

# State of Texas

## Federal Portion of the Statewide Single Audit Report For the Fiscal Year Ended August 31, 2012

Report 13-322



JOHN KEEL, CPA



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**Independent Auditors' Reports**  
Federal Portion of  
Statewide Single Audit Report  
For the Year Ended August 31, 2012

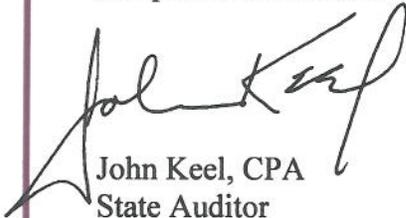
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**INDEPENDENT AUDITOR'S REPORT ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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, 2012, and have issued our report thereon dated February 21, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted 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 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.

  
John Keel, CPA  
State Auditor

February 21, 2013



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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 Texas State Legislature  
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, 2012, except those requirements discussed in the third paragraph of the report. We also did not audit the State's compliance with compliance requirements applicable to the Student Financial Assistance Cluster, Research and Development Cluster, CFDA 12.400-National Guard Military Construction 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, 97.067-Homeland Security Grant Program, 97.110-Severe Repetitive Loss Program, and the Highway Planning and Construction Cluster which represent approximately 18% 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 12.400-National Guard Military Construction 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, 97.067-Homeland Security Grant Program, 97.110-Severe Repetitive Loss Program, and the Highway Planning and Construction 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 12.400-National Guard Military Construction 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, 97.067-Homeland Security Grant Program, 97.110-Severe Repetitive Loss Program, and the Highway Planning and Construction 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 \$161 million in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended August 31, 2012. 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 Xerox Educational Servicer (dba ACS Educational



Servicer) and 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, 2012 was examined by accountants for the servicers 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 accountants' for the servicers examinations of the service organizations' compliance with such requirements.

Except as discussed in the following paragraph, we and the other auditor 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 the other auditor 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, 2012.

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 the other auditor, 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:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission	SNAP Cluster	Eligibility Special Tests and Provisions	13-03
	CFDA 93.566 - Refugee and Entrant Assistance - State-Administered Programs	Eligibility	13-05
		Reporting	13-09
	Medicaid Cluster	Special Tests and Provisions	13-10
	SNAP Cluster	Special Tests and Provisions	13-11



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission Department of State Health Services	CFDA 93.566 - Refugee and Entrant Assistance - State-Administered Programs	Subrecipient Monitoring	13-15
Texas Commission on Environmental Quality	CFDA 66.605 - Performance Partnership Grants	Allowable Costs/Cost Principles Period of Availability of Federal Funds	13-19
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Cash Management	13-112
		Procurement and Suspension and Debarment Subrecipient Monitoring	13-115
		Reporting	13-116
	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-117
		Cash Management	13-118
		Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	13-120
		Reporting	13-121
Texas Tech University	Student Financial Assistance Cluster	Eligibility	13-128
University of Texas at Arlington	Student Financial Assistance Cluster	Special Tests and Provisions	13-156

In our opinion, based on our report and the reports of the other auditor, 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:

- CFDA 93.566 - Refugee and Entrant Assistance - State-Administered Programs
- CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program
- CFDA 97.039 - Hazard Mitigation Grant
- SNAP Cluster

Also, in our opinion, based on our audit and the reports of the other auditor, except for the noncompliance described in the previous two paragraphs, 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, 2012. However, the results of our auditing procedures and the reports of the other auditor 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	Medicaid Cluster TANF Cluster TANF Cluster - ARRA	Eligibility Special Tests and Provisions	13-02
	CFDA 93.767 - Children's Health Insurance Program	Eligibility	13-04
		Matching, Level of Effort, and Earmarking	13-07
	Medicaid Cluster	Program Income	13-08
	TANF Cluster TANF Cluster - ARRA	Special Tests and Provisions	13-12
	CFDA 93.767 - Children's Health Insurance Program Medicaid Cluster	Reporting	13-13
	Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children	Reporting
Office of the Attorney General	CFDA 93.563 - Child Support Enforcement Medicaid Cluster	Allowable Costs/Cost Principles	13-18
Texas Higher Education Coordinating Board	CFDA 84.032L - Federal Family Education Loans - Lenders	Reporting Special Tests and Provisions	13-22
University of Texas Southwestern Medical Center	CFDA 93.702 - National Center for Research Resources, Recovery Act Construction Support - ARRA	Procurement	13-25
Adjutant General's Department	CFDA 12.400 - National Guard Military Construction Projects	Cash Management	13-101
		Reporting	13-102
Department of Public Safety	CFDA 97.067 - Homeland Security Grant Program	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-103
		Cash Management	13-104



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>		
Department of Public Safety	CFDA 97.067 - Homeland Security Grant Program	Matching, Level of Effort, and Earmarking	13-105		
		Procurement and Suspension and Debarment	13-106		
		Reporting	13-107		
		Subrecipient Monitoring	13-108		
		Special Tests and Provisions	13-109		
	CFDA 97.039 - Hazard Mitigation Grant	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-111		
		Eligibility	13-113		
		Period of Availability of Federal Funds	13-114		
		CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Period of Availability of Federal Funds	13-119	
	Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	13-122 13-123 13-124	
Texas State University - San Marcos			Student Financial Assistance Cluster	Cash Management	13-125
				Eligibility	13-126
Texas State University - San Marcos	Student Financial Assistance Cluster	Special Tests and Provisions	13-127		
		Texas Tech University	Student Financial Assistance Cluster	Special Tests and Provisions	13-129 13-130 13-131 13-132
Department of Transportation	Highway Planning and Construction Cluster			Davis-Bacon Act	13-134
				Highway Planning and Construction Cluster Highway Planning and Construction Cluster - ARRA	Procurement and Suspension and Debarment Subrecipient Monitoring



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Transportation	Highway Planning and Construction Cluster Highway Planning and Construction Cluster - ARRA	Reporting	13-137
	Highway Planning and Construction Cluster	Special Tests and Provisions	13-138 13-139
	CFDA 20.106 - Airport Improvement Program	Davis-Bacon Act	13-140
	CFDA 20.509 - Formula Grants for Other Than Urbanized Areas CFDA 20.509 - Formula Grants for Other Than Urbanized Areas - ARRA	Eligibility Subrecipient Monitoring	13-141
	CFDA 20.509 - Formula Grants for Other Than Urbanized Areas	Reporting	13-142
	University of Houston	Student Financial Assistance Cluster	Eligibility
		Reporting	13-144
		Special Tests and Provisions	13-145 13-146 13-147 13-148
University of North Texas	Student Financial Assistance Cluster	Eligibility	13-150
	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-151
		Procurement and Suspension and Debarment	13-152
	Research and Development Cluster - ARRA	Special Tests and Provisions	13-153
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-154
		Special Tests and Provisions	13-155 13-157



