were based on excess program expenditures of \$1,249, the University did not request excess funds for the program.

#### Corrective Action:

Corrective action was taken.

Reference No. 11-162

## Eligibility

### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094085, CFDA 84.033 P033A094085, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092293, CFDA 84.268 P268K102293, CFDA 84.375 P375A092293, CFDA 84.376 P376S092293, and CFDA 84.379 P379T102293

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance (COA)

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, 668.2, and 690.2).

**For 1 (2 percent) of 50 students tested, the University of North Texas (University) incorrectly calculated the COA.** The University understated the student's budget by \$634. This occurred because the University erroneously reduced the student's transportation budget when the student enrolled at three-quarter time in the Summer 2010 semester. The transportation component of the budget is not dependent on the enrollment status of the student, unless the student enrolls less-than-half-time. The University did not overaward student financial assistance to the student as a result of this error. However, the risk of overawarding or underawarding student financial assistance increases when the University does not calculate COA accurately.

### National SMART Grant

Under the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) program, a student who meets certain eligibility requirements is also eligible to receive a National SMART Grant if the student is receiving a federal Pell Grant disbursement in the same award year (Title 34, Code of Federal Regulations, Section 691.15(a)).

Based on a review of the full population of student financial assistance recipients, **the University awarded one student a National SMART Grant for \$1,000, even though it had canceled the student's Pell Grant** because the student was awarded Pell Grants at two institutions for the Spring 2010 semester. The University canceled the student's National SMART Grant on September 22, 2010, after auditors brought this issue to its attention.

### Corrective Action:

Corrective action was taken.

Reference No. 11-163

## Reporting

### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award number - CFDA 84.063 P063P082293

Type of finding - Significant Deficiency and Non-Compliance

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, June 2010, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-19)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

**For 2 (4 percent) of 50 students tested, the University of North Texas (University) did not report Pell disbursement records to the COD System within 30 days of disbursement for the Fall 2009 semester.** In these two cases, the COD System process date for these students' records was 50 and 56 days after the date of disbursement. The University asserts that it attempted to submit these disbursement records in a timely manner, but the COD System rejected the records because the citizenship status field was blank. The University did not then manually adjust the citizenship status code field in its system and resubmit the records in a timely manner. The University asserts that, at the time of Fall 2009 disbursements, it was developing a process to respond to records that the COD System rejected due to a missing citizenship status code.

### Corrective Action:

Corrective action was taken.

Reference No. 11-164

### Special Tests and Provisions - Return of Title IV Funds

(Prior Audit Issue 10-103)

### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094085, CFDA 84.063 P063P092293, CFDA 84.268 P268K102293, CFDA 84.375 P375A092293, CFDA 84.376 P376S092293, and CFDA 84.379 P379T102293

Type of finding - Significant Deficiency and Non-Compliance

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(3)-(4)).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

When a recipient does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. For remaining amounts of Direct Loan funds disbursed directly to the student for the payment period or period of enrollment, the institution must immediately notify the lender or the Secretary of the U.S. Department of Education, as appropriate, when it becomes aware that the student will not or has not begun attendance, so that the lender or the Secretary of the U.S. Department of Education will issue a final demand letter to the borrower (Title 34, Code of Federal Regulations, Sections 668.21(a)(1) and(2)). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21(b)).

**For five (11 percent) of 47 students requiring a return calculation, the University of North Texas (University) did not return the correct amount of Title IV funds.** Specifically:

- For four students, the University incorrectly used seven days instead of eight days for Spring break in its computation of the enrollment period.
- For one student, the University incorrectly reinstated the financial aid that it had returned per its initial return calculation, based on instructors' confirmation that the student had begun attendance. However, instructors did not provide a last date of attendance supporting the assumption that the student had earned all of the Title IV funds.

As a result of these five errors, the University and the affected students tested should have returned an additional \$1,903 in Title IV funds. The Spring break calculation issue also affected all 115 students with an official withdrawal that required a return of funds in Spring 2010.

For two other students tested, the University either could not locate the return worksheet or the return worksheet did not contain updated information on the student's status. In both instances, no Title IV funds needed to be returned.

**Additionally, the University did not return \$4,377 in Title IV funds in a timely manner for 1 (11 percent) of 9 students identified as not having begun attendance.** The student certified non-attendance for the Spring 2010 semester on the initial withdrawal form faxed to the University in January 2010, but the University did not incorporate that information into its return calculation until May 2010. As a result, although the funds were returned, they were not returned within 30 days from the date the University first became aware that the student did not attend.

**Corrective Action:**

Corrective action was taken.

## University of Texas at Arlington

Reference No. 10-108

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.376 P375A082335 and P376S082335, CFDA 84.007 P007A084172, and CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Financial Need

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 108711).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's *Institutional Student Information Report* (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6 and 682.603).

The University of Texas at Arlington (University) incorrectly calculated the COA for 3 (8 percent) of 40 students tested, resulting in one overaward. Specifically:

- For one of these three students, the University incorrectly used non-resident status to calculate the student's COA, resulting in an overaward of \$2,005.76.
- For the other two students, the University understated the students' COA by not factoring the students' majors into the calculation. The University subsequently adjusted the students' COA, which did not result in any changes to their awards.

The University used an incorrect EFC to calculate financial need for 2 (5 percent) of 40 students tested, resulting in two overawards. Specifically:

- For one student, the University incorrectly used the difference between the student's 12-month EFC and the student's 3-month EFC to perform the student financial need calculation, instead of using the 9-month EFC. As a result, the student's need was overstated by \$4,185. Upon notification that the student would not enroll in the Summer 2008 term, the University failed to comply with its policy to recalculate the EFC.
- For the other student, the University incorrectly used the student's 3-month EFC instead of the 4-month EFC in the student's Spring 2009 financial need calculation due to a data entry error. As a result, the student's need was overstated by \$2,519.

Questioned costs for the three overaward situations were \$5,985 and were associated with FFEL subsidized loans.

### Corrective Action:

Corrective action was taken.

Reference No. 10-109

## Reporting

### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.063 P063P082335, CFDA 84.007 P007A084172, CFDA 84.033 P033A084172, and CFDA 84.038 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### Pell Payment Data Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e, page 5-3-18). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-29).

Initial Year Written: 2009  
Status: Partially Implemented  
U.S. Department of Education

The University of Texas at Arlington (University) complied with the reporting requirements for Pell payment data, with the following exceptions:

- For one (3 percent) of 40 students tested, the Summer 2008 disbursement date of July 1, 2008, the University reported to the COD System did not match the actual disbursement date of May 19, 2008, in the student's account. The University indicated that it could not report disbursements for students enrolled in Summer 2008 until the start of the federal financial aid year on July 1, 2008. As a result, the University also did not report the disbursement record within 30 days of disbursement.
- For 7 (18 percent) of 40 students tested, the University did not successfully report disbursement records to the COD System within 30 days of disbursement. In six instances, the University made multiple attempts to transmit the students' disbursement information to the COD System in a timely manner. However, the University's financial aid system, PeopleSoft, produced error messages stating that the disbursements had not been made to the students' accounts yet, even though partial disbursements had already been credited to the students' accounts. The other instance was due to the issue noted above.
- For 4 (10 percent) of 40 students tested, the University reported the incorrect enrollment date to the COD System for the Spring 2009 semester. The University reported the enrollment date as December 15, 2008, even though the Spring semester began on January 20, 2009. This occurred because the University's Spring 2009 semester included a Winter inter-session that began on December 15, 2008. To correctly capture and report students who attend the Winter inter-session, the University recorded the Spring 2009 session start date as December 15, 2008, in PeopleSoft. This issue affected all students who began attendance in the Spring 2009 semester.

### Fiscal Operations Report and Application to Participate (FISAP)

To apply for and receive funds for the campus-based federal student aid programs (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant), institutions must complete and submit a *Fiscal Operations Report and Application to Participate* (FISAP) by October 1 of each year. The U.S. Department of Education uses the information institutions provide in the FISAP to determine the amount of funds they will receive for each campus-based program. The institution must provide accurate data and must retain accurate and verifiable records for program review and audit purposes (Title 34, Code of Federal Regulations, Section 673.3).

The FISAP the University submitted on October 1, 2009 reported on the University's campus-based program participation for the 2008–2009 award year. Through this FISAP, the University also applied for campus-based program funding for the 2010–2011 award year. However, due to insufficient review procedures prior to submission, the FISAP the University submitted on October 1, 2009 contained the following errors:

- The \$10,715,947 amount the University reported for the Federal Perkins Loan program loan principal collected as of June 30, 2009, (Part III Section A Field 5) was incorrect. The correct amount was \$10,755,946. This error occurred because of a transposition error for the prior year FISAP amount used in the calculation.
- The \$549,317 amount the University reported for the loan principal canceled for all other authorized pre-K or K-12 teaching service (Part III Section A Field 9) was incorrect. The correct amount was \$554,748. This error occurred because of an incorrect calculation. This error and the error described above resulted in an understatement of the amount reported for cash on hand as of June 30, 2009 (Part III Section A Field 1.1) by a net amount of \$45,430 and an overstatement by the same amount of the principal amount outstanding of borrowers not in repayment status reported on Part III Section C Field 3.
- The numbers of borrowers the University reported under Part III, Section A Fields 4, 8, 9, and 26 were incorrect because of calculation errors, incorrect transposition of prior year FISAP numbers, or the inclusion of duplicate recipients in current year number. These errors also affected the calculated field in Part III Section C Field 1.1(b).
- The \$101,508 amount the University reported for institutional expenditures for the federal Work Study Job Location and Development Program (Part V, Section E, Field 21) was incorrect and did not agree with amounts in the University's accounting records. The correct amount was \$104,697. This error occurred because of the omission of an allowable expense. Total expenditures on Part V, Section E, Field 20 should have been \$154,697.

The University submitted a revised FISAP correcting these errors on December 2, 2009.

Corrective Action:

This finding was reissued as current year reference number: 12-157.

Reference No. 10-111

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.007 P007A084172, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A084172, CFDA 84.063 P063P082335, CFDA 84.375 P375A082335, CFDA 84.376 P376S082335, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. (Title 34, Code of Federal Regulations, Section 668.165(a)(2)(3)).

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Education

The University could not provide evidence that it sent disbursement notification letters to 37 (100 percent) of 37 students tested. Additionally, the University provided a sample disbursement notification letter, but the notification letter did not include three required elements: (1) the date and amount of the disbursement, (2) a clause informing the student or parent of his or her right to cancel a portion of that loan and to have the loan proceeds returned to the holder of that loan, and (3) the time by which the student must notify the school that he or she wishes to cancel the loan or disbursement.

**Corrective Action:**

This finding was reissued as current year reference number: 12-159.

Reference No. 10-112

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.007 P007A084172, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A084172, CFDA 84.063 P063P082335, CFDA 84.375 P375A082335, CFDA 84.376 P376S082335, and CFDA 84.038 Award Number Not Applicable**

**Type of finding - Significant Deficiency and Non-Compliance**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(3)-(4)).

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)). When classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the return calculation. The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)).

For 12 (29 percent) of 42 students tested, the University of Texas at Arlington (University) incorrectly calculated the percentage of enrollment period completed, resulting in incorrect return calculations for 11 students. The University used 116 days for the length of the Spring 2009 semester instead of 108 days because the University's automated return calculation worksheet did not account for the scheduled Spring break days. The University's annual review of its worksheet calculations did not identify that the holiday schedule was incorrectly configured, and annual test calculations were only performed for the Fall 2008 semester. As a result of this error, the University returned \$426.65 in excess funds for 10 of 42 students tested. Six students tested also returned \$166.40 in excess funds. For 1 student, the incorrect calculation resulted in the University and the student not returning any funds, even though a return of \$3,764.18 was required. This issue affected a total of 109 students who withdrew during the Spring 2009 semester.

In addition, for 1 (33 percent) of 3 students tested who never began attendance and for whom \$6,187.50 in funds were required to be returned to the lender, the University did not capture tuition funds from the loans and return them to the lender. Instead, the University notified the lender that the student failed to attend any classes and that the lender should collect the disbursed funds immediately from the student.

Further, for 1 (3 percent) of 40 students tested for eligibility requirements, the University canceled the entire Spring 2009 semester Pell award, even though the return calculation reflected that the student earned a portion of the award. The student completed 6.5 percent of the enrollment period and earned \$45.83. When auditors brought this to the University's attention, the University credited the student's account \$42.30. The difference between these two amounts, \$3.53, is included as a questioned cost.

*Corrective Action:*

This finding was reissued as current year reference number: 12-160.