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas at Austin	Student Financial Assistance Cluster	Special Tests and Provisions Activities Allowed or Unallowed Cash Management Eligibility Period of Availability of Federal Funds Reporting	13-158
		Special Tests and Provisions	13-159
	Research and Development Cluster	Allowable Costs/Cost Principles	13-160
		Equipment and Real Property Management	13-161
		Procurement and Suspension and Debarment	13-162
University of Texas at Dallas	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-163
University of Texas at El Paso	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-164
University of Texas Health Science Center at Houston	Research and Development Cluster	Procurement and Suspension and Debarment	13-166
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Period of Availability of Federal Funds Reporting	13-170 13-171
		Subrecipient Monitoring	13-172
		Special Tests and Provisions	13-173
University of Texas Medical Branch at Galveston	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-174
		Equipment and Real Property Management	13-175



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
University of Texas Medical Branch at Galveston	Research and Development Cluster - ARRA	Special Tests and Provisions	13-176
	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Period of Availability of Federal Funds	13-177
University of Texas at San Antonio	Research and Development Cluster - ARRA	Special Tests and Provisions	13-179
Water Development Board	CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds	Reporting	13-181
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds	Procurement and Suspension and Debarment	13-182
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA	Subrecipient Monitoring	
	CFDA 97.110 - Severe Repetitive Loss Program	Reporting	13-183
		Subrecipient Monitoring	13-184

### 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 auditor 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 Xerox Educational Servicer (dba ACS Educational Servicer) and Campus Partners servicers. Internal control over compliance related to such functions for the year ended August 31, 2012 was reported on by accountants for the servicers 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 accountants' for the servicers 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 auditor 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.

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission	Medicaid Cluster	Eligibility Special Tests and Provisions	13-02
	TANF Cluster		
	TANF Cluster - ARRA		
	SNAP Cluster	Eligibility Special Tests and Provisions	13-03
Health and Human Services Commission	CFDA 93.566 - Refugee and Entrant Assistance - State- Administered Programs	Eligibility	13-05
	CFDA 93.667 - Social Services Block Grant	Reporting	13-09
Department of State Health Services	CFDA 93.767 - Children's Health Insurance Program	Allowable Costs/Cost Principles	13-14
	CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse Medicaid Cluster		
Health and Human Services Commission	CFDA 93.566 - Refugee and Entrant Assistance - State- Administered Programs	Subrecipient Monitoring	13-15
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Activities Allowed or Unallowed Allowable Costs/Cost Principles Cash Management Eligibility Matching, Level of Effort, and Earmarking Period of Availability of Federal Funds Reporting Subrecipient Monitoring	13-110



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Department of Public Safety	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed	13-110
		Allowable Costs/Cost Principles	
		Cash Management	
		Eligibility	
		Matching, Level of Effort, and Earmarking	
		Period of Availability of Federal Funds	
		Reporting	
		Subrecipient Monitoring	
		Special Tests and Provisions	
		CFDA 97.039 - Hazard Mitigation Grant	
	Allowable Costs/Cost Principles		
	Cash Management	13-112	
	Procurement and Suspension and Debarment	13-115	
	Subrecipient Monitoring		
	Reporting	13-116	
	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed	13-117
		Allowable Costs/Cost Principles	
		Cash Management	13-118
		Procurement and Suspension and Debarment	13-120
		Subrecipient Monitoring	
		Special Tests and Provisions	
		Reporting	13-121



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Tech University	Student Financial Assistance Cluster	Eligibility	13-128
		Special Tests and Provisions	13-131
University of Texas at Arlington	Student Financial Assistance Cluster	Special Tests and Provisions	13-156

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 auditor 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	Medicaid Cluster	Matching, Level of Effort, and Earmarking	13-01
Health and Human Services Commission	CFDA 93.767 - Children's Health Insurance Program	Eligibility	13-04
	CFDA 93.566 - Refugee and Entrant Assistance - State-Administered Programs	Allowable Costs/Cost Principles Program Income	13-06
	CFDA 93.767 - Children's Health Insurance Program Medicaid Cluster		
	CFDA 93.767 - Children's Health Insurance Program	Matching, Level of Effort, and Earmarking	13-07
	Medicaid Cluster	Program Income	13-08
		Special Tests and Provisions	13-10
	SNAP Cluster	Special Tests and Provisions	13-11
	TANF Cluster TANF Cluster - ARRA	Special Tests and Provisions	13-12
	CFDA 93.767 - Children's Health Insurance Program Medicaid Cluster	Reporting	13-13



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children	Allowable Costs/Cost Principles Special Tests and Provisions	13-16
		Reporting	13-17
Office of the Attorney General	CFDA 93.563 - Child Support Enforcement Medicaid Cluster	Allowable Costs/Cost Principles	13-18
Texas Commission on Environmental Quality	CFDA 66.605 - Performance Partnership Grants	Allowable Costs/Cost Principles Period of Availability of Federal Funds	13-19
Texas Education Agency	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 School Improvement Grants Cluster School Improvement Grants Cluster - ARRA Special Education Cluster (IDEA) Special Education Cluster (IDEA) - ARRA Title I, Part A Cluster Title I, Part A Cluster - ARRA	Eligibility for Subrecipients Matching, Level of Effort, and Earmarking Reporting Subrecipient Monitoring Special Tests and Provisions	13-20
Texas Higher Education Coordinating Board	CFDA 84.048 - Career and Technical Education - Basic Grants to States  CFDA 84.032L - Federal Family Education Loans - Lenders	Cash Management Period of Availability of Federal Funds Reporting Subrecipient Monitoring	13-21
		Reporting Special Tests and Provisions	13-22



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Texas Workforce Commission	CCDF Cluster Employment Service Cluster 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	13-23
University of Texas Southwestern Medical Center	CFDA 93.702 - National Center for Research Resources, Recovery Act Construction Support - ARRA	Davis-Bacon Act	13-24
		Procurement	13-25
Adjutant General's Department	CFDA 12.400 - National Guard Military Construction Projects	Cash Management	13-101
		Reporting	13-102
Department of Public Safety	CFDA 97.067 - Homeland Security Grant Program	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-103
		Cash Management	13-104
		Matching, Level of Effort, and Earmarking	13-105
		Procurement and Suspension and Debarment	13-106
		Reporting	13-107
		Subrecipient Monitoring	13-108
		Special Tests and Provisions	13-109
	CFDA 97.039 - Hazard Mitigation Grant	Eligibility	13-113



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Period of Availability of Federal Funds	13-114
	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Period of Availability of Federal Funds	13-119
Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	13-122 13-123 13-124
		Cash Management	13-125
		Eligibility	13-126
Texas State University - San Marcos	Student Financial Assistance Cluster	Special Tests and Provisions	13-127
		Special Tests and Provisions	13-127
Texas Tech University	Student Financial Assistance Cluster	Special Tests and Provisions	13-129 13-130 13-132
		Special Tests and Provisions	13-129 13-130 13-132
Department of Transportation	Highway Planning and Construction Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Real Property Acquisition and Relocation Assistance	13-133
		Davis-Bacon Act	13-134
		Period of Availability of Federal Funds	13-135
	Highway Planning and Construction Cluster Highway Planning and Construction Cluster - ARRA	Procurement and Suspension and Debarment Subrecipient Monitoring	13-136
		Reporting	13-137
	Highway Planning and Construction Cluster	Special Tests and Provisions	13-138 13-139
CFDA 20.106 - Airport Improvement Program	Davis-Bacon Act	13-140	