## University of Texas at Austin

Reference No. 11-165

### Reporting

#### Activities Allowed or Unallowed

#### Cash Management

#### Eligibility

#### Period of Availability of Federal Funds

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Verification

#### Special Tests and Provisions - Return of Title IV Funds

#### Special Tests and Provisions - Student Status Changes

#### Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.063 P063P092336, CFDA 84.007 P007A094173, CFDA 84.038 P038A044173, CFDA 84.268

P268K102336, CFDA 84.033 P033A094173, CFDA 84.375 P375A092336, and CFDA 84.376

P376S082336

#### Type of finding - Significant Deficiency and Non-Compliance

### Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.L.1.f (page 5-3-19)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-30)).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 2 (4 percent) of 50 students tested, the University of Texas at Austin (University) reported incorrect data to the COD System.** For one student, the University reported the incorrect enrollment date on the origination record to the COD System. The University reported the student as enrolled one semester prior to the student beginning enrollment for the award year. For the other student, the University reported the incorrect disbursement date on the disbursement record to the COD System. According to the University, it reported the first date in the disbursement process instead of the date funds became available to the student.

### Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, cash management, eligibility, period of availability of federal funds, special tests and provisions – separate funds, special tests and provisions – verification, special tests and provisions – return of Title IV funds, special tests and provisions – student status changes, and special tests and provisions – borrower data transmission and reconciliation (direct loan), auditors identified no compliance issues regarding these compliance requirements.

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

**Corrective Action:**

This finding was reissued as current year reference number: 12-165.

Reference No. 11-166

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P092336, CFDA 84.007 P007A094173, CFDA 84.038 P038A044173, CFDA 84.268 P268K102336, CFDA 84.033 P033A094173, CFDA 84.375 P375A092336, and CFDA 84.376 P376S082336**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notifications**

If an institution credits a student's account at the institution with Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 16 (42 percent) of 38 students tested who received FFELP Loans, the University of Texas at Austin (University) did not send disbursement notifications within the required 30 days.** The University manually runs a program to send notifications to students for disbursements made on the first two days of disbursement for the Fall semester. This process allows the University to perform an internal review of disbursements prior to sending notifications. However, after the University completed this review, it failed to manually run the program to send the notifications for disbursements made on those dates. As a result, the University did not send disbursement notifications within the required time frame to 5,489 students who received disbursements on August 17, 2009 or August 18, 2009. The total amount of FFELP loans disbursed was \$32,769,929. Not receiving disbursement notifications promptly could impair students' or parents' ability to cancel their loans.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

*Corrective Action:*

This finding was reissued as current year reference number: 12-166.

Reference No. 11-167

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 10-116 and 09-91)

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.063 P063P092336, CFDA 84.007 P007A094173, CFDA 84.038 P038A044173, CFDA 84.268 P268K102336, CFDA 84.033 P033A094173, CFDA 84.375 P375A092336, and CFDA 84.376 P376S082336**

**Type of finding - Significant Deficiency and Non-Compliance**

Defaulted Borrowers

Under the Federal Perkins Loan Program, institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period (Title 34, Code of Federal Regulations, Section 674.42(c)(2)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)).

**For 28 (56 percent) of 50 defaulted loans tested, the University of Texas at Austin (University) did not send the final demand letter within 15 days of the second overdue notice.** The University was unaware of the requirement to send final demand letters within this time frame. According to the University, this issue was corrected as of December 1, 2009; however, the University did not maintain documentation to support whether it sent students final demand letters until March 1, 2010. No issues were identified for students scheduled to receive final demand letters after March 1, 2010. Not sending this required communication within the required time frame increases the risk that students will be unaware that their defaulted Perkins loans will be sent to a collection agency and they will not have appropriate time to correct their balance and prevent their loans from going to a collection agency.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not have sufficient change management controls for the information systems that its Office of Accounting and Office of Student Financial Services use.** Specifically, the Office of Accounting and Office of Student Financial Services have not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

*Corrective Action:*

This finding was reissued as current year reference number: 12-168.

Reference No. 11-168

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Equipment and Real Property Management**

**Period of Availability of Federal Funds**

**Procurement and Suspension and Debarment**

**Reporting**

**Special Tests and Provisions - Awards with ARRA Funding**

**Special Tests and Provisions - Key Personnel**

**Special Tests and Provisions - Indirect Cost Limitation**

**Research and Development Cluster**

**Research and Development Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

Allowable Costs/Cost Principles

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the aggregate costs of the services. Service rates shall be adjusted at least biennially and shall take into consideration over/underapplied costs of the previous period(s) (Title 2, Code of Federal Regulations, Section 220 Appendix A, J.47). Working capital reserves are generally considered excessive when they exceed 60 days of cash expenses for normal operations incurred for the period, exclusive of depreciation, capital costs, and debt principal costs (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 3, Section B).

Initial Year Written: 2010  
Status: Partially Implemented

Federal Agencies that Provide  
R&D Awards

**The University of Texas at Austin (University) did not ensure that the costs of services provided by specialized service facilities were designed to recover only the aggregate costs of the services. In addition, the University did not adjust service rates as required.**

One (8 percent) of the 13 service centers auditors tested had working capital reserves that exceeded 60 days of cash expenses. During fiscal year 2010, the service center had annual operating expenses of \$606,312 (or monthly expenses of \$50,526) and a year-end fund balance of \$686,275. **After excluding amounts set aside for future capital expenses, the service center had a remaining fund balance of \$371,275, which is equivalent to over 7 months of its operating expenses.**

The University reviews fiscal year-end service center fund balances annually to (1) ensure that service center rates are appropriate to cover expenses and (2) identify service centers with excessive fund balances. Following the close of fiscal year 2009, the University determined that the service center discussed above had an excessive fund balance. The University began reviewing that service center's rates, but that review was not completed during this audit. **The University has not adjusted the rates for this service center rates since 2001.**

Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, cash management, equipment and real property management, period of availability of federal funds, procurement and suspension and debarment, reporting, special tests and provisions – awards with ARRA funding, special tests and provisions – key personnel, and special tests and provisions – indirect cost limitation, auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University did not have sufficient change management controls for the information systems that its Office of Accounting uses. Specifically, the Office of Accounting has not segregated duties for personnel who make programming changes and migrate those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer research and development awards.

*Corrective Action:*

This finding was reissued as current year reference number: 12-169.

## University of Texas at Brownsville

Reference No. 11-169

### Activities Allowed or Unallowed

### Allowable Costs/Cost Principles

### Cash Management

### Period of Availability of Federal Funds

### Procurement and Suspension and Debarment

### Special Tests and Provisions - Awards with ARRA Funding

#### Research and Development Cluster

#### Research and Development Cluster - ARRA

#### Award years - Multiple

#### Award numbers - Multiple

#### Type of finding - Significant Deficiency

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2010  
Status: Partially Implemented

Federal Agencies that Provide R&D Awards

The University of Texas at Brownsville (University) did not have sufficient controls over the change management process for custom changes to its Colleague Enterprise Resource Planning (ERP) system, which it uses to administer research and development grants. **Specifically, information technology and Colleague ERP support team members who make programming changes to the application code also can migrate those changes to the production environment.** In addition to the programming group manager, all six of the programming support team members for Colleague ERP had access to production systems. Allowing this level of access to programming staff increases the risk of unauthorized programming changes being made to Colleague ERP.

#### Recommendation:

The University should establish a formal change management process that prevents information technology and Colleague ERP programmers from making code changes and also migrating those changes to the production environment.

#### Management Response and Corrective Action Plan 2010:

*The Administrative Computing & ERP staff and the Information Security Officer will develop a formal process to:*

1. *Accept user custom program change requests and requests for new programs using an automated system for change management. This will be a system whereby requests are documented and assigned to programmers.*
2. *A checklist of required steps/ tasks for software development will be completed and attached to each ticket to ensure that programmers, users and administrators have reviewed, tested and approved the system change.*
3. *Once a new program or program change has been completed, the open ticket will be assigned to the system team who does not perform programming for review and finalization of the documentation.*
4. *The systems team will perform the required installation (move) of the modified program to the LIVE environment for production.*
5. *The system team will close the ticket.*

*Additionally, all software tools which allow access to programmers to install/ move modified programs or new programs to the LIVE environment will be disabled.*

*Change Management tickets will be available for review by management or audit personnel at any time.*

*Management Response and Corrective Action Plan 2011*

1. *Corrective Action – The Spiceworks system has been implemented to support a change management system. All programming staff have been informed of new process and new change requests are documented on Spiceworks. Due to staffing constraints, the two Systems Analyst team leaders will be assuming the responsibilities of installing the custom packages to the LIVE environment by July 31, 2011.*
2. *Pending Actions – Removal of access for “moving” programs to the LIVE environment will be completed by July 31, 2011.*

*Implementation Date:*      *July 31, 2011*

*Responsible Person:*      *Abel De La Garza*

## University of Texas at Dallas

Reference No. 09-96

### Eligibility

**Student Financial Assistance Cluster**

**Award years - July 1, 2007 to June 30, 2008**

**Award numbers - CFDA 84.032 P063P073234, P375A073234, P376S073234, P033A074174, and P007A074174**

**Type of finding - Significant Deficiency and Non-Compliance**

### Access to the Student Information System

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University of Texas at Dallas (University) did not maintain appropriate access to its Student Information System (SIS). Employees in the financial aid office had excessive access, with the capability of registering, dropping, and adding students; deleting and modifying student identification numbers; modifying the disbursement schedule and fund budget tables; and modifying the students' accounts screen. In addition, employees in the bursar's office had excessive access, with the capability of issuing refunds and modifying students' personal records (such as physical mailing addresses). Three individuals who were no longer employed in the bursar's office still had active access to SIS.

Initial Year Written:	2008
Status:	Implemented
U.S. Department of Education	

### Corrective Action:

Corrective action was taken.

## University of Texas at El Paso

Reference No. 11-170

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.007 P007A094176, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A94176, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092338, CFDA 84.375 P375A092338, CFDA 84.376 P376S092338, and CFDA 84.379 P379T102338

Type of finding - Significant Deficiency and Non-Compliance

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

**For 1 (2 percent) of 50 students tested, the University of Texas at El Paso (University) awarded assistance in excess of the student's COA.** The University originally awarded assistance to the student based on expected full-time enrollment for the entire academic year. However, when the student enrolled only three-quarter time, the University updated the student's COA budget to reflect this enrollment level for the Fall semester only. Because the student's awards did not exceed the COA for the full year, the University did not adjust the student's awards. However, the student attended only the Fall semester. As a result, the University overawarded the student \$879.

### Corrective Action:

Corrective action was taken.

### Aggregate Loan Limits

For independent students who have not already received an undergraduate degree, the aggregate unpaid principal amount of all subsidized and unsubsidized Stafford Loan Program loans, excluding the amount of capitalized interest, may not exceed \$57,500 (Title 34, Code of Federal Regulations, Section 682.204(b)).

**For 1 (2 percent) 50 students tested, the University awarded Stafford loans in excess of the aggregate loan limit.** The University awarded the student loans for the Fall semester based on the most recent aggregate loan amounts on the student's ISIR; however, the ISIR did not include loans that were awarded late in the prior year's Summer term. When the University received an updated ISIR, which noted that the student exceeded the aggregate loan limit, the University incorrectly determined that the student was eligible for Stafford loans. As a result, the University awarded \$1,344 in Stafford loans to the student, and that student's loans exceeded the aggregate limit. The prior year's award also exceeded the aggregate limit by \$1,000.

Corrective Action:

Corrective action was taken.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner.** Specifically, the University did not remove the access of one former employee to Banner in a timely manner. Additionally, 12 users had excessive access to modify student budgets and fund rules in Banner. Not maintaining appropriate access to Banner increases the risk of unauthorized access to key financial aid processes and student records.

Recommendations:

The University should:

- Remove access to Banner in a timely manner when individuals' employment is terminated.
- Periodically review user access to Banner and appropriately limit user access based on job responsibilities.

Management Response and Corrective Action Plan 2010:

*In order to assure BANNER access is removed in a timely manner when an employee is terminated we have set up a more formal procedure. Upon separation/termination our administrative assistant will send a notice to our Help Desk requesting the removal of access.*

*In order to maintain appropriate access to BANNER, the number of users with access to modify student budgets and fund rules in BANNER has been reduced to members of the office's management team. Currently, only the Financial Aid Director, Associate Director, and Assistant Director (accounting) have access to modify budgets. Only the Associate Director and Financial Aid Analyst have access to modify fund rules in BANNER. A periodical review of user access will be conducted during a staff member's annual performance evaluation.*

Management Response and Corrective Action Plan 2011:

*The University's Enterprise Computing (EC) is currently developing a process to automate the process of removing information system access from terminated employees. No specific time line has been determined as of yet. In the meantime, in order to assure BANNER access is removed in a timely manner, when an employee is terminated UTEP has set up a more formal procedure which will incorporate a checklist to be included in the separated employees file. Upon separation/termination UTEP's administrative assistant will send a notice of the institution's Help Desk requesting the removal of access and then mark off "banner access terminated" on the master checklist. The checklist will be reviewed and verified by the Interim Financial Aid Director.*

*In order to maintain appropriate access to BANNER, the number of users with access to modify student budgets and fund rules in BANNER has been reduced to members of the Financial Aid Office's management team. Currently, only the Interim Financial Aid Director and Assistant Director (for accounting) have access to modify budgets. Only the Interim Financial Aid Director and the Financial Aid Analyst have access to modify fund rules in BANNER. Limited access was originally requested in October 2010 and processed by Enterprise Computing (EC). A periodical review of user access will be conducted during a staff member's annual performance evaluation.*

*Also a quarterly report of current banner access will be reviewed by the Financial Aid Office's management team.*

*Implementation Date:* December 2011

*Responsible Person:* Ron Williams and Lorena Morales

Reference No. 11-171

### **Special Tests and Provisions - Disbursements To or On Behalf of Students**

#### **Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.379 P379T102338, CFDA 84.007 P007A094176, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A94176, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P092338, CFDA 84.375 P375A092338, and CFDA 84.376 P376S092338**

**Type of finding - Significant Deficiency and Non-Compliance**

#### Disbursement Notifications

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010

Status: Partially Implemented

U.S. Department of Education

The University of Texas at El Paso (University) sent disbursement notifications containing the anticipated date and amount of the disbursement to all 267 TEACH Grant recipients. However, **none of those disbursement notifications included required language** informing the recipients of (1) the student's right or parent's right to cancel all or a portion of that TEACH Grant or TEACH Grant disbursement or (2) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the grant. University staff assert that they informed TEACH Grant recipients of this information verbally and that they were unaware of the requirement to send such disbursement notifications in writing to TEACH Grant recipients.

**Additionally, in two instances, the University did not initiate the disbursement notification letter generation process in time to ensure that it sent notifications within the required time frames.** As a result, the University sent 37 disbursement notifications more than 30 days after the disbursement date.

Not sending disbursement notifications in a timely manner or not including all of the required information in the notifications could impair TEACH Grant recipients' ability to cancel their awards.

#### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner.** Specifically, the University did not remove the access of one former employee to Banner in a timely manner. Additionally, 12 users had excessive access to modify student budgets and fund rules in Banner. Not maintaining appropriate access to Banner increases the risk of unauthorized access to key financial aid processes and student records.

Recommendations:

The University should:

- Send, either in writing or electronically, disbursement notifications containing all required language within the required time frame to loan and TEACH Grant recipients.
- Remove access to Banner in a timely manner when individuals' employment is terminated.
- Periodically review user access to Banner and appropriately limit user access based on job responsibilities.

Management Response and Corrective Action Plan 2010:

Disbursement Notifications

*Written disbursement notices are being sent out containing all required language within the required time frame to loan and now TEACH Grant recipients. This is being done as these awards are disbursed.*

General Controls

*In order to assure BANNER access is removed in a timely manner when an employee is terminated we have set up a more formal procedure. Upon separation/termination our administrative assistant will send a notice to our Help Desk requesting the removal of access.*

*In order to maintain appropriate access to BANNER, the number of users with access to modify student budgets and fund rules in BANNER has been reduced to members of the office's management team. Currently only the financial aid director, associate director, and assistant director (accounting) have access to modify budgets and fund rules in BANNER. A periodic review of user access will be conducted during a staff member's annual performance evaluation.*

Management Response and Corrective Action Plan 2011:

Disbursement Notifications:

*Written disbursement notices are being sent out containing all the required language, within the required time frame, to loan and now TEACH Grant recipients. These communications are being sent as these awards are disbursed. The original process for TEACH Grant notification was erroneously summing-up any multiple disbursement which occurred in a weekly time period. The process has been corrected to pick up individual disbursements.*

*Implementation Date:      October 2011*

*Responsible Person:      Maria Carrizales and Silvia Pena*

*General Controls:*

*The University's Enterprise computing (EC) is currently developing a process to automate the process of removing information system access from terminated employees. No specific time line has been determined as of yet. In the meantime, in order to assure BANNER access is removed in a timely manner, when an employee is terminated UTEP has set up a more formal procedure which will incorporate a checklist to be included in the separated employees file. Upon separation/termination UTEP's administrative assistant will send a notice to the institution's Help Desk requesting the removal of access and then mark off "banner access terminated" on the master checklist. The checklist will be reviewed and verified by the Interim Financial Aid Director.*

*In order to maintain appropriate access to BANNER, the number of users with access to modify student budgets and fund rules in BANNER has been reduced to members of the Financial Aid Office's management team. Currently, only the Interim Financial Aid Director and Assistant Director (for accounting) have access to modify budgets. Only the Interim Financial Aid Director and the Financial Aid Analyst have access to modify d fund rules in BANNER. Limited access was originally requested in October 2010 and processed by Enterprise Computing (EC). A periodical review of user access will be conducted during a staff member's annual performance evaluation.*

*Also a quarterly report of current banner access will be reviewed by the Financial Aid Office's management team.*

*Implementation Date:* December 2011

*Responsible Person:* Ron Williams and Lorena Morales

## University of Texas Health Science Center at Houston

Reference No. 11-172

### Allowable Costs/Cost Principles

#### Research and Development Cluster

Award years - August 1, 2009 to July 31, 2010, July 1, 2009 to June 30, 2010, March 1, 2010 to February 28, 2011, and September 23, 2009 to August 31, 2010

Award numbers - CFDA 93.701 1 R21AI079624 and 1 R01HL093029, CFDA 93.837 5 R01 HL088128, and CFDA 93.855 1 R56AI077679

Type of finding - Significant Deficiency and Non-Compliance

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, Section 220(J)(10)).

Initial Year Written: 2010  
Status: Partially Implemented

National Institutes of Health

**The University of Texas Health Science Center at Houston (Health Science Center) did not complete in a timely manner after-the-fact time and effort certifications for 4 (11 percent) of 36 payroll transactions tested.**

According to Health Science Center policy, completion is considered timely if it occurs within 30 days after the reports are made available to department personnel for certification. Department personnel completed the 4 time and effort certifications between 58 and 70 days after the Health Science Center made the reports available for certification. The Health Science Center has a follow-up process through which it generates reports of late effort certifications and, based on the number of days a certification is late, it sends a notification to the department academic and administrative leadership or to the respective dean for the department. However, that follow-up process is not always effective. A prolonged elapsed time between activity and confirmation of the activity can potentially (1) decrease the accuracy of reporting and (2) increase the time between payroll distribution and any required adjustments to that distribution.

#### Recommendation:

The Health Science Center should consistently adhere to its follow-up policy for delinquent effort certifications to ensure that it completes time and effort certifications within the time frame established in its policy.

#### Management Response and Corrective Action Plan 2010:

*Current follow-up policies for delinquent effort certification were implemented in June 2010. We have reviewed our internal process and will consistently adhere to the follow-up policy for delinquent effort certification.*

#### Management Response and Corrective Action Plan 2011:

*As of July 1, 2011, the Health Science Center implemented the eCERT effort reporting system, automating the internal follow up process. The initial reporting period of the new system demonstrated substantial improvement of the timely completion of effort reports. In January 2012, the system will be upgraded, providing accessibility from any internet connection and further diminishing the likelihood of untimely certification.*

Implementation Date: February 2012

Responsible Person: Michael Tramonte

Reference No. 11-173

## Cash Management

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

Recipients shall maintain advances of federal funds in interest-bearing accounts. For those entities for which the Cash Management Improvement Act (CMIA) and its implementing regulations do not apply, interest earned on federal advances deposited in interest-bearing accounts shall be remitted annually to U.S. Department of Health and Human Services. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals shall comply with CMIA, as it pertains to interest (Title 2, Code of Federal Regulations (CFR), Section 215.22(l)). In addition, Title 31, CFR, Section 205, which implements the CMIA, requires state interest liability to accrue if federal funds are received by a state prior to the day the state pays out the funds for federal assistance program purposes. State interest liability accrues from the day federal funds are credited to a state account to the day the state pays out the federal funds for federal assistance program purposes (Title 31, CFR, Section 205.15).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Defense

The University of Texas Health Science Center at Houston (Health Science Center) received scheduled payments on grants funded by the U.S. Department of Defense. According to its records, the Health Science Center had 17 projects active during fiscal year 2010 with terms that included scheduled payments. These funds may be considered advanced funds if expenditures are not paid prior to receiving the funds. **The Health Science Center did not calculate or remit to the federal government interest on funds it received in advance of expenditures for these awards.**

### Corrective Action:

Corrective was action taken.

Reference No. 11-174

## Equipment and Real Property Management

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

A recipient's property management standards for equipment acquired with federal funds and federally-owned equipment must require that equipment records be maintained accurately and include ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a recipient compensates the federal awarding agency for its share (Title 2, *Code of Federal Regulations*, Section 215.34). Additionally, a state recipient must dispose of equipment acquired under a federal grant in accordance with state laws and procedures. The Office of the Texas Comptroller of Public Accounts' State Property Accounting (SPA) Process User's Guide specifies that inventory must be recognized as missing, but the institution must make efforts to search for the property until found or resolved for two years (SPA Process User's Guide, Chapter 6 and Appendix C).

Initial Year Written: 2010  
Status: Implemented

National Institutes of Health

The University of Texas Health Science Center Houston (Health Science Center) sells surplus equipment at auction, often in lots of similar equipment. In fiscal year 2010, the Health Science Center vacated a building and moved research functions from that building to another building. During this process, the Health Science Center sold

equipment that would no longer be needed at auction. The Health Science Center tracks equipment sold at auction by the equipment's asset tag.

**The Health Science Center did not maintain accurate disposition data for 4 (10 percent) of 40 equipment dispositions tested.** Specifically:

- The Health Science Center could not locate two pieces of equipment in its surplus warehouse during semi-annual inventories of the surplus warehouse. Upon notification by the auditors, the Health Science Center located and corrected the disposition records for one of these items.
- The Health Science Center could not locate two pieces of equipment following the move from one building to another.

The Health Science Center assumed that the asset tags for the three items it could not locate had fallen off and that it had sold these items in a lot at auction. The Health Science Center retired the assets as if they had been sold at auction, instead of following state property accounting requirements to track the items as missing for two years while making efforts to search for the items. As a result, the items could not be traced to specific auction lots. Without records of the items being included in auction lots, the final disposition records may not be correct, and the items could have been stolen or misplaced.

*Corrective Action:*

Corrective was action taken.

Reference No. 11-175

**Procurement and Suspension and Debarment**

(Prior Audit Issue 09-103)

**Research and Development Cluster**

**Award years - September 1, 2009 to August 31, 2010**

**Award number - CFDA 93.596 1001914017110001**

**Type of finding - Significant Deficiency and Non-Compliance**

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all non-procurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.220 and 180.970).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Health and Human Services

To ensure compliance with federal suspension and debarment requirements, staff at the University of Texas Health Science Center at Houston (Health Science Center) complete a buyer debarment checklist, which includes a certification that the buyer checked EPLS prior finalizing a procurement contract. **The Health Science Center did not provide documentation that it verified the vendor was not suspended or debarred at the time of procurement for 1 (5 percent) of 20 procurements tested.** The Health Science Center could not provide evidence that the buyer completed the buyer debarment checklist for this purchase. Failure to complete the checklist and check EPLS increases the risk that the Health Science Center could award a contract to a suspended or debarred vendor. However, auditors subsequently checked EPLS and verified that it did not list the vendor in this case as excluded.

Recommendations:

The Health Science Center should:

- Ensure that staff complete the buyer debarment checklist for all procurement transactions that exceed \$25,000.
- Retain sufficient documentation to demonstrate that it checked EPLS, collected a certification from the entity, or added a clause or condition to the covered transaction with the entity regarding suspension, debarment, and exclusion.

Management Response and Corrective Action Plan 2010:

*Management will re-enforce/re-train buyers through e-mail notification and monthly buyers meetings of the requirements to check EPLS, complete the debarment checklist, and maintain the checklist in the master purchase order file for all procurement transactions that exceed \$25,000.*

Management Response and Corrective Action Plan 2011:

*Management will re-enforce/re-train buyers through e-mail notification and monthly buyers meeting of the requirements to check EPLS, complete the debarment checklist, and maintain the checklist in the master purchase order file for all procurement transactions that exceed \$25,000.*

*Implementation Date: December 2011*

*Responsible Person: Michael Tramonte*

Reference No. 10-121

**Eligibility**

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 93.364 Award Number Not Applicable, CFDA 93.342 Award Number Not Applicable, CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A085159, and CFDA 84.063 P063P082584**

**Type of finding - Significant Deficiency and Non-Compliance**

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education  
U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6 and 682.603).

The Health Science Center did not use the correct EFC when calculating financial need for students who were enrolled for more than nine months during the award year. SAMS used the nine-month EFC for students enrolled for more than nine months during the award year, instead of the correct EFC. As a result, for 2 (5 percent) of 40 students tested, the Health Science Center used an incorrect EFC amount when calculating the students' financial need. However, the Health Science Center did not overaward funds as a result of this error.

**Corrective Action:**

Corrective action was taken.

Reference No. 10-122

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 93.364 Award Number Not Applicable, CFDA 93.342 Award Number Not Applicable, CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A085159, and CFDA 84.063 P063P082584**

**Type of finding - Significant Deficiency and Non-Compliance**

**Early Disbursement of Program Funds**

If a student is enrolled in a credit-hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, Higher Education Act (HEA) program funds to a student or parent for any payment period is 10 days before the first day of classes for a payment period (Title 34, Code of Federal Regulations, Section 668.164 (f)(1)).