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Transportation	CFDA 20.509 - Formula Grants for Other Than Urbanized Areas	Eligibility Subrecipient Monitoring	13-141
	CFDA 20.509 - Formula Grants for Other Than Urbanized Areas - ARRA		
	CFDA 20.509 - Formula Grants for Other Than Urbanized Areas	Reporting	13-142
University of Houston	Student Financial Assistance Cluster	Eligibility	13-143
		Reporting	13-144
		Special Tests and Provisions	13-145 13-146 13-147 13-148
	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles Procurement and Suspension and Debarment	13-149
	University of North Texas	Student Financial Assistance Cluster	Eligibility
Research and Development Cluster		Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-151
		Procurement and Suspension and Debarment	13-152
Research and Development Cluster - ARRA		Special Tests and Provisions	13-153
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-154



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas at Arlington	Student Financial Assistance Cluster	Special Tests and Provisions	13-155 13-157
University of Texas at Austin	Student Financial Assistance Cluster	Special Tests and Provisions Activities Allowed or Unallowed Cash Management Eligibility Period of Availability of Federal Funds Reporting	13-158
		Special Tests and Provisions	13-159
	Research and Development Cluster	Allowable Costs/Cost Principles	13-160
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University of Texas at Dallas	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-163
University of Texas at El Paso	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	13-164
University of Texas Health Science Center at Houston	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-165
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<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Cash Management	13-169
		Period of Availability of Federal Funds	13-170
		Reporting	13-171
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	Research and Development Cluster - ARRA	Special Tests and Provisions	13-173
University of Texas Medical Branch at Galveston	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-174
		Equipment and Real Property Management	13-175
	Research and Development Cluster - ARRA	Special Tests and Provisions	13-176
	CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Period of Availability of Federal Funds	13-177
University of Texas at San Antonio	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	13-178
	Research and Development Cluster - ARRA	Special Tests and Provisions	13-179
Water Development Board	CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds	Allowable Costs/Cost Principles	13-180
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	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds		
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA		



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Water Development Board	CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds	Reporting	13-181
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds	Procurement and Suspension and Debarment	13-182
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - ARRA	Subrecipient Monitoring	
	CFDA 97.110 - Severe Repetitive Loss Program	Reporting	13-183
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The State's responses to the findings identified in our audit and the reports of the other auditor are described in the accompanying schedule of findings and questioned costs. We and the other auditor did not audit the State's responses, and accordingly, we and the other auditor 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, State Auditor's Office, 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, 2013

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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		148,649	148,649
Total - CFDA 03.XXX			0	148,649	148,649
Total - Institute of Museum and Library Services			0	148,649	148,649
<b>National Endowment for the Humanities</b>					
National Endowment for the Humanities	06.XXX	GI-50351-11		169,078	169,078
Total - CFDA 06.XXX			0	169,078	169,078
Total - National Endowment for the Humanities			0	169,078	169,078
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	12-25-A-5448 U4129		133,200	133,200
				108,899	108,899
Total - CFDA 10.XXX			0	242,099	242,099
Agricultural Research Basic and Applied Research	10.001			46,325	46,325
Plant and Animal Disease, Pest Control, and Animal Care <i>Pass-Through from New Mexico State University</i>	10.025	429350	9,258	5,574,210	5,583,468
				15,545	15,545
Total - CFDA 10.025			9,258	5,589,755	5,599,013
Livestock Assistance Program	10.066			4	4
Aquaculture Grants Program (AGP)	10.086			13	13
Voluntary Public Access and Habitat Incentive Program	10.093		207,407	244,095	451,502
2009 Aquaculture Grant Program	10.103		(3,747)	206	(3,541)
Market News	10.153			7,727	7,727
Federal-State Marketing Improvement Program	10.156			9,848	9,848
Market Protection and Promotion	10.163		73,908	1,372,823	1,446,731
Specialty Crop Block Grant Program - Farm Bill	10.170		750,351	440,467	1,190,818
Grants for Agricultural Research, Special Research Grants <i>Pass-Through from Kansas State University</i>	10.200			195,174	195,174
		451570		6,546	6,546
<i>Pass-Through from Kansas State University</i>		451850		(9,703)	(9,703)
<i>Pass-Through from Mississippi State University</i>		454320		3,684	3,684
<i>Pass-Through from Mississippi State University</i>		454690		27,150	27,150
<i>Pass-Through from Mississippi State University</i>		454990		15,069	15,069
<i>Pass-Through from Mississippi State University</i>		554140		4,000	4,000
<i>Pass-Through from Oklahoma State University</i>		551140		18,281	18,281
<i>Pass-Through from University of Florida</i>		440180		8	8
<i>Pass-Through from University of Florida</i>		520110		1,994	1,994
Total - CFDA 10.200			0	262,203	262,203

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>					
Sustainable Agriculture Research and Education	10.215				
<i>Pass-Through from University of Georgia</i>		435280		9,182	9,182
<i>Pass-Through from University of Georgia</i>		450520		8,140	8,140
<i>Pass-Through from University of Georgia</i>		451240		96	96
<i>Pass-Through from University of Georgia</i>		451720		8,115	8,115
<i>Pass-Through from University of Georgia</i>		551130		2,340	2,340
Total - CFDA 10.215			0	27,873	27,873
1890 Institution Capacity Building Grants	10.216			164,070	164,070
Higher Education Challenge Grants	10.217			35,165	35,165
Hispanic Serving Institutions Education Grants	10.223		32,219	475,762	507,981
<i>Pass-Through from Alamo Community College District</i>		8000001193		24,815	24,815
<i>Pass-Through from Houston Community College</i>		201002097		16,148	16,148
Total - CFDA 10.223			32,219	516,725	548,944
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226			19,366	19,366
Integrated Programs	10.303		1,025,972	731,994	1,757,966
<i>Pass-Through from North Carolina State University</i>		420390		22,507	22,507
<i>Pass-Through from North Carolina State University</i>		435560		23,804	23,804
<i>Pass-Through from North Carolina State University</i>		533110		17,057	17,057
Total - CFDA 10.303			1,025,972	795,362	1,821,334
Homeland Security Agricultural	10.304			381,915	381,915
<i>Pass-Through from Kansas State University</i>		440990		62,454	62,454
<i>Pass-Through from Purdue University</i>		425210		29,169	29,169
<i>Pass-Through from University of Florida</i>		440490		29,014	29,014
Total - CFDA 10.304			0	502,552	502,552
Specialty Crop Research Initiative	10.309				
<i>Pass-Through from Oklahoma State University</i>		437670		4,853	4,853
<i>Pass-Through from Washington State University</i>		437660		50,171	50,171
Total - CFDA 10.309			0	55,024	55,024
Agriculture and Food Research Initiative	10.310			918,987	918,987
<i>Pass-Through from University of Florida</i>		429290		98,233	98,233
<i>Pass-Through from University of Florida</i>		432240		65,598	65,598
<i>Pass-Through from University of Florida</i>		540110		7,741	7,741
<i>Pass-Through from University of Georgia</i>		435290		9,014	9,014
Total - CFDA 10.310			0	1,099,573	1,099,573