The Health Science Center manually tracks disbursement dates and then runs an automated disbursement job in its student information system. That job uses the system date to date the transactions. However, Health Science Center personnel submitted that job early, causing disbursement to occur two days early. The Health Science Center does not have a compensating control in place, such as a review of disbursement reports, to ensure that it does not disburse funds earlier than 10 days before the start of each semester.

The Health Science Center disbursed funds more than 10 days in advance of the first day of classes for 2 (1 percent) of 152 disbursements tested (representing 2 of 40 students) for the 2009 Spring semester. Due to the holidays involved at the end of December and beginning of January, the Health Science Center disbursed Perkins loan funds and Nursing Student loan funds at the same time as other institutional funds, which resulted in these funds being disbursed 12 days in advance of the first day of classes. This issue also affected an additional 38 students who received Perkins loans and an additional 5 students who received Nursing Student Loans in the Spring semester.

Initial Year Written:	2009
Status:	Implemented
U.S. Department of Education	
U.S. Department of Health and Human Services	

**Corrective Action:**

Corrective action was taken.

## University of Texas M. D. Anderson Cancer Center

Reference No. 11-176

### Activities Allowed or Unallowed

### Allowable Costs/Cost Principles

### Cash Management

### Period of Availability of Federal Funds

### Program Income

### Special Tests and Provisions - Key Personnel

### Research and Development Cluster

#### Award years - See below

#### Award numbers - See below

#### Type of finding - Significant Deficiency and Non-Compliance

### Allowable Costs/Cost Principles

Research grants may be subject to laws and/or administrative regulations that limit the allowance for indirect costs under each grant to a stated percentage of the direct costs allowed. The maximum allowable under the limitation should be established by applying the stated percentage to a direct cost base, which shall include all items of expenditure authorized by the sponsoring agency for inclusion as part of the total cost for the direct benefit of the work under the grant (Title 45, Code of Federal Regulations, Part 74, Appendix E, Section v(C)). In addition, the University of Texas M.D. Anderson Cancer Center's (Cancer Center) indirect cost rate agreement with the U. S. Department of Health and Human Services requires that indirect cost calculations use a modified total direct cost base consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Health and  
Human Services  
U.S. Department of Defense

**For 1 (3 percent) of 39 awards tested, the Cancer Center overcharged indirect costs to the federal award.** For this award, the Cancer Center incorrectly included subgrant expenditures exceeding \$25,000 in the direct cost base it used to calculate indirect cost charges. In August 2010, the Cancer Center adjusted its indirect charges on that award so that, at the end of fiscal year 2010, the Cancer Center had not exceeded its indirect cost allowance for this award.

Additionally, based on review of the population of subgrants, auditors identified 9 other federal awards for which the Cancer Center overcharged a total of \$255,528 in indirect costs. In each of these instances, the overcharge was due to the Cancer Center including subgrant expenditures exceeding \$25,000 in the modified total direct cost base it used to calculate indirect cost charges. To help ensure that it does not include subgrant expenditures exceeding \$25,000 in the direct cost base it uses to calculate indirect costs, the Cancer Center establishes separate account codes for the first \$25,000 in subgrant expenditures and any subgrant expenditures exceeding \$25,000. The Cancer Center then manually allocates expenditures to these two separate account codes when it receives invoices for subgrant expenditures. However, for the 9 grants for which it overcharged \$255,528 in indirect costs, the Cancer Center did not correctly distribute subgrant expenditures to the two different accounts.

<u>CFDA</u>	<u>Award Number</u>	<u>Award Year</u>
93.397	5 P50 CA127001 02	September 1, 2008 to August 31, 2013
93.000	1 29XS143 01	June 26, 2009 to May 14, 2012
93.701	2 R01 CA069425 08 A2	February 25, 1999 to August 31, 2011
93.701	5 RC2 MD004783 02	September 27, 2009 to July 31, 2011
93.395	5 R21 CA137633 02	June 15, 2009 to May 31, 2011
93.397	5 P50 CA083639 10	September 30, 1999 to August 31, 2010
93.000	N01-CN-35159 07	September 30, 2003 to September 29, 2012
93.396	5 R01 CA069480 13	June 21, 1999 to July 31, 2011
12.420	W81XWH-07-1-0306 04	June 1, 2007 to June 30, 2011
93.393	5 R01 CA119215 05	September 25, 2006 to July 31, 2011

Recommendations:

The Cancer Center should ensure that it does not include subgrant expenditures in excess of \$25,000 in the direct cost base it uses to charge indirect costs to federal awards.

Management Response and Corrective Action Plan 2010:

*The Cancer Center has reviewed and corrected the subgrant expenditures to exclude these from the direct cost base. In addition, the Cancer Center will proactively review requisitions and subcontract invoices to ensure that subgrant expenditures in excess of \$25,000 are not included in the direct cost base.*

Management Response and Corrective Action Plan 2011:

*The Cancer Center continues to proactively review and correct subgrant expenditures to exclude these from the direct cost base. In addition, the Cancer Center will proactively review requisitions and subcontract invoices to ensure that subgrant expenditures in excess of \$25,000 are not included in the direct cost base.*

*Implementation Date:* December 2011

*Responsible Person:* Claudia Delgado

Other Compliance Requirements

Although the general controls weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, program income, and special tests and provisions – key personnel, auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Cancer Center did not have sufficient change management controls for the Geac general accounting system that its administrative and financial services staff use.** Specifically, the Cancer Center has not segregated duties for personnel who make Geac programming changes and migrate those changes to the production environment. Two programmers have access to migrate code to the production environment. This increases the risk of unintended programming changes being made to Geac, which the Cancer Center uses to administer research and development.

**Additionally, the Cancer Center did not have sufficient user access controls for the Effort Certification (ECRT) system servers that its administrative and financial services staff use.** Specifically, six inappropriate user accounts with system administrator level access were found on the ECRT servers in the production environment. Furthermore, the Cancer Center does not perform periodic reviews of user accounts with high profile access on the production ECRT servers. A lack of a periodic review increases the risk that users can access the ECRT servers without Cancer Center management knowledge. In this case, the level of access for the users who should not have had access was system administrator access, which is a high level of access.

Corrective Action:

Corrective action was taken.

Reference No. 11-177

## Reporting

### Research and Development Cluster

Award years - March 1, 2010 to March 31, 2013

Award number - CFDA 12.420 W81XWH-10-1-0074

Type of finding - Significant Deficiency and Non-Compliance

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients should use the standardized financial reporting forms or such other forms as may be authorized by the Office of Management and Budget (OMB) (Title 2 Code of Federal Regulations (CFR), Sections 215.51 and 215.52). Although the CFR has not been updated to include the new form, recipients use the Federal Financial Report (FFR), Form SF-425, as a standardized format to report the financial status of their federal awards and, when applicable, cash status (OMB Circular A-133 Compliance Supplement, June 2010, Part 3, Section L, 3-L-1 to 3-L-8).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Defense

The University of Texas M.D. Anderson Cancer Center (Cancer Center) prepares and inputs information for the FFR using a manual process. **For 1 (3 percent) of 33 reports reviewed, the Cancer Center incorrectly input data into key FFR fields related to the indirect cost base and the indirect costs charged.** These errors resulted in the Cancer Center understating total disbursements by \$388 for the quarter ending June 30, 2010 (\$252 in base expenses for indirect charges and \$136 for indirect charges). The Cancer Center's review and approval of the report did not detect and correct the error.

## General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Cancer Center did not have sufficient change management controls for the Geac general accounting system that its administrative and financial services staff use.** Specifically, the Cancer Center has not segregated duties for personnel who make Geac programming changes and migrate those changes to the production environment. Two programmers have access to migrate code to the production environment. This increases the risk of unintended programming changes being made to Geac, which the Cancer Center uses to administer research and development.

**Additionally, the Cancer Center did not have sufficient user access controls for the Effort Certification (ECRT) system servers that its administrative and financial services staff use.** Specifically, six inappropriate user accounts with system administrator level access were found on the ECRT servers in the production environment. Furthermore, the Cancer Center does not perform periodic reviews of user accounts with high profile access on the production ECRT servers. A lack of a periodic review increases the risk that users can access the ECRT servers without Cancer Center management knowledge. In this case, the level of access for the users who should not have had access was system administrator access, which is a high level of access.

## Corrective Action:

Corrective action was taken.

Reference No. 11-178

**Special Tests and Provisions - Indirect Cost Limitation**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency**

According to the Department of Defense Appropriations Act (Act) of 2010, none of the funds made available under the Act may be used to pay negotiated indirect cost rates on a contract, grant, or cooperative agreement (or similar arrangement) entered into by the Department of Defense and an entity in excess of 35 percent of the total cost of the contract, grant, or agreement (or similar arrangement). The Act states that this limitation shall apply only to contracts, grants, or cooperative agreements entered into after the date of enactment of the Act using funds made available in the Act for basic research (Department of Defense Appropriations Act, 2010, Title VIII General Provisions, Section 8101).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Defense

This indirect cost limitation requirement was first included in the Department of Defense Appropriations Act of 2008, which applied to new awards made on or after November 14, 2007, using fiscal year 2008, fiscal year 2009, or fiscal year 2010 Department of Defense basic research funds, as well as funding modifications using the same funds (Office of Management and Budget Circular A-133, Part 5, Research and Development Cluster, Section N).

**The University of Texas M.D. Anderson Cancer Center (Cancer Center) does not have a process to identify and monitor Department of Defense grants that include an indirect cost limitation.** Without this process, the Cancer Center could exceed the indirect cost rate limitation.

**Recommendation:**

The Cancer Center should develop and implement a process to identify and monitor grants with indirect cost limitations.

**Management Response and Corrective Action Plan 2010:**

*The Cancer Center has developed and implemented a process to identify and monitor grants with the indirect cost limitation.*

**Management Response and Corrective Action Plan 2011:**

*The Cancer Center has corrected the set up of the grant to reflect the correct indirect cost limitation. In addition, the Cancer Center will develop a process to identify and monitor grants with the indirect cost limitation.*

**Implementation Date:** February 2012

**Responsible Person:** Claudia Delgado

Reference No. 11-179

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

Subrecipients of Recovery Act Funding

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) provide identification of Recovery Act awards in their Schedule of Expenditures of Federal Awards (SEFA). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the Government Accountability Office (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and Human Services

**The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not identify Recovery Act information to 16 (100 percent) of 16 subrecipients at the time of disbursement of funds, and it does not have a procedure to do so.** For fiscal year 2010, this affected subaward expenditures totaling \$2,093,720. Failure to notify subrecipients about Recovery Act information at the time of disbursement may result in inaccurate reporting of Recovery Act funds by subrecipients.

The issues discussed above affected the following awards:

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
93.701	5 R01 CA 124782 04 (ARRA)	July 1, 2009 to June 30, 2011
93.701	3 R01 CA093729 08 S1 (ARRA)	August 1, 2009 to July 31, 2011
93.701	3 R01 CA121197 03 S1 (ARRA)	August 1, 2009 to July 31, 2011
93.701	1 R21 CA129671 01 A1 (ARRA)	August 1, 2009 to July 31, 2011
93.701	5 R01 CA131327 02 (ARRA)	August 12, 2009 to July 31, 2011
93.701	1 RC2 ES018789 01 (ARRA)	September 24, 2009 to July 31, 2011
93.701	1 RC2 DE020958 01 (ARRA)	September 25, 2009 to August 31, 2011
93.701	5 RC2 MD004783 02 (ARRA)	September 27, 2009 to July 31, 2011
93.701	1 RC2 AR059010 01(ARRA)	September 29, 2009 to August 31, 2011
93.701	1 RC2 CA148263 01 (ARRA)	September 30, 2009 to August 31, 2011

Corrective Action:

Corrective action was taken.

**University of Texas Medical Branch at Galveston**

Reference No. 10-131

**Reporting****Research and Development Cluster**

Award years - see below

Award numbers - see below

Type of finding - Significant Deficiency and Non-Compliance

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the *Financial Status Report* (FSR) SF-269 (Office of Management and Budget (OMB) No. 0348-0039) or SF-269A (OMB No. 0348-0038) to report the status of funds for all non-construction projects and for construction projects when the FSR is required in lieu of the SF-271 (Title 45, Code of Federal Regulations, Section 74.52).

FSRs are required to be submitted to National Institutes of Health within 90 calendar days after the last day of each budget period unless the award is issued under the Streamlined Non-Competing Award Process (SNAP). For recipients under SNAP, FSRs are no longer required annually; instead, FSRs are required 90 days after the end of the competitive segment.

Initial Year Written: 2009  
 Status: Partially Implemented  
 U.S. Department of Health and Human Services  
 National Institutes of Health  
 National Aeronautics and Space Administration

The U.S. Department of Health and Human Services' Grants Policy Statement Part II states that the FSR generally is required annually, unless otherwise indicated in the notice of award. If an FSR is required annually and the award is operating under an authorized no-cost extension, an FSR must be submitted for each 12 months of activity, regardless of the overall length of the extended budget period. When required annually, the FSR must be submitted for each budget period no later than 90 days after the close of the budget period or applicable 12-month period.

The National Aeronautics and Space Administration (NASA) requires that grant and cooperative agreement recipients submit all final reports listed in the "Required Publications and Reports" section of the grant award document be submitted to NASA within 90 days after the expiration date of the grant or cooperative agreement.

The Office of Management and Budget (OMB) granted an extension to institutions affected by Hurricanes Katrina and Rita. The extension stated "Agencies may allow the grantee to delay submission of any pending financial, performance and other reports required by the terms of the award for the closeout of expired projects, providing that proper notice about the reporting delay is given by the grantee to the agency. This delay in submitting closeout reports may not exceed one year after the award expires." The National Institutes of Health (NIH) sent an e-mail to the University of Texas Medical Branch at Galveston (Medical Branch) in September 2008 stating that the OMB granted the same extension to institutions affected by Hurricane Ike.

The Medical Branch did not submit required financial reports in a timely manner. Specifically, the Medical Branch submitted 25 (63 percent) of 40 reports tested between 1 and 375 days after their due date. Of those 25 reports, 16 were filed more than 90 days late. The Medical Branch asserts that for 21 (53 percent) of the 25 late reports, the Medical Branch was operating under an extension from the OMB for institutions affected by Hurricane Ike to file the reports up to a year late. However, the Medical Branch did not provide evidence that it notified the awarding agencies of the reporting delay as the OMB extension required.

This issue affected the following awards:

<b><u>CFDA</u></b>	<b><u>Award Numbers</u></b>	<b><u>Award Years</u></b>
93.865	5K12HD05592902	September 25, 2007 to August 31, 2008
93.856	5 R21 AI063235-02	March 1, 2006 to January 31, 2009
93.855	1 R21 AI066999-01A2	September 30, 2006 to August 31, 2008
93.113	5T32ES00725417	September 1, 2007 to June 30, 2008
93.855	5 K08 AI055792-04	February 1, 2007 to July 31, 2008
93.279	5T32DA00728712	July 1, 2007 to June 30, 2008

<b>CFDA</b>	<b>Award Numbers</b>	<b>Award Years</b>
93.855	1R01AI07330101A1	April 1, 2008, January 5, 2009
93.859	5T32GM008256-17	July 1, 2007 to June 30, 2008
93.859	2R01GM062882-06A2	May 15, 2008 to September 30, 2008
93.853	5 P01 NS011255-31	April 1, 2007 to March 31, 2008
93.838	5 U10 HL074206-05	April 15, 2007 to July 31, 2008
93.866	5 T32 AG000270-09	May 1, 2007 to April 30, 2008
43.001	NNA05CV50G	October 1, 2005 to September 30, 2008
93.273	5 R01 AA013171-05	August 1, 2006 to July 31, 2008
93.821	5 R01 GM064855-04	August 1, 2005 to July 31, 2008
93.837	5R01HL05563011	January 1, 2007 to December 31, 2008
93.847	5T35DK07851902	July 1, 2007 to June 30, 2008
93.398	5T32CA11783403	July 1, 2007 to June 30, 2008
93.856	3 U01 AI032782-13S3	January 1, 2004 to March 31, 2008
93.855	5T32AI06539604	August 1, 2007 to July 31, 2008
93.848	5 T32 DK007639-15	July 1, 2007 to June 30, 2008
93.865	5T32HD00753907	May 1, 2007 to April 30, 2008
93.855	5U19AI04003513	July 1, 2007 to June 30, 2008
93.242	5U01MH064850-06	January 1, 2008 to December 31, 2008
93.856	5T32AI060549-05	July 1, 2007 to June 30, 2008

**Corrective Action:**

This finding was reissued as current year reference number: 12-179.

Reference No. 09-105

**Special Tests and Provisions - Disbursements To or On Behalf of Students****Student Financial Assistance Cluster**

**Award years - July 1, 2007 to June 30, 2008**

**Award numbers - CFDA 84.032 Award Number Not Applicable and CFDA 84.063 P063P070485**

**Type of finding - Significant Deficiency and Non-Compliance**

**Common Origination and Disbursement System Reporting**

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2008, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-27)).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education

For 40 of 40 students (73 of 73 disbursements) (100 percent) tested at the Medical Branch for the Fall 2007 and/or Spring 2008 semesters, the date of Pell and Direct Loan disbursement did not match the disbursement date in the COD System. For 1 of these 40 students (3 percent) (1 of 73 disbursements), the disbursement amount was not reported correctly.

Recommendations:

The Medical Branch should:

- Ensure that it includes all required information in the disbursement notification letters.
- Develop a control process to ensure that it reports the appropriate dates and amounts to the COD System.

Management Response and Corrective Action Plan 2008:

*In response to this finding, corrective action has been taken to develop a notification procedure to the students via email and maintain copies of the correspondence. Additionally, a process will be developed to ensure all amounts and dates are appropriately reported in the COD System.*

Management Response and Corrective Action Plan 2009:

*Due to the impact of Hurricane Ike, the process for maintaining notification documentation electronically was not placed into production until February 17, 2009, with additional testing and automation occurring prior to the FY09/10 award year.*

*We provided additional training to staff about the importance of reporting accurately the dates and amounts in COD, and random checks of the reported disbursements since February 2009 have been accurate. For the 2009-2010 academic year, disbursements and reporting to COD are being handled through a single system, the Regent Financial Aid system. Since this disbursement period will be the first using the new reporting process to COD, we established an additional review process to ensure accurate reporting.*

Management Response and Corrective Action Plan 2010:

*We maintain electronic copies of the disbursement notification send to students each time a disbursement is processed and perform random checks of these notifications to ensure that they are produced correctly and accurately. Additionally, we perform random checks in COD to ensure that the disbursement dates are reported accurately. Although, the auditors identified an error related to reported date during their follow-up testing of our corrective actions taken, we've noted significant improvement in this area since the prior audit testing and enhancement of our controls. We will continue our current process to ensure that disbursements are reported correctly and that disbursement notifications are sent to students timely. Additionally, we are implementing a new student system in the Fall 2011 (Oracle Campus Solutions) which should greatly enhance our reporting capabilities.*

Management Response and Corrective Action Plan 2011:

*For award years prior to 2011/12 all reporting of disbursements to COD for Pell and Direct Loans involved a manual process due to the limitations of the Regent financial aid system. Although the staff performed audits of dates to ensure that the disbursement dates were reported accurately, there was human error and some dates were reported incorrectly by 1-3 days.*

*Beginning with award year 2011/12, UTMB implemented Campus Solutions and the date we disburse funds is truly the date the funds are available to the student. Additionally, the reporting of actual disbursement dates is now automated resulting in accurate reporting. As has been our practice in past years, we continue to send an electronic notification to students each time disbursements are processed.*

Implementation Date: June 20, 2011

Responsible Person: Carol Cromie

## University of Texas - Pan American

Reference No. 10-133

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award numbers - CFDA 84.007 P007A084091, 84.268 P268K092296, 84.033 P033A84091, 84.038 Award Number Not Applicable, 84.063 P063P082296, 84.375 P375A082296, and 84.376 P376S082296

Type of finding - Material Weakness and Non-Compliance

#### Disbursement Notification Letters

If an institution credits a student's account at the institution with Direct Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

For 1 (5 percent) of 21 students tested who received Direct Loans, the University sent disbursement notifications 33 days after the disbursement date, instead of within the required 30 days, for one semester disbursement. The University sent the disbursement notifications late because a verbal request for a computer report that identifies students' loan disbursements was not made in time to generate the notifications within the required 30 days. Not receiving these notifications promptly could impair the students' or parents' ability to cancel their loans.

In addition, manual overrides to the process that records the date that the University sent disbursement notification letters in the student financial aid system allow staff to manipulate the recorded date to reflect a date other than the actual date that the University sent the notification letters. Manually changing the date could result in the system reflecting a date that is within the 30-day requirement, even though the notification may have been sent outside of the 30-day requirement.

#### Corrective Action:

Corrective action was taken.

## University of Texas of the Permian Basin

Reference No. 09-106

### Eligibility

(Prior Audit Issue - 07-74)

#### Student Financial Assistance Cluster

Award years - July 1, 2007 to June 30, 2008

Award number - CFDA 84.063 PO63PO63265

Type of finding - Significant Deficiency and Non-Compliance

### Financial Need and Total Awards Should Not Exceed Need

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Education Opportunity Grant, Title 34, Code of Federal Regulations (CFR), Sections 673.5 and 673.6; Federal Family Education Loans, Title 34, CFR, Section 682.603).

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Education	

COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, subchapter IV, Section 108711).

For the federal Pell Grant program, the payment and disbursement schedules provided each year by the U.S. Department of Education are used for determining award amounts. These schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter time, half-time, and less-than-half-time students, as well as students with low-assessed tuition. All of the schedules, however, are based on the COA of a full-time student for a full academic year.

For 1 (2 percent) of 50 students tested, the University of Texas of the Permian Basin (University) awarded total assistance that exceeded the student's calculated financial need by \$1,089. In October 2008, the University returned the over award plus interest to the lender.

In addition, for 3 (6 percent) of 50 students tested, the University calculated the COA budgets incorrectly, and the budgets did not match the student financial aid budget schedule. As a result, COA was overstated for two students and understated for one student. Specifically:

The University did not adjust two students' spring 2008 COA calculations to reflect that they were enrolled half-time instead of full-time. As a result, these students were over awarded Pell grants by \$480 and \$540, respectively. The University returned an amount equal to the overpayment to the U.S. Department of Education in July 2008.

The University did not adjust another student's COA calculation to reflect the student's actual living status. As a result, this student was under awarded a Pell grant by \$345.

### Corrective Action:

Corrective action was taken.

Reference No. 09-107

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Year Issue 07-75)

**Student Financial Assistance Cluster**

**Award years - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.032 Award Number Not Applicable**

**Type of finding - Material Weakness and Material Non-Compliance**

**Notification Letters**

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2006  
Status: Implemented

U.S. Department of Education

The University did not send the required disbursement notifications to FFELP loan recipients during the 2007-2008 award year within the 30-day requirement for the Fall Semester and did not retain documentation that notification letters were sent for the Spring Semester. The University does not participate in the FPL program.

**Pell Payment Reporting**

Institutions submit payment data to the U.S. Department of Education through the Common Origination and Disbursement (COD) System. Origination records can be sent in advance of any disbursement, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data 1) within 30 calendar days after they make a payment, or 2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget Circular A-133 Compliance Supplement, Part 5, Section L.1.e) and the Secretary of the U.S. Department of Education accepts a student's payment data that is submitted in accordance with procedures established through publication in the Federal Register, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution (Title 34, Code of Federal Regulations, Section 690.83.(a)(2)).

In a sample of 33 students tested at the University, 33 students (100 percent) received Pell Grant awards. However, the University did not report the date of at least one disbursement of Pell Grant awards to the COD System for any of those 33 students.

**Corrective Action:**

Corrective action was taken.

**Returning Funds to a Lender**

When an institution receives FFELP funds from the lender by electronic funds transfer (EFT) or master check, it usually must disburse the funds within three business days. If a student is temporarily not eligible for a disbursement but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return FFELP funds that it does not

**UNIVERSITY OF TEXAS OF THE PERMIAN BASIN**

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disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement (Title 34, Code of Federal Regulations, Section 668.167).

For 1 (8 percent) of 13 students tested, the University held student loan funds for significantly more than three business days and did not return funds to the lender within the required 10-day time frame.

**Corrective Action:**

This portion of the finding is no longer valid. The University no longer participates in the Federal Family Education Loan (FFEL) Program.

## University of Texas at San Antonio

Reference No. 11-180

### Eligibility

#### Activities Allowed or Unallowed

#### Cash Management

#### Period of Availability of Federal Funds

#### Reporting

#### Special Tests and Provisions - Separate Funds

#### Special Tests and Provisions - Student Status Changes

#### Special Tests and Provisions - Institutional Eligibility

### Student Financial Assistance Cluster

#### Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093294, CFDA 84.268 P268K103294, CFDA 84.007 P007A094169, CFDA 84.033 P033A094169, CFDA 84.375 P375A093294, CFDA 84.376 P376S093294, and CFDA 84.379 P379T103294

#### Type of finding - Significant Deficiency and Non-Compliance

### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

The University of Texas at San Antonio's (University) satisfactory academic progress policy requires an undergraduate student receiving federal aid to: (1) maintain a minimum 2.00 cumulative GPA, or 1.80 GPA for freshman students; (2) successfully complete at least 67 percent of the student's attempted credit hours; and (3) meet the student's degree objectives without attempting more than 150 percent of the published length of the program of study. If a student does not meet these requirements, the student may be placed on financial aid termination. If the student is placed on financial aid termination, the student may appeal the termination. For students who are readmitted to the University after satisfactory academic progress is measured for the award year, the University considers the satisfactory academic progress measured when the student was last enrolled in the University.