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>					
Beginning Farmer and Rancher Development Program	10.311			356,924	356,924
ARRA - Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315				
<i>Pass-Through from University of Minnesota</i>		454140		16,806	16,806
Technical Assistance to Cooperatives	10.350				
<i>Pass-Through from Mississippi State University</i>		522140		14,534	14,534
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443			538,579	538,579
Rural Community Development Initiative	10.446			(117)	(117)
Community Outreach and Assistance Partnership Program	10.455			73,537	73,537
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459			13,901	13,901
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,142,840	4,142,840
Cooperative Extension Service	10.500		881,834	27,992,433	28,874,267
<i>Pass-Through from Auburn University</i>		434910		1,964	1,964
<i>Pass-Through from Auburn University</i>		458140		26	26
<i>Pass-Through from Auburn University</i>		533160		7,633	7,633
<i>Pass-Through from Iowa State University</i>		423880		5,231	5,231
<i>Pass-Through from Kansas State University</i>		455570		23,448	23,448
<i>Pass-Through from Kansas State University</i>		555110		70,400	70,400
<i>Pass-Through from Kansas State University</i>		555120		122,603	122,603
<i>Pass-Through from Kansas State University</i>		555130		38,846	38,846
<i>Pass-Through from Kansas State University</i>		S11089		25,812	25,812
<i>Pass-Through from National 4-H Council</i>		2005-45201-03332		100	100
<i>Pass-Through from North Carolina State University</i>		532130		971	971
<i>Pass-Through from University of Arkansas</i>		423002		197	197
<i>Pass-Through from University of Arkansas</i>		423003		363	363
<i>Pass-Through from University of Arkansas</i>		423590		1,862	1,862
<i>Pass-Through from University of Arkansas</i>		437710		4,223	4,223
<i>Pass-Through from University of Arkansas</i>		523120		48,654	48,654
<i>Pass-Through from University of Arkansas</i>		523130		36,696	36,696
<i>Pass-Through from University of Kentucky</i>		449430		64,103	64,103
<i>Pass-Through from University of Nebraska - Lincoln</i>		454160		49,464	49,464
<i>Pass-Through from University of Nebraska - Lincoln</i>		457180		34,306	34,306
<i>Pass-Through from University of Nebraska - Lincoln</i>		458280		10,549	10,549
<i>Pass-Through from University of Nebraska - Lincoln</i>		458550		(40)	(40)
<i>Pass-Through from University of Nebraska - Lincoln</i>		558270		5,392	5,392
Total - CFDA 10.500			881,834	28,545,236	29,427,070
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		140,491,585	591,994,036	732,485,621
Child and Adult Care Food Program	10.558		293,956,300	1,685,722	295,642,022
State Administrative Expenses for Child Nutrition	10.560		5,990,971	15,408,282	21,399,253
Commodity Supplemental Food Program	10.565		12,189,811		12,189,811

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>					
WIC Farmers' Market Nutrition Program (FMNP)	10.572		11,796	(43,493)	(31,697)
Senior Farmers Market Nutrition Program	10.576		136,344	17,808	154,152
ARRA - WIC Grants To States (WGS)	10.578			3,139,274	3,139,274
Child Nutrition Discretionary Grants Limited Availability	10.579		(98,019)	829,068	731,049
Supplemental Nutrition Assistance Program, Outreach/Participation Program	10.580			239,328	239,328
Fresh Fruit and Vegetable Program	10.582		6,303,158		6,303,158
Foreign Market Development Cooperator Program	10.600			916	916
Market Access Program	10.601			13,193	13,193
Forestry Research	10.652			165,920	165,920
Cooperative Forestry Assistance	10.664			6,013,176	6,013,176
<i>Pass-Through from Society of Municipal Arboriculture</i>		432220		6,639	6,639
<i>Pass-Through from University of Georgia</i>		432210		949	949
Total - CFDA 10.664			0	6,020,764	6,020,764
Urban and Community Forestry Program	10.675			13,072	13,072
Forest Legacy Program	10.676			33,435	33,435
Forest Stewardship Program	10.678			34,210	34,210
Forest Health Protection	10.680			867,903	867,903
Rural Cooperative Development Grants	10.771			210,659	210,659
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856			41,289	41,289
Soil and Water Conservation	10.902			129,695	129,695
Environmental Quality Incentives Program	10.912		24,606	1,238,774	1,263,380
<i>Pass-Through from National Fish and Wildlife Foundation</i>		454970		32,178	32,178
Total - CFDA 10.912			24,606	1,270,952	1,295,558
Wildlife Habitat Incentive Program	10.914			2,228	2,228
Technical Agricultural Assistance	10.960			397,065	397,065
Total - U.S. Department of Agriculture			461,983,754	667,604,841	1,129,588,595

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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</b>					
U.S. Department of Commerce	11.XXX	08-66-04834.01 MBDAL8050004 #2 MBDAL805004		55,539 98,558 148,463	55,539 98,558 148,463
Total - CFDA 11.XXX			0	302,560	302,560
Economic Development Technical Assistance	11.303			111,347	111,347
Trade Adjustment Assistance for Firms	11.313			1,407,248	1,407,248
Interjurisdictional Fisheries Act of 1986	11.407			83,431	83,431
Sea Grant Support	11.417			1,890	1,890
Coastal Zone Management Administration Awards	11.419		1,443,241	255,442	1,698,683
Coastal Zone Management Estuarine Research Reserves	11.420			11,646	11,646
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			156,383	156,383
Cooperative Fishery Statistics	11.434			51,885	51,885
<i>Pass-Through from Gulf States Marine Fisheries</i>		423870		11,374	11,374
Total - CFDA 11.434			0	63,259	63,259
Southeast Area Monitoring and Assessment Program	11.435			144,511	144,511
Regional Fishery Management Councils	11.441			14,716	14,716
Unallied Industry Projects	11.452			3,304,500	3,304,500
Unallied Management Projects	11.454			623,877	623,877
<i>Pass-Through from Houston Advanced Research Center</i>		522150		15,075	15,075
Total - CFDA 11.454			0	638,952	638,952
ARRA - Habitat Conservation	11.463			239,389	239,389
Congressionally Identified Awards and Projects	11.469				
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA #11-20		13,416	13,416
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA #11-24		14,190	14,190
Total - CFDA 11.469			0	27,606	27,606
Coastal Services Center	11.473			16,914	16,914
<i>Pass-Through from Dauphin Island Sea Lab</i>		454290		9,020	9,020
Total - CFDA 11.473			0	25,934	25,934
Fisheries Disaster Relief	11.477				
<i>Pass-Through from Gulf States Marine Fisheries</i>		522110		96,470	96,470
Public Safety Interoperable Communications Grant Program	11.555		10,218,681	889,288	11,107,969
ARRA - Broadband Technology Opportunities Program	11.557		3,183,733	3,753,167	6,936,900
Calibration Program	11.601			46,565	46,565
Manufacturing Extension Partnership	11.611			904,869	904,869
Total - U.S. Department of Commerce			14,845,655	12,479,173	27,324,828

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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</b>					
U.S. Department of Defense	12.XXX	1102		116,550	116,550
		2713		1,496,565	1,496,565
		449330/452110		8,735	8,735
		CAPPELLI NAVY IPA		34,659	34,659
		FA7014-09-C-0026	(10,390)		(10,390)
		FS5600	264,994		264,994
		IPA 1203		35,949	35,949
		N00189-11-P-Z911		50,000	50,000
		UTA10-000807		20,404	20,404
		UTA11-000814		119,236	119,236
		W81K04-12-A-0001		113,385	113,385
		W81XWH-11-P-0131		25,995	25,995
		W9113M-05-C-0187		842,019	842,019
		W9113M-10-C-0007	177,138	341,443	518,581
		W911NF-12-C0005		2,002	2,002
		W912L1 12 P 0140		10,382	10,382
		W91WAW-10-C- YOUNG-		116,193	116,193
		YOUNG-		29,402	29,402
		MCCAUGHAN/IPA			
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT- ARA		134,015	134,015
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT- ARA		620,666	620,666
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		35-DJ64-00P09-002		448	448
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		PO35-DK23-01-P12- 0001		2,816	2,816
<i>Pass-Through from Sikorsky Aircraft</i>		4500112701		33,997	33,997
<i>Pass-Through from Uniformed Services University of the Health Sciences</i>		CLIFTON IPA		123,777	123,777
<i>Pass-Through from Virginia Tech University</i>		UNITE 2012		18,419	18,419
Total - CFDA 12.XXX			431,742	4,297,057	4,728,799
Procurement Technical Assistance For Business Firms	12.002		(6,528)	956,709	950,181
Flood Control Projects	12.106			37,195	37,195
Payments to States in Lieu of Real Estate Taxes	12.112			7,231,905	7,231,905
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			1,000,131	1,000,131
Basic and Applied Scientific Research	12.300		1,099,670	3,425,427	4,525,097
<i>Pass-Through from North Carolina State University</i>		549005	54,879	4,375	59,254
<i>Pass-Through from North Carolina State University</i>		549180		55,259	55,259
Total - CFDA 12.300			1,154,549	3,485,061	4,639,610

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>					
National Guard Military Construction Projects	12.400			31,855,987	31,855,987
National Guard Military Operations and Maintenance Projects	12.401			54,179,739	54,179,739
National Guard ChalleNGe Program	12.404			3,166,427	3,166,427
Military Medical Research and Development <i>Pass-Through from Baylor College of Medicine</i>	12.420	5600260963		156,253	156,253
<i>Pass-Through from Baylor College of Medicine</i>		5600593985, W81XWH-09-1-0234		(191) 3,021	(191) 3,021
Total - CFDA 12.420			0	159,083	159,083
Basic Scientific Research	12.431			(4,644)	(4,644)
Community Economic Adjustment Planning Assistance for Joint Land Use Studies	12.610			186,134	186,134
Basic, Applied, and Advanced Research in Science and Engineering <i>Pass-Through from Academy of Applied Science</i>	12.630	461561 (W911NF- 10-2-0076)		322,644 20,000	322,644 20,000
Total - CFDA 12.630			0	342,644	342,644
Air Force Defense Research Sciences Program <i>Pass-Through from SpecPro, Inc</i>	12.800	000619		672,083 916	672,083 916
Total - CFDA 12.800			0	672,999	672,999
Language Grant Program	12.900			197,503	197,503
Mathematical Sciences Grants Program	12.901			27,149	27,149
Information Security Grant Program	12.902			168,205	168,205
Research and Technology Development	12.910			34,839	34,839
Total - U.S. Department of Defense			1,579,763	107,994,123	109,573,886
<b>U.S. Department of Housing and Urban Development</b>					
U.S. Department of Housing and Urban Development <i>Pass-Through from Alfred P. Sloan Foundation</i>	14.XXX	TXLOR0035-08 B-05-SP-TX-0647		19,765 248,000	19,765 248,000
Total - CFDA 14.XXX			0	267,765	267,765
Emergency Solutions Grant Program	14.231		4,837,671	283,632	5,121,303
Home Investment Partnerships Program	14.239		44,723,630	3,496,034	48,219,664
Housing Opportunities for Persons with AIDS	14.241		2,359,772	43,768	2,403,540
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251			666,419	666,419
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257				

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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 Housing and Urban Development (continued)</b>					
<i>Pass-Through from City of Amarillo</i>		S-09-MY-48-0003		39,780	39,780
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)			3,260,244	174,526	3,434,770
Total - CFDA 14.257			3,260,244	214,306	3,474,550
ARRA - Tax Credit Assistance Program (Recovery Act)	14.258		12,830,490		12,830,490
Hispanic-Serving Institutions Assisting Communities	14.514		248,436	344,084	592,520
Historically Black Colleges and Universities Program	14.520			300,432	300,432
Sustainable Communities Regional Planning Grant Program <i>Pass-Through from Capital Area Council of Governments</i>	14.703	UTA11-000522	236,640	260,288	496,928
Public and Indian Housing <i>Pass-Through from Lubbock Housing Authority</i>	14.850	211354-B59129-300		44,492	44,492
Lead Technical Studies Grants	14.902			427	427
Total - U.S. Department of Housing and Urban Development			68,496,883	5,921,647	74,418,530
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	F12AC00215 G10PX01601 J5210080026/H5000 070520/R521008002 M11PX00056		9,442 4,497 20,564  1	9,442 4,497 20,564  1
Total - CFDA 15.XXX			0	34,504	34,504
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			2,257	2,257
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,827,344	1,827,344
Abandoned Mine Land Reclamation (AMLR) Program	15.252			1,349,495	1,349,495
Science and Technology Projects Related to Coal Mining and Reclamation	15.255			7,219	7,219
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		14,691	31,015	45,706
Coastal Impact Assistance Program (CIAP) <i>Pass-Through from County of Cameron Texas</i> <i>Pass-Through from Matagorta County District</i>	15.426	2011C09307 454170		(142,181) 49,392 8,500	(142,181) 49,392 8,500
Total - CFDA 15.426			0	(84,289)	(84,289)

# STATE OF TEXAS

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For the Year Ended August 31, 2012