**The University disbursed \$16,324 in financial assistance to 1 (2.5 percent) of 40 students tested, even though that student did not meet the University's satisfactory academic progress policy.** This occurred because of an error in data migration from the prior financial aid application to Banner. When the student was last enrolled, the student failed to make satisfactory academic progress, and information regarding the student's failed satisfactory academic progress status was recorded correctly in the prior financial aid application. However, that information was not transferred correctly from the prior financial aid application to Banner; as a result, information in Banner indicated the student had made satisfactory academic progress. The student was readmitted after the University began using Banner, and the University relied on information in Banner to award assistance. As a result, the University incorrectly awarded \$16,324 in assistance to the student.

A total of 22 students who received assistance during the award year had last enrolled when the University was still using the prior financial aid application but were readmitted after the University had started using Banner.

Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, cash management, period of availability of federal funds, reporting, special tests and provisions - separate funds, special tests and provisions - student status changes, and special tests and provisions - institutional eligibility, auditors identified no compliance issues regarding these compliance requirements.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner, and its associated operating environment.** Specifically:

- Auditors were unable to associate 82 active Banner accounts with current University personnel.
- Three information technology (IT) managers had database administrator roles within the Banner database that allowed them to introduce unauthorized changes into the production environment.
- Two accounts assigned to the database administrator role belonged to individuals who did not require that level of access.

**Additionally, the University does not perform formal reviews of user accounts at the server level.** Auditors identified four accounts on the server that hosts the Banner database that were associated with individuals whose employment had been terminated.

The weaknesses described above increase the risk of inappropriate changes and do not allow for proper segregation of duties.

Corrective Action:

Corrective action was taken.

Reference No. 11-181

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093294, CFDA 84.268 P268K103294, CFDA 84.007 P007A094169, CFDA 84.033 P033A094169, CFDA 84.375 P375A093294, CFDA 84.376 P376S093294, and CFDA 84.379 P379T103294**

**Type of finding - Significant Deficiency and Non-Compliance**

Verification

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education, to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions,

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

foreign income exclusion, earned income credit, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

The University of Texas at San Antonio (University) participates in the Quality Assurance Program (QAP) designed by the U.S. Department of Education. Under the QAP, participating institutions develop and implement a quality improvement approach to federal student assistance program administration and delivery. The QAP provides participating institutions with an alternative management approach to develop verification that fits their population. As a part of quality improvement for the verification process, the University's policy requires verifying wages and income exclusions, in addition to all of the items required by Title 34, Code of Federal Regulations, Section 668.56.

**For 1 (2 percent) of 50 students tested, the University did not accurately verify all required items on the FAFSA.** Specifically, for that student, the University incorrectly identified the household size as five and the number of household members who are in college as one. Based on review of the student's tax return and verification worksheet, the correct household size was four and the correct number of household members in college was two. As a result of this error, the University understated the student's expected family income and overawarded the student \$137 in Pell grants. The University corrected the error in September 2010 and reduced the student's Pell award accordingly.

General Controls:

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner, and its associated operating environment.** Specifically:

- Auditors were unable to associate 82 active Banner accounts with current University personnel.
- Three information technology (IT) managers had database administrator roles within the Banner database that allowed them to introduce unauthorized changes into the production environment.
- Two accounts assigned to the database administrator role belonged to individuals who did not require that level of access.

**Additionally, the University does not perform formal reviews of user accounts at the server level.** Auditors identified four accounts on the server that hosts the Banner database that were associated with individuals whose employment had been terminated.

The weaknesses described above increase the risk of inappropriate changes and do not allow for proper segregation of duties.

Corrective Action:

Corrective action was taken.

Reference No. 11-182

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093294, CFDA 84.268 P268K103294, CFDA 84.007 P007A094169, CFDA 84.033 P033A094169, CFDA 84.375 P375A093294, CFDA 84.376 P376S093294, and CFDA 84.379 P379T103294**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notifications**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of: (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Implemented  
  
U.S. Department of Education

**The University of Texas at San Antonio (University) did not send disbursement notifications to 37 (62 percent) of the 60 students who received TEACH Grant funds for award year 2009-2010 within the required time frame.** The University disbursed TEACH Grant funds to one of these students on February 25, 2010, but it did not send the disbursement notification until July 15, 2010. For the remaining 36 students, the University disbursed funds between February 26, 2010, and March 30, 2010, but it did not send the disbursement notifications until May 10, 2010. The University relied on a manual process for sending TEACH Grant disbursement notifications, and it did not perform that process within 30 days for the February 2010 and March 2010 TEACH Grant disbursements. Not receiving these notifications within the required time frame can impair TEACH Grant recipients' ability to cancel their awards.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner, and its associated operating environment.** Specifically:

- Auditors were unable to associate 82 active Banner accounts with current University personnel.
- Three information technology (IT) managers had database administrator roles within the Banner database that allowed them to introduce unauthorized changes into the production environment.
- Two accounts assigned to the database administrator role belonged to individuals who did not require that level of access.

**Additionally, the University does not perform formal reviews of user accounts at the server level.** Auditors identified four accounts on the server that hosts the Banner database that were associated with individuals whose employment had been terminated.

The weaknesses described above increase the risk of inappropriate changes and do not allow for proper segregation of duties.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-183

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093294, CFDA 84.268 P268K103294, CFDA 84.007 P007A094169, CFDA 84.033 P033A094169, CFDA 84.375 P375A093294, CFDA 84.376 P376S093294, and CFDA 84.379 P379T103294**

**Type of finding - Significant Deficiency and Non-Compliance**

**Return of Title IV Funds**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (1)-(4)).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

The amount of earned Title IV grant or loan assistance is calculated by: (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(e)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

**For 1 (2 percent) of 46 students tested, the University of Texas at San Antonio (University) did not return the proper amount of funds.** The University correctly calculated the amount of funds to return using the Return of Title IV worksheet; however, the University returned \$39 more in Pell grant funds than required due to a manual

error. By returning more funds than required, the University disbursed less financial aid to the student than the student had earned.

**For 1 (3 percent) of 31 students tested, the University did not return Pell grant funds within 45 days after the date the University determined that the student withdrew.** The University initially removed the grant funds from the student's account within the required time frame, but it erroneously redisbursed the funds to the student a few days later because it had not locked that student's account. The University returned the funds several months later when it identified the error during a supervisory review of the student's account.

**For 19 (63 percent) of 30 students who unofficially withdrew from the University, the University did not determine the withdrawal date within 30 days after the end of the semester, as required.** The University did not begin the process to identify these potential unofficially withdrawn students and to determine their withdrawal dates until after the required 30-day timeframe. Not determining withdrawal dates in a timely manner delays the return of Title IV funds.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner, and its associated operating environment.** Specifically:

- Auditors were unable to associate 82 active Banner accounts with current University personnel.
- Three information technology (IT) managers had database administrator roles within the Banner database that allowed them to introduce unauthorized changes into the production environment.
- Two accounts assigned to the database administrator role belonged to individuals who did not require that level of access.

**Additionally, the University does not perform formal reviews of user accounts at the server level.** Auditors identified four accounts on the server that hosts the Banner database that were associated with individuals whose employment had been terminated.

The weaknesses described above increase the risk of inappropriate changes and do not allow for proper segregation of duties.

**Corrective Action:**

This finding was reissued as current year reference number: 12-184.

Reference No. 11-184

**Special Tests and Provisions - Borrower Data Transmission and Reconciliations (Direct Loans)**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award number - CFDA 84.268 P268K103294**

**Type of finding - Significant Deficiency and Non-Compliance**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file that

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Education

consists of a cash summary, cash detail, and (optional at the request of the school) loan detail records. The institution is required to reconcile these files to the institution's financial records. Up to three Direct Loan program years may be open at any given time; therefore, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 685.303).

**For 23 (58 percent) of 40 students tested at the University of Texas at San Antonio (University), the disbursement date shown in the DLSS did not match the date the University disbursed the funds.** The University disbursed the funds on January 2, 2010; however, the DLSS showed the disbursement date as December 30, 2009. For disbursements made on January 2, 2010, the University incorrectly programmed the disbursement date as December 30, 2009, in its student financial aid system; it also loaded the incorrect date into the DLSS. This issue affected disbursement date reporting for 9,697 students. Reporting incorrect disbursement dates increases the risk of overawards being made to students and limits the University's monitoring capabilities.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The University did not maintain appropriate access to its financial aid application, Banner, and its associated operating environment.** Specifically:

- Auditors were unable to associate 82 active Banner accounts with current University personnel.
- Three information technology (IT) managers had database administrator roles within the Banner database that allowed them to introduce unauthorized changes into the production environment.
- Two accounts assigned to the database administrator role belonged to individuals who did not require that level of access.

**Additionally, the University does not perform formal reviews of user accounts at the server level.** Auditors identified four accounts on the server that hosts the Banner database that were associated with individuals whose employment had been terminated.

The weaknesses described above increase the risk of inappropriate changes and do not allow for proper segregation of duties.

Corrective Action:

Corrective action was taken.

## University of Texas Southwestern Medical Center at Dallas

Reference No. 11-185

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2009 to June 30, 2010

Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093281, CFDA 84.007 P007A094161, and CFDA 84.033 P033A094161

Type of finding - Significant Deficiency

### Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

The University of Texas Southwestern Medical Center at Dallas's (Medical Center) published satisfactory academic progress (SAP) policy requires that graduate students maintain at least a 3.0 cumulative grade point average (qualitative standard) and earn at least 9 hours per academic semester (quantitative standard). However, **the Medical Center's SAP determination process was insufficient to ensure that the Medical Center identified and flagged in its student financial aid application all graduate students who did not meet the quantitative standard of the SAP policy.** The SAP determination query was set to identify students who earned fewer than six hours in a semester, rather than students who earned fewer than nine hours in a semester. As a result, the Medical Center's SAP determination query did not identify nine graduate students who did not meet the SAP quantitative requirement. The Medical Center asserted that all nine students met the SAP requirements or would have been granted aid upon appeal; however, incorrect SAP query parameters could result in ineligible students receiving financial assistance.

### Corrective Action:

Corrective action was taken.

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to its student financial aid application.** Specifically, three users had excessive access to the student financial aid application database. Two of these users were programmers and one was a former temporary employee.

### **Additionally, auditors identified the following situations in which multiple users shared a generic user ID:**

- Four users shared a generic user ID to migrate code to the production environment for the student financial aid application. Two of these individuals were programmers for that application.
- A group of 28 individuals shared a generic high-profile user ID for the student financial aid application server.

- The domain administrators group, which included 28 individuals, shared a generic high-profile user ID for the network.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. Sharing a user ID and password does not allow for user accountability and does not follow the Medical Center's published password policy.

**Additionally, two user accounts for the student financial aid application were still active but were unused or were not assigned to a specific individual.** Inactive or unassigned user accounts should be deactivated. Leaving inactive or unassigned accounts active can lead to possible unauthorized entry into the application.

Recommendations:

The Medical Center should:

- Limit high-profile access to the student financial aid database to the appropriate users based on their responsibilities.
- Define user access for migrating student financial aid application code to the production environment in a manner that promotes separation of duties and is based on users' responsibilities.
- Assign each user a unique user ID and password for all logins.
- Disable inactive or unused user accounts for the student financial aid application.

Management Response and Corrective Action Plan 2010:

*a) It is important to note that all of the access control issues are unique to an existing proprietary mainframe computer system (SIS) which will be retired in March 2012 in favor of more modern system architecture (Oracle/PeopleSoft).*

*b) High-profile access to the student financial aid database has been limited to the appropriate users based on their responsibilities.*

*The audit team identified situations where three users shared administrative access to the database and 28 individuals shared generic high-profile user stat us for the Network and Application Server.*

*The three users with administrative access to the main database were high-level users whose responsibilities required high access levels to perform system tasks. Inherent within the system architecture is the storage of working files that are maintained for exclusive use by the specific User ID. Therefore, to avoid conflicted data, the users are required to work with a shared generic login. This need will be removed once more modern system architecture and security is implemented in March 2012.*

*SIS runs on an Open VMS system, not a Windows System. Due to the cost of hardware and hardware maintenance, we have implemented the Open VMS system that runs the SIS product on a virtualization technology called Charon. This technology is very much like VMWare, except that the emulated hardware layer is VAX and the Operating System is Open VMS instead of Windows or Linux. The Domain administrator account and groups have elevated access to the HOST system, but do not have authority on the Open VMS GUEST named SWVX12 where SIS runs. System account access on the Open VMS system is limited to the three Open VMS system administrators. Due to the age of the Open VMS/VAX operating system, many of the more modern methods of implementing policy-based access controls are not available. The access to the Windows server is governed by Active Directory Authentication and the administrator role is assigned to members of the Systems and Operations Group that have System/Database support as their primary role. As a mitigating control, all personnel within the division of Systems and Operations (the 28) possess successfully adjudicated NACI High background investigations performed by the federal Office of Personnel Management.*

c) Change management procedures have been implemented for migrating student financial aid application code to the production environment to mitigate risks created by limited resources and the system functionality. Access for this purpose is already tightly restricted to the extent the size of the technical support team allows. However, application code change management procedures were changed immediately to require documentation of 1) a summary of all changes made, 2) itemized approval of the changes prior implementation in production mode, and 3) final system change approval by the primary business owner.

d) Unique logins for the self-contained database system are already standard in all cases except where temporary working files are utilized that must remain in a common access directory for consistent processing. Shared logins are only used where the common access directory is required. This functionality is inherent to the existing proprietary system which is being retired in March 2012 in favor of more modern architecture.

e) The inactive or unused user accounts in the student financial aid application have been deleted. The accounts identified in the finding were for two former employees of the Institution who were expected to provide occasional on-going contract work where the access levels would have been required. Their access rights within the system were tightly contained within the system and would have required two additional gateway access points to reach and the individual's login passwords within the system which had been changed following non-employment. Their access rights were retained largely as a template within the system to aid in future setup.

Management Response and Corrective Action Plan 2011:

a) See Management Response and Corrective Action Plan 2010. The recommendation will be fully addressed with the implementation of the PeopleSoft Campus Solutions (student system) modules of Student Records, Financial Aid and Student Financials which are slated to go "live" in February or March 2012.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

b) See Management Response and Corrective Action Plan 2010. Corrective Action was taken. Manual change management procedures have been implemented until improved system controls are available.

The PeopleSoft Campus Solutions implementation in March 2012 will provide additional system controls and functionality, which are not available in the current student financial aid application, necessary to fully implement corrective action to address this recommendation.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

c) See Management Response and Corrective Action Plan 2010. The recommendation will be fully addressed with the implementation of the PeopleSoft Campus Solutions (student system) modules of Student Records, Financial Aid and Student Financials which are slated to go "live" in February or March 2012.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

d) Corrective Action has been taken. All inactive or unused accounts for the student financial aid application have been deleted.

Implementation Date: January 2011

Responsible Person: Charles Kettlewell

Reference No. 11-186

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years - July 1, 2009 to June 30, 2010**

**Award numbers - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P093281, CFDA 84.007 P007A094161, and CFDA 84.033 P033A094161**

**Type of finding - Significant Deficiency and Non-Compliance**

**Disbursement Notification Letters**

If an institution credits a student's account at the institution with Direct Loan, Federal Family Education Loan (FFEL), Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Education

**For 11 (28 percent) of 39 students tested who received loans, the University of Texas Southwestern Medical Center at Dallas (Medical Center) did not retain evidence that it sent the required disbursement notification letters.** These 11 students received loan funds, but these funds did not result in credit balances on the students' accounts. The Medical Center asserts that when students do not have credit balances on their accounts, the Medical Center mails loan disbursement notifications to the student, but it does not retain copies of those notifications.

Additionally, when a student receives loan funds that result in a credit balance to the student's account, the Medical Center e-mails the disbursement notification to the student. However, the **e-mail notifications do not contain the actual disbursement date of the loan.**

Not receiving the disbursement notifications or not being notified of the actual loan disbursement dates could impair students' and parents' ability to cancel their loans.

**Corrective Action:**

Corrective action was taken.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to its student financial aid application.** Specifically, three users had excessive access to the student financial aid application database. Two of these users were programmers and one was a former temporary employee.

**Additionally, auditors identified the following situations in which multiple users shared a generic user ID:**

- Four users shared a generic user ID to migrate code to the production environment for the student financial aid application. Two of these individuals were programmers for that application.
- A group of 28 individuals shared a generic high-profile user ID for the student financial aid application server.

- The domain administrators group, which included 28 individuals, shared a generic high-profile user ID for the network.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. Sharing a user ID and password does not allow for user accountability and does not follow the Medical Center's published password policy.

**Additionally, two user accounts for the student financial aid application were still active but were unused or were not assigned to a specific individual.** Inactive or unassigned user accounts should be deactivated. Leaving inactive or unassigned accounts active can lead to possible unauthorized entry into the application.

Recommendations:

The Medical Center should:

- Limit high-profile access to the student financial aid database to the appropriate users based on their responsibilities.
- Define user access for migrating student financial aid application code to the production environment in a manner that promotes separation of duties and is based on users' responsibilities.
- Assign each user a unique user ID and password for all logins.
- Disable inactive or unused user accounts for the student financial aid application.

Management Response and Corrective Action Plan 2010:

*It is important to note that all of the access control issues are unique to an existing proprietary mainframe computer system (SIS) which will be retired in March of 2012 in favor of more modern system architecture (Oracle/PeopleSoft).*

*c) High-profile access to the student financial aid database has been limited to the appropriate users based on their responsibilities.*

*The audit team identified situations where three users shared administrative access to the database and 28 individuals shared generic high-profile user stat us for the Network and Application Server.*

*The three users with administrative access to the main database were high-level users whose responsibilities required high access levels to perform system tasks. Inherent within the system architecture is the storage of working files that are maintained for exclusive use by the specific User ID. Therefore, to avoid conflicted data, the users are required to work with a shared generic login. This need will be removed once more modern system architecture and security is implemented in March 2012.*

*SIS runs on an Open VMS system, not a Windows System. Due to the cost of hardware and hardware maintenance, we have implemented the Open VMS system that runs the SIS product on a virtualization technology called Charon. This technology is very much like VMWare, except that the emulated hardware layer is VAX and the Operating System is Open VMS instead of Windows or Linux. The Domain administrator account and groups have elevated access to the HOST system, but do not have authority on the Open VMS GUEST named SWVX12 where SIS runs. System account access on the Open VMS system is limited to the three Open VMS system administrators. Due to the age of the Open VMS/VAX operating system, many of the more modern methods of implementing policy-based access controls are not available. The access to the Windows server is governed by Active Directory Authentication and the administrator role is assigned to members of the Systems and Operations Group that have System/Database support as their primary role. As a mitigating control, all personnel within the division of Systems and Operations (the 28) possess successfully adjudicated NACI High background investigations performed by the federal Office of Personnel Management.*

d) Change management procedures have been implemented for migrating student financial aid application code to the production environment to mitigate risks created by limited resources and the system functionality. Access for this purpose is already tightly restricted to the extent the size of the technical support team allows. However, application code change management procedures were changed immediately to require documentation of 1) a summary of all changes made, 2) itemized approval of the changes prior implementation in production mode, and 3) final system change approval by the primary business owner.

e) Unique logins for the self-contained database system are already standard in all cases except where temporary working files are utilized that must remain in a common access directory for consistent processing. Shared logins are only used where the common access directory is required. This functionality is inherent to the existing proprietary system which is being retired in March 2012 in favor of more modern architecture.

f) The inactive or unused user accounts in the student financial aid application have been deleted. The accounts identified in the finding were for two former employees of the Institution who were expected to provide occasional on-going contract work where the access levels would have been required. Their access rights within the system were tightly contained within the system and would have required two additional gateway access points to reach and the individual's login passwords within the system which had been changed following non-employment. Their access rights were retained largely as a template within the system to aid in future setup.

Management Response and Corrective Action Plan 2011:

a) See Management Response and Corrective Action Plan 2010. The recommendation will be fully addressed with the implementation of the PeopleSoft Campus Solutions (student system) modules of Student Records, Financial Aid and Student Financials which are slated to go "live" in February or March 2012.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

b) See Management Response and Corrective Action Plan 2010. Corrective Action was taken. Manual change management procedures have been implemented until improved system controls are available.

The PeopleSoft Campus Solutions implementation in March 2012 will provide additional system controls and functionality, which are not available in the current student financial aid application, necessary to fully implement corrective action to address this recommendation.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

c) See Management Response and Corrective Action Plan 2010. The recommendation will be fully addressed with the implementation of the PeopleSoft Campus Solutions (student system) modules of Student Records, Financial Aid and Student Financials which are slated to go "live" in February or March 2012.

Implementation Date: March 2012

Responsible Person: Charles Kettlewell

d) Corrective Action has been taken. All inactive or unused accounts for the student financial aid application have been deleted.

Implementation Date: January 2011

Responsible Person: Charles Kettlewell

Reference No. 11-187

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Special Tests and Provisions - Awards with ARRA Funding**

**Special Tests and Provisions - Indirect Cost Limitation**

**Research and Development Cluster**

**Research and Development Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

**Cash Management**

Recipients shall maintain advances of federal funds in interest-bearing accounts. For those entities to which the Cash Management Improvement Act (CMIA) and its implementing regulations do not apply, interest earned on federal advances deposited in interest-bearing accounts shall be remitted annually to the U.S. Department of Health and Human Services. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals shall comply with CMIA, as it pertains to interest (Title 2, Code of Federal Regulations (CFR), Section 215.22(L)). In addition, Title 31, CFR, Section 205, which implements the CMIA, requires state interest liability to accrue if federal funds are received by a state prior to the day the state pays out the funds for federal assistance program purposes. State interest liability accrues from the day federal funds are credited to a state account to the day the state pays out the federal funds for federal assistance program purposes (Title 31, CFR, Section 205.15).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Defense

The University of Texas Southwestern Medical Center at Dallas (Medical Center) received scheduled payments on grants funded by the U.S. Department of Defense. According to its records, the Medical Center had 32 active projects during fiscal year 2010 with terms that included scheduled payments. These funds may be considered advanced funds if expenditures are not paid prior to receiving the funds. **The Medical Center did not calculate or remit to the federal government interest on funds it received in advance of expenditures for these awards.**

**Other Compliance Requirements**

Although the general controls weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, period of availability of federal funds, special tests and provisions – awards with ARRA funding, and special tests and provisions – indirect cost limitation, auditors identified no compliance issues regarding these compliance requirements.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to the Online Administrative System (OAS), which is the Medical Center's accounting system.** Specifically:

- One programmer had super user access to the production mainframe supporting OAS.
- Eight former Medical Center employees had active OAS user accounts to the accounting and/or purchasing applications.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment.

Additionally, the Medical Center asserted that it last reviewed user access to OAS in 2008; however, it did not provide documentation of its most recent review. The Medical Center did not review user access to OAS during fiscal year 2010. The absence of periodic reviews of user access rights increases the risk that unauthorized access to information resources may not be prevented or detected.

**Corrective Action:**

Corrective action was taken.

Reference No. 11-188

**Equipment and Real Property Management**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

**Equipment Inventory Records**

A recipient's equipment records for equipment acquired with federal funds and federally-owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number, the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment (Title 2, Code of Federal Regulations, Section 215.34 (f)).

Initial Year Written: 2010  
Status: Partially Implemented

U.S. Department of Health and Human Services

The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not maintain complete equipment property records for 21 (53 percent) of 40 equipment items tested. Specifically:

- For three equipment items, the Medical Center recorded an incorrect serial number for the equipment in its property records.
- For 18 equipment items, the Medical Center did not record the serial number for the equipment in its property records.

The Medical Center has a process to track serial numbers as it enters information about equipment into its inventory management system; however, it did not always enter the serial numbers into its inventory management system. Not maintaining complete and accurate inventory records could result in non-traceable missing, lost, or stolen equipment.

**General Controls**

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to the Online Administrative System (OAS), which is the Medical Center's accounting system.** Specifically:

- One programmer had super user access to the production mainframe supporting OAS.
- Eight former Medical Center employees had active OAS user accounts to the accounting and/or purchasing applications.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment.

Additionally, the Medical Center asserted that it last reviewed user access to OAS in 2008; however, it did not provide documentation of its most recent review. The Medical Center did not review user access to OAS during fiscal year 2010. The absence of periodic reviews of user access rights increases the risk that unauthorized access to information resources may not be prevented or detected.

**Corrective Action:**

This finding was reissued as current year reference number: 12-186.

Reference No. 11-189

**Reporting**

**Research and Development Cluster - ARRA**

**Award years - September 15, 2009 to September 14, 2010**

**Award number - CFDA 93.701 3R01NS049517-05S1 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received; (2) the amount of Recovery Act funds received that were expended; (3) a detailed list of all projects or activities for which Recovery Act funds were expended; (4) an estimate of the number of jobs created or retained; and (5) detailed information on any subcontracts or subgrants awarded by the recipient, including the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) (Recovery Act, Section 1512(c)).

Initial Year Written: 2010  
Status: Implemented

U.S. Department of Health and Human Services

**The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not always accurately report the amount of Recovery Act funds expended in the quarterly reports required by Section 1512 of the Recovery Act.** For 1 (3 percent) of 35 Section 1512 reports tested for the quarter ended June 30, 2010, the Medical Center inaccurately reported the total amount expended for the award. The Medical Center reported the total amount expended was \$221,268; however, the Medical Center's accounting records show the total amount expended was \$242,201, a difference of \$20,933.

The Medical Center does not have a formal, documented process, such as a review and approval of Section 1512 reports, to ensure that the Recovery Act information it reports is accurate and complete. Quarterly reports are submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act funds spent. When the Medical Center submits an inaccurate report, this decreases the reliability of the information intended for the federal government and the general public.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to the Online Administrative System (OAS), which is the Medical Center's accounting system.** Specifically:

- One programmer had super user access to the production mainframe supporting OAS.
- Eight former Medical Center employees had active OAS user accounts to the accounting and/or purchasing applications.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment.

Additionally, the Medical Center asserted that it last reviewed user access to OAS in 2008; however, it did not provide documentation of its most recent review. The Medical Center did not review user access to OAS during fiscal year 2010. The absence of periodic reviews of user access rights increases the risk that unauthorized access to information resources may not be prevented or detected.