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>					
Federal Oil and Gas Royalty Management	15.427			153,744	153,744
GoMESA	15.435		28,068		28,068
Recreation Resources Management	15.524			100,000	100,000
Fish and Wildlife Management Assistance	15.608		2,581	46,933	49,514
Coastal Wetlands Planning, Protection and Restoration Act <i>Pass-Through from The Nature Conservancy</i>	15.614	10-196-000-4089		1,348	1,348
Cooperative Endangered Species Conservation Fund	15.615		1,579,459	(947,302)	632,157
Clean Vessel Act	15.616		176,656	(103,835)	72,821
Sportfishing and Boating Safety Act	15.622		697,647	215	697,862
North American Wetlands Conservation Fund	15.623			(38,242)	(38,242)
Coastal Program	15.630			23,949	23,949
Partners for Fish and Wildlife	15.631		76,718	(2,306)	74,412
Landowner Incentive Program	15.633		289,485	(198,874)	90,611
State Wildlife Grants	15.634		160,167	1,232,260	1,392,427
Migratory Bird Joint Ventures	15.637			21,645	21,645
Challenge Cost Share	15.642			6,050	6,050
Service Training and Technical Assistance (Generic Training)	15.649			1,707	1,707
Research Grants (Generic)	15.650			3,802	3,802
Coastal Impact Assistance Program	15.668		3,432,123	7,640,966	11,073,089
Assistance to State Water Resources Research Institutes	15.805			4,103	4,103
U.S. Geological Survey Research and Data Collection	15.808			769	769
National Land Remote Sensing Education Outreach and Research	15.815			2,429	2,429
Historic Preservation Fund Grants-In-Aid	15.904		135,129	1,053,789	1,188,918
National Historic Landmark <i>Pass-Through from City of Nacogdoches</i>	15.912	202151		24,538	24,538
				6,541	6,541
Total - CFDA 15.912			0	31,079	31,079
Outdoor Recreation Acquisition, Development and Planning	15.916		752,173	7,938	760,111
Rivers, Trails and Conservation Assistance	15.921			(47,500)	(47,500)
American Battlefield Protection	15.926			12,611	12,611
Save America's Treasures	15.929			104,871	104,871
ARRA - Abandoned Mine Hazard Mitigation	15.934			802	802
National Trails System Projects	15.935			3,954	3,954
Total - U.S. Department of the Interior			7,344,897	12,284,450	19,629,347

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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 Justice</b>					
U.S. Department of Justice	16.XXX	2007-IJ-CX-K234 txdqngcd13		(3,037) 285,609	(3,037) 285,609
Total - CFDA 16.XXX			0	282,572	282,572
Violence Against Women Act Court Training and Improvement Grants	16.013			99,061	99,061
Sexual Assault Services Formula Program	16.017		329,449		329,449
Law Enforcement Assistance National Instant Criminal Background Check System	16.309			784	784
Juvenile Accountability Block Grants	16.523		3,003,436	676,263	3,679,699
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus <i>Pass-Through from North Central Texas College</i>	16.525	2011-WA-AX-0022	42,000	130,330 6,029	172,330 6,029
Total - CFDA 16.525			42,000	136,359	178,359
OVW Technical Assistance Initiative	16.526			23,864	23,864
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		2,541,489	414,241	2,955,730
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541			348,007	348,007
Missing Children's Assistance	16.543		35,293	293,797	329,090
Title V Delinquency Prevention Program	16.548		2,520		2,520
National Criminal History Improvement Program (NCHIP)	16.554			1,235,291	1,235,291
Crime Victim Assistance	16.575		31,700,588	1,709,703	33,410,291
Crime Victim Compensation	16.576			35,774,164	35,774,164
Edward Byrne Memorial Formula Grant Program <i>Pass-Through from Nebraska Law Enforcement Training</i>	16.579	8000001816	79,507 16,500	79,507 6,251	79,507 22,751
Total - CFDA 16.579			16,500	85,758	102,258
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	AGMT CIPP?BJA/SHSU 1		1,479,986 10,686	1,479,986 10,686
Total - CFDA 16.580			0	1,490,672	1,490,672
Violence Against Women Formula Grants ARRA - Violence Against Women Formula Grants	16.588		7,857,125 530,478	625,902 135,000	8,483,027 665,478
Total - CFDA 16.588			8,387,603	760,902	9,148,505

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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 Justice (continued)</b>					
Residential Substance Abuse Treatment for State Prisoners	16.593		2,058,356	1,397	2,059,753
Community Capacity Development Office <i>Pass-Through from City of Arlington</i>	16.595	JUMPSTART		8,676	8,676
State Criminal Alien Assistance Program	16.606			13,464,920	13,464,920
Bulletproof Vest Partnership Program	16.607			503,304	503,304
Project Safe Neighborhoods	16.609		229,804	94,979	324,783
Public Safety Partnership and Community Policing Grants <i>Pass-Through from Houston Police Department</i>	16.710	2011CKWXK009		54,917	54,917
Juvenile Mentoring Program <i>Pass-Through from Coastal Bend Bays and Estuaries</i>	16.726	554130		217,210	217,210
<i>Pass-Through from National 4-H Council</i>		455002	7,264	1,000	1,000
<i>Pass-Through from National 4-H Council</i>		455620		9,983	9,983
<i>Pass-Through from National 4-H Council</i>		455650		27,032	27,032
Total - CFDA 16.726			7,264	255,225	262,489
Enforcing Underage Drinking Laws Program	16.727		157,056	101,349	258,405
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735			262,650	262,650
DNA Backlog Reduction Program	16.741		145,172	3,178,285	3,323,457
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		1,021,647	243,143	1,264,790
Capital Case Litigation	16.746			4,464	4,464
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748			142,270	142,270
Congressionally Recommended Awards	16.753		275,091	1,454,820	1,729,911
ARRA - Recovery Act - Internet Crimes against Children Task Force Program (ICAC)	16.800		37,186	203,354	240,540
ARRA - Recovery Act - State Victim Assistance Formula Grant Program	16.801		2,086		2,086
ARRA - Recovery Act - VOCA Crime Victim Assistance Discretionary Grant Program	16.807			79,843	79,843
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		1,105,437	261,283	1,366,720
Second Chance Act Prisoner Reentry Initiative <i>Pass-Through from Georgia Institute of Technology</i>	16.812	210-RV-BX-0005		55,255	55,255
NICS Act Record Improvement Program	16.813			234,945	234,945
John R. Justice Prosecutors and Defenders Incentive Act	16.816		293,061		293,061
Total - U.S. Department of Justice			51,391,038	63,936,517	115,327,555

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For the Year Ended August 31, 2012

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</b>					
U.S. Department of Labor	17.XXX	IL-23433-12-75-K		955	955
Total - CFDA 17.XXX			0	955	955
Labor Force Statistics	17.002			3,402,670	3,402,670
Compensation and Working Conditions	17.005			258,116	258,116
Registered Apprenticeship and Other Training	17.201			33,322	33,322
Unemployment Insurance	17.225		2,018,130	5,205,202,385	5,207,220,515
ARRA - Unemployment Insurance				39,865,081	39,865,081
Total - CFDA 17.225			2,018,130	5,245,067,466	5,247,085,596
Senior Community Service Employment Program	17.235		6,122,764	116,832	6,239,596
Trade Adjustment Assistance	17.245		10,163,175	1,846,268	12,009,443
One-Stop Career Initiative	17.257			23,244	23,244
WIA Pilots, Demonstrations, and Research Projects	17.261			183,781	183,781
<i>Pass-Through from Texas Workforce Solutions</i>		EA198521060A48		97,662	97,662
Total - CFDA 17.261			0	281,443	281,443
Incentive Grants - WIA Section 503	17.267		1,487,783		1,487,783
H-1B Job Training Grants	17.268			407,318	407,318
Community Based Job Training Grants	17.269			53,845	53,845
Reintegration of Ex-Offenders	17.270			2,202,533	2,202,533
Work Opportunity Tax Credit Program (WOTC)	17.271			1,304,855	1,304,855
Temporary Labor Certification for Foreign Workers	17.273		4,296	541,630	545,926
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry	17.275			1,187,011	1,187,011
Workforce Investment Act (WIA) National Emergency Grants	17.277		8,240,077	38,593	8,278,670
Occupational Safety and Health Susan Harwood Training	17.502			355,034	355,034
Consultation Agreements	17.504			2,476,715	2,476,715
OSHA Data Initiative	17.505			102,239	102,239
Mine Health and Safety Grants	17.600			517,457	517,457
Transition Assistance Program	17.807			191,619	191,619
Total - U.S. Department of Labor			28,036,225	5,260,409,165	5,288,445,390

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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 State</b>					
U.S. Department of State	19.XXX				
<i>Pass-Through from American Association for Advancement of Science</i>		111901		9,813	9,813
<i>Pass-Through from Institute of International Education</i>		UTA10-000628		55,167	55,167
<i>Pass-Through from Organization of American States</i>		231716		126,068	126,068
Total - CFDA 19.XXX			0	191,048	191,048
Academic Exchange Programs - Undergraduate Programs	19.009			64,673	64,673
Educational and Cultural Exchange Programs Appropriation Overseas Grants	19.022			6,920	6,920
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300				
<i>Pass-Through from American Council of Learned Societies</i>		1891-01-18-03-82-7366		12,200	12,200
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415				
<i>Pass-Through from University of Minnesota</i>		A000944301		136,017	136,017
Academic Exchange Programs - English Language Programs	19.421				
<i>Pass-Through from International Research Exchanges</i>		S-ECAAE-07-CA-023		18,052	18,052
Total - U.S. Department of State			0	428,910	428,910
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX				
		DDEHBC-05X-00103,154		18,616	18,616
		DTFH64-12-G-00009		5,100	5,100
		HSTS0208HSLR057, P00004		38,804	38,804
Total - CFDA 20.XXX			0	62,520	62,520
Airport Improvement Program	20.106		485,122	61,074,140	61,559,262
ARRA - Airport Improvement Program				398,399	398,399
Total - CFDA 20.106			485,122	61,472,539	61,957,661
Highway Research and Development Program	20.200			5,000	5,000
<i>Pass-Through from Hempstead Independent School District</i>		G-00028-10		70,980	70,980
Total - CFDA 20.200			0	75,980	75,980
Highway Training and Education	20.215			52,607	52,607
National Motor Carrier Safety	20.218			6,472,992	6,472,992
Performance and Registration Information Systems	20.231			57,444	57,444

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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>					
Commercial Driver's License Program Improvement Grant	20.232			11,980	11,980
Border Enforcement Grants	20.233			17,773,427	17,773,427
Commercial Vehicle Information Systems and Networks	20.237			60,015	60,015
Commercial Drivers License Information System (CDLIS) Modernization Grant	20.238			542,049	542,049
Rail Line Relocation and Improvement	20.320			1,000,000	1,000,000
Metropolitan Transportation Planning	20.505		6,009,626		6,009,626
Formula Grants for Other Than Urbanized Areas ARRA - Formula Grants for Other Than Urbanized Areas	20.509		33,648,129 5,367,632	1,402,005	35,050,134 5,367,632
Total - CFDA 20.509			39,015,761	1,402,005	40,417,766
Public Transportation Research	20.514		22,860	50,882	73,742
State Planning and Research	20.515		759,784	790,795	1,550,579
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants	20.614		284,873		284,873
E-911 Grant Program	20.615			851,816	851,816
Pipeline Safety Program State Base Grant	20.700			4,148,518	4,148,518
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		27,925	862,733	890,658
State Damage Prevention Program Grants	20.720			64,971	64,971
PHMSA Pipeline Safety Program One Call Grant	20.721			36,078	36,078
U.S. Merchant Marine Academy	20.807			648,757	648,757
Total - U.S. Department of Transportation			46,605,951	96,438,108	143,044,059
<b>U.S. Department of the Treasury</b>					
U.S. Department of the Treasury	21.XXX	PL112-10:95X1350 PL112-55:95X1350	582,150 156,941	6,849 1,950	588,999 158,891
Total - CFDA 21.XXX			739,091	8,799	747,890
Low Income Taxpayer Clinics	21.008			47,915	47,915
Total - U.S. Department of the Treasury			739,091	56,714	795,805

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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			(1,461)	(1,461)
Total - CFDA 27.011			0	(1,461)	(1,461)
Total - Office of Personnel Management			0	(1,461)	(1,461)
<b>General Services Administration</b>					
Donation of Federal Surplus Personal Property	39.003		14,174,311	281,589	14,455,900
Election Reform Payments	39.011		75,873	214,140	290,013
Total - General Services Administration			14,250,184	495,729	14,745,913
<b>Library of Congress</b>					
Library of Congress <i>Pass-Through from Metropolitan State College of Denver</i>	42.XXX	118207M		8,192	8,192
Books for the Blind and Physically Handicapped <i>Pass-Through from Academy for Educational Development</i>	42.001	OWLC-1019, 4268.01.21		3,000	3,000
Total - Library of Congress			0	11,192	11,192
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	6001030000		14,293	14,293
		HST-GO-11712.07-A		9,054	9,054
		NNX08AE99G		44,505	44,505
		NNX09AJ33G		135,529	135,529
<i>Pass-Through from California Institute of Technology</i>		2-1091628		70,424	70,424
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		6094200000		2,907	2,907
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		ESCG-SOW-PRS10-1444		65,887	65,887
<i>Pass-Through from L - 3 National Security Solutions</i>		2008-SC-4-0136		84,021	84,021
<i>Pass-Through from Rio Grande Valley Science Association</i>		RGVSA-TX-20100002,UTA10-000253		64,769	64,769
<i>Pass-Through from Search for Extraterrestrial Intelligence Institute</i>		08-SC-1022		10,657	10,657
Total - CFDA 43.XXX			0	502,046	502,046
Science	43.001		253,272	1,397,630	1,650,902
Aeronautics	43.002			30,060	30,060

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<b>National Aeronautics and Space Administration (continued)</b>					
Education	43.008			23,333	23,333
Total - National Aeronautics and Space Administration			253,272	1,953,069	2,206,341
<b>National Endowment For The Humanities</b>					
Promotion of the Arts Grants to Organizations and Individuals	45.024			148,287	148,287
Promotion of the Arts Partnership Agreements <i>Pass-Through from Mid - America Arts Alliance</i>	45.025	FY12-46576		998,600 15,000	998,600 15,000
Total - CFDA 45.025			0	1,013,600	1,013,600
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> <i>Pass-Through from Humanities Texas</i>	45.129	2012-4205 2012-4248 203811 C012-4247		1,189 1,000 728 1,050 800	1,189 1,000 728 1,050 800
Total - CFDA 45.129			0	4,767	4,767
Promotion of the Humanities Division of Preservation and Access <i>Pass-Through from Oklahoma Historical Society</i>	45.149	11-101		401,474 94,226	401,474 94,226
Total - CFDA 45.149			0	495,700	495,700
Promotion of the Humanities Fellowships and Stipends	45.160			7,357	7,357
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162			55,924	55,924
Promotion of the Humanities Public Programs <i>Pass-Through from Humanities Texas</i>	45.164	2010-3982		5,493 606	5,493 606
Total - CFDA 45.164			0	6,099	6,099
Promotion of the Humanities We the People <i>Pass-Through from Humanities Texas</i> <i>Pass-Through from Humanities Texas</i>	45.168	2012-4198 8000001504		2,892 144 200	2,892 144 200
Total - CFDA 45.168			0	3,236	3,236
Promotion of the Humanities Office of Digital Humanities <i>Pass-Through from University of New Mexico</i>	45.169	107016-87NO		119,517 120,316	119,517 120,316
Total - CFDA 45.169			0	239,833	239,833

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<b>National Endowment For The Humanities (continued)</b>					
Museums for America	45.301			33,127	33,127
Museum Grants for African American History and Culture	45.309			60,997	60,997
Grants to States	45.310			11,036,160	11,036,160
National Leadership Grants	45.312		230,400	243,091	473,491
Laura Bush 21st Century Librarian Program	45.313		82,478	1,195,614	1,278,092
<i>Pass-Through from Montana State Library</i>		GN3983		333,643	333,643
Total - CFDA 45.313			82,478	1,529,257	1,611,735
Total - National Endowment For The Humanities			312,878	14,877,435	15,190,313
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	BCS-1152180		131,874	131,874
		BCS-1243556		15,303	15,303
		DMS-1153918		195,865	195,865
		N00189-11-P-Z911		25,000	25,000
		O-10-TA-TX-0013		10,939	10,939
<i>Pass-Through from Lockheed Martin</i>		NSFDACS1219442		1,288,949	1,288,949
Total - CFDA 47.XXX			0	1,667,930	1,667,930
Engineering Grants	47.041			460,312	460,312
Mathematical and Physical Sciences	47.049			212,432	212,432
<i>Pass-Through from Michigan State University</i>		RC100197UTA 1068318		14,375	14,375
<i>Pass-Through from University of Notre Dame</i>		PHY-0715396		17,973	17,973
Total - CFDA 47.049			0	244,780	244,780
Geosciences	47.050			292,852	292,852
<i>Pass-Through from San Francisco State University</i>		S9-94557		66,291	66,291
Total - CFDA 47.050			0	359,143	359,143
Computer and Information Science and Engineering	47.070			548,093	548,093
<i>Pass-Through from Computing Research Association</i>		CIF-B-108		115,086	115,086
Total - CFDA 47.070			0	663,179	663,179
Biological Sciences	47.074			44,253	44,253
Social, Behavioral, and Economic Sciences	47.075			74,637	74,637
Education and Human Resources	47.076		263,573	8,627,117	8,890,690
<i>Pass-Through from Collin County Community College</i>		DUE-0903239		30,055	30,055
<i>Pass-Through from High Point University</i>		737181		422,025	422,025
<i>Pass-Through from Missouri University</i>		11052-017		19,505	19,505
<i>Pass-Through from New Mexico State University</i>		Q01501		11,506	11,506

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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>					
<i>Pass-Through from Tennessee Technological University</i>		1022934		3,161	3,161
Total - CFDA 47.076			263,573	9,113,369	9,376,942
International Science and Engineering (OISE)	47.079			6,038	6,038
Office of Cyberinfrastructure	47.080			34,462	34,462
ARRA - Trans-NSF Recovery Act Research Support	47.082			251,861	251,861
Total - National Science Foundation			263,573	12,919,964	13,183,537
<b>Small Business Administration</b>					
Small Business Administration	59.XXX	DBAHQ-09-I-0203 SBAHQ-08-I-0054 SBAHQ-10-I-0004 SBAHQ-10-I-0186		122 60,003 66,704 131,112	122 60,003 66,704 131,112
Total - CFDA 59.XXX			0	257,941	257,941
Small Business Development Centers	59.037		1,349,881	7,423,558	8,773,439
Veterans Business Development	59.044			180,166	180,166
Federal and State Technology Partnership Program	59.058			63,643	63,643
Total - Small Business Administration			1,349,881	7,925,308	9,275,189
<b>U.S. Department of Veterans Affairs</b>					
U.S. Department of Veterans Affairs	64.XXX	VA257-P-0604 VA671D15230		92,892 25,719	92,892 25,719
<i>Pass-Through from United States Olympic Committee</i>		2012C01103 - INV 26323		13,624	13,624
Total - CFDA 64.XXX			0	132,235	132,235
ARRA - Grants to States for Construction of State Home Facilities	64.005			903,757	903,757
Veterans State Nursing Home Care	64.015			31,993,129	31,993,129
Burial Expenses Allowance for Veterans	64.101			661,000	661,000
All-Volunteer Force Educational Assistance	64.124			1,073,285	1,073,285
Vocational and Educational Counseling for Service members and Veterans	64.125			9,942	9,942
State Cemetery Grants	64.203			1,527,715	1,527,715
Total - U.S. Department of Veterans Affairs			0	36,301,063	36,301,063

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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</b>					
Environmental Protection Agency	66.XXX	C-48000107		77,813	77,813
Air Pollution Control Program Support	66.001			329,776	329,776
State Indoor Radon Grants	66.032			55,400	55,400
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			2,156,168	2,156,168
Internships, Training and Workshops for the Office of Air and Radiation	66.037			100,670	100,670
State Clean Diesel Grant Program	66.040			441,370	441,370
ARRA - State Clean Diesel Grant Program				28,179	28,179
Total - CFDA 66.040			0	469,549	469,549
Congressionally Mandated Projects	66.202			70,560	70,560
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		619,695	1,590,879	2,210,574
State Underground Water Source Protection	66.433			714,509	714,509
Water Quality Management Planning	66.454		230,302	328,797	559,099
ARRA - Water Quality Management Planning			243,131	10,859	253,990
Total - CFDA 66.454			473,433	339,656	813,089
National Estuary Program	66.456		143,504	428,466	571,970
<i>Pass-Through from City of League City</i>		546110		47,210	47,210
Total - CFDA 66.456			143,504	475,676	619,180
Capitalization Grants for Clean Water State Revolving Funds	66.458		15,187,986	157,012,570	172,200,556
ARRA - Capitalization Grants for Clean Water State Revolving Funds			15,222,498	14,460,075	29,682,573
Total - CFDA 66.458			30,410,484	171,472,645	201,883,129
Nonpoint Source Implementation Grants	66.460		762,262	4,567,446	5,329,708
<i>Pass-Through from Iowa State University</i>		455610		(161)	(161)
Total - CFDA 66.460			762,262	4,567,285	5,329,547
Capitalization Grants for Drinking Water State Revolving	66.468		69,950,383	8,350,675	78,301,058
ARRA - Capitalization Grants for Drinking Water State Revolving Funds			22,933,125	2,694,532	25,627,657
Total - CFDA 66.468			92,883,508	11,045,207	103,928,715
Beach Monitoring and Notification Program Implementation Grants	66.472		220,261	100,106	320,367

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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>					
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513			15,000	15,000
Science To Achieve Results (STAR) Fellowship Program	66.514			87,430	87,430
Performance Partnership Grants	66.605		1,101,113	28,149,544	29,250,657
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			82,344	82,344
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			1,022,034	1,022,034
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			102,504	102,504
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			288,861	288,861
Pollution Prevention Grants Program	66.708			89,937	89,937
Multi-Media Capacity