Corrective Action:

Corrective action was taken.

Reference No. 11-190

**Subrecipient Monitoring**

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster**

**Research and Development Cluster - ARRA**

**Award years - Multiple**

**Award numbers - Multiple**

**Type of finding - Significant Deficiency and Non-Compliance**

Pre-award Monitoring

The University of Texas Southwestern Medical Center at Dallas (Medical Center) is required by Office and Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of contracts or grant agreements.

Initial Year Written:	2010
Status:	Implemented
Federal Agencies that Provide R&D Awards	

**The Medical Center did not properly identify all required federal award information and compliance requirements to its subrecipients at the time of award.** Specifically, for 45 (100 percent) of 45 subrecipient awards tested, the Medical Center's subrecipient award agreement did not contain the Catalog of Federal Domestic Assistance (CFDA) title. The subrecipient agreement and contract template the Medical Center used did not include language that states the CFDA title. Therefore, this issue applies to all of the Medical Center's subrecipient awards. Additionally, 2 (4 percent) of 45 subrecipient award agreements tested did not contain the CFDA number.

Subrecipients of Recovery Act Funding

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) maintain records that identify adequately the source and application of Recovery Act funds; (2) separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, the CFDA number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Recipients of Recovery Act awards are also required to ensure that the subrecipients that receive Recovery Act funds maintain active registrations in the Central Contractor Registration (CCR) and obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number (Title 2, Code of Federal Regulations, Section 176.50, and Recovery Act, Section 1512(h)). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the U.S. Government Accountability Office.

**For 7 (100 percent) of 7 Recovery Act subrecipient awards tested, the Medical Center:**

- **Did not, at the time of award, notify the subrecipients of the requirement to include appropriate identification of Recovery Act funds in their SEFAs.**
- **Did not, at the time of award, ensure that subrecipients were registered with the CCR.**
- **Did not separately identify to each subrecipient, and document at the time of disbursement of funds, the Federal award number, CFDA number, and the amount of Recovery Act funds.**

The Medical Center's Recovery Act subrecipient agreement and contract template did not have language that notified subrecipients of the requirement to include appropriate identification of Recovery Act funds in their SEFAs. Additionally, the Medical Center did not have a process to ensure that subrecipients were registered with the CCR at the time of award of Recovery Act funds or to notify its subrecipients of the required Recovery Act information at time of disbursement of Recovery Act funds. As a result, these issues affect all of the Medical Center's Recovery Act subrecipient awards.

Corrective Action:

Corrective action was taken.

Reference No. 11-191

**Special Tests and Provisions - Key Personnel**

**Research and Development Cluster**

**Award years - September 1, 2009 to August 31, 2010**

**Award number - CFDA 93.397 5 P50 CA091846 09**

**Type of finding - Significant Deficiency**

Key Personnel Effort

For federal awards issued by the National Institutes of Health (NIH), the grantee is required to notify the grant management office in writing if the principal investigator or key personnel specifically named in the Notice of Grant Award (NOGA) will withdraw from the project entirely, be absent from the project during any continuous period of 3 months or more, or reduce time devoted to the project by 25 percent or more from the level that was approved at the time of award (for example, a proposed change from 40 percent effort to 30 percent effort or less). NIH must approve any alternate arrangement proposed by the grantee, including any replacement of

Initial Year Written: 2010  
Status: Implemented

National Institutes of Health

the principal investigator or key personnel named in the NOGA. The requirements to obtain NIH prior approval for a change in status pertain only to the principal investigator and those key personnel NIH names in the NOGA, regardless of whether the grantee designates others as key personnel for its own purposes (NIH Grants Policy Statement (December 2003) Part II: Terms and Conditions of NIH Grant Awards Subpart A: General). Federal grantors other than NIH have similar requirements.

Based on completed effort certifications tested at the University of Texas Southwestern Medical Center at Dallas (Medical Center), 1 (7 percent) of 15 key personnel did not correctly report the minimum required effort on an NIH project. For this project, the NOGA required the principal investigator to commit a minimum of 5 percent of his effort to the project for fiscal year 2010, but the principal investigator certified no effort on the project for that time period. However, the progress report for the project and other preliminary effort information indicated that the principal investigator was involved with the grant during the time period as required. **This indicates that the Medical Center should strengthen its monitoring of key personnel effort commitment and certification.**

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

**The Medical Center did not appropriately restrict access to the Online Administrative System (OAS), which is the Medical Center's accounting system.** Specifically:

- One programmer had super user access to the production mainframe supporting OAS.
- Eight former Medical Center employees had active OAS user accounts to the accounting and/or purchasing applications.

Allowing employees inappropriate or excessive access to Medical Center systems increases the risk of inappropriate changes and does not allow for segregation of duties. In general, programmers should not have access to migrate code changes to the production environment.

Additionally, the Medical Center asserted that it last reviewed user access to OAS in 2008; however, it did not provide documentation of its most recent review. The Medical Center did not review user access to OAS during fiscal year 2010. The absence of periodic reviews of user access rights increases the risk that unauthorized access to information resources may not be prevented or detected.

Corrective Action:

Corrective action was taken.

## University of Texas at Tyler

Reference No. 10-134

### Eligibility

#### Student Financial Assistance Cluster

Award years - July 1, 2008 to June 30, 2009

Award number - CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

### General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University of Texas at Tyler (University) did not have controls to ensure adequate segregation of duties within its financial aid system. The University should appropriately restrict access to migrate code changes to the production environment based on an individual's job function to help ensure adequate internal controls are in place and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. However, two University programmers had access to move code into the production environment. In addition, the information technology users and the financial aid staff had similar access profiles to the financial aid system. A lack of segregation of duties may result in inappropriate changes to production code or inappropriate or excessive access to University systems.

Initial Year Written: 2009  
Status: Implemented  
  
U.S. Department of Education

The student financial aid system in use during the award year did not provide staff with the capability of operating in a test environment. The limited capabilities of that system, combined with the small information technology staff at the University, resulted in these segregation of duties issues. The University has since implemented a new student financial aid system. The new system has increased capabilities and will allow the University to improve controls over segregation of duties.

### Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

The University of Texas at Tyler (University) incorrectly calculated the COA for 1 (2.5 percent) of 40 students tested. This occurred because the University calculated the COA based on undergraduate student status; however, the student was a graduate student. As a result of this error, the amount of financial assistance the student was offered was less than the amount of financial assistance for which the student was eligible. The difference between the University's COA budget for a graduate student and undergraduate student of the same status (half-time, residing off-campus, and a Texas resident) is \$396.

Corrective Action:

Corrective action was taken.

Reference No. 10-135

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award years- July 1, 2008 to June 30, 2009**

**Award numbers - CFDA 84.032 Award Number Not Applicable and CFDA 84.063 P063P083426**

**Type of finding - Significant Deficiency and Non-Compliance**

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Initial Year Written: 2009  
Status: Implemented

U.S. Department of Education

The University of Texas at Tyler (University) did not have controls to ensure adequate segregation of duties within its financial aid system. The University should appropriately restrict access to migrate code changes to the production environment based on an individual's job function to help ensure adequate internal controls are in place and that appropriate segregation of duties exists. In general, programmers should not have access to migrate code changes to the production environment. However, two University programmers had access to move code into the production environment. In addition, the information technology users and the financial aid staff had similar access profiles to the financial aid system. A lack of segregation of duties may result in inappropriate changes to production code or inappropriate or excessive access to University systems.

The student financial aid system in use during the award year did not provide staff with the capability of operating in a test environment. The limited capabilities of that system, combined with the small information technology staff at the University, resulted in these segregation of duties issues. The University has since implemented a new student financial aid system. The new system has increased capabilities and will allow the University to improve controls over segregation of duties.

Disbursement Notices

If an institution credits a student's account at the institution with Federal Family Education Loan Program (FFELP) Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

To help ensure compliance with federal disbursement notification requirements, when the University of Texas at Tyler (University) runs its loan disbursement program, it sends an email informing students or parents of the details of the disbursement and their right to cancel the loan. The email includes the student's or parent's right to cancel all or a portion of a loan or loan disbursement and have the loan proceeds returned to the holder of the loan, the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement, and the amount of the loan or loan disbursement. However, the e-mails for all 50 FFELP loans tested did not include or reference the date of the loan or loan disbursement as required. University personnel stated that the omission of this required information was an oversight.

Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

For 18 (94.7 percent) of 19 Pell Grant disbursements tested at the University, the actual date of the disbursement did not match the disbursement date the University reported to the COD System. The University explained that, on a monthly basis, a file is generated from POISE, the University's Financial Aid Application, for submission to the COD System through the Department of Education's (DOE) EDExpress and EDConnect software programs. Although the POISE process generating the file picks up the actual dollar amount disbursed for each student, it does not have the capability to pick up the corresponding disbursement date. This requires that the University enter a generic date that is used on all disbursement records in the file. The University stated that it generally uses a disbursement date that is in the range of the month prior to the submission.

The University's total Pell Grant expenditures for the 2008-2009 school year were \$5,136,617.79.

Corrective Action:

Corrective action was taken.

## **Water Development Board**

Reference No. 11-192

### **Reporting**

#### **CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA**

**Award years - February 1, 2009 to August 31, 2014**

**Award number - 2F-96692301 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received; (2) the amount of Recovery Act funds received that were expended; (3) a detailed list of all projects or activities for which Recovery Act funds were expended; (4) an estimate of the number of jobs created or retained; and (5) detailed information on any subcontracts or subgrants awarded by the recipient, including the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) (Recovery Act Section 1512(c)). The prime recipient of Recovery Act funds is responsible for the reporting of all data required by Recovery Act Section 1512 for its subrecipients. As the prime recipient of Recovery Act funds, the Water Development Board (Board) obtains this information from its subrecipients and submits it to the federal government.

Initial Year Written: 2010  
Status: Implemented

U.S. Environmental Protection Agency

**The report the Board submitted for the quarter ending June 30, 2010, for the Capitalization Grants for Drinking Water State Revolving Funds program did not include all activity in the reporting period and was not supported by the Board's accounting records.** Errors related to three subrecipients resulted in the understatement of expenditures by \$624,493, which was 2 percent of the \$29,027,062 expenditures for all subrecipients included in the report. The Board did not detect the errors because it does not have a review process prior to submitting the report.

Quarterly reports are submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act funds spent. When the Board submits an inaccurate report, this decreases the reliability of the information intended for the federal government and the general public.

#### **Corrective Action:**

Corrective action was taken.

## WATER DEVELOPMENT BOARD

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Reference No. 11-193

### **Subrecipient Monitoring**

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds**

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA**

**Award years - September 21, 2004 to December 31, 2010, September 27, 2005 to September 15, 2011, and February 1, 2009 to August 31, 2014**

**Award numbers - FS-996795-08, FS-996795-09, and 2F-96692301 (ARRA)**

**Type of finding - Significant Deficiency and Non-Compliance**

The Water Development Board (Board) is required by Office and Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

#### Pre-award Monitoring

Initial Year Written:	2010
Status:	Implemented
U.S. Environmental Protection Agency	

Recipients of American Recovery and Reinvestment Act (Recovery Act) awards are required to ensure that the subrecipients that receive Recovery Act funds maintain active registrations in the Central Contractor Registration (CCR) and obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number (Title 2, Code of Federal Regulations, Section 176.50, and Recovery Act, Section 1512(h)). This information is needed to allow the recipient to properly monitor subrecipient expenditures of Recovery Act funds and for oversight by the federal awarding agencies, offices of inspector general, and the U.S. Government Accountability Office.

The Board must review and perform periodic checks to confirm that subrecipients receiving Recovery Act funds have current CCR registrations before and during the award period. To accomplish this, the Board requests CCR information as part of the subrecipient application process and uses a checklist to ensure that the subrecipient provided that information. **For 6 (24 percent) of 25 subrecipients tested, the subrecipient did not include CCR information on the application or the Board did not complete a checklist.** In addition, there was no evidence that the Board (1) verified CCR registrations upon the receipt of the application and prior to the first award disbursement or (2) monitored the registration throughout the year. Although the Board indicated that it made those checks, it had no procedures to document that it made those checks.

#### A-133 Single Audit Compliance Monitoring

According to OMB Circular A-133, the Board must ensure that each subrecipient that expends more than \$500,000 in federal funds obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Board within 9 months of the end of the subrecipient's fiscal year (OMB Circular A-133, Sections 320 and 400). In addition, the Board must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Board must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

**For 2 (12 percent) of 17 subrecipients originally tested, the Board did not ensure that the subrecipient either obtained a Single Audit or provided a certification that it was exempt from Single Audit requirements.** Further analysis of the subrecipient population identified one more subrecipient that did not obtain a Single Audit or provide a certification that it was exempt. The Board provided documentation indicating that it made some effort to collect that information. **In addition, the Board did not ensure that 9 (8 percent) of 109 subrecipients submitted audit reports within nine months of the end of their fiscal year.**

These issues increase the risk that the Board will not be aware of instances in which subrecipients fail to comply with federal requirements and increase the potential of program funds not being spent as intended.

#### Corrective Action:

Corrective action was taken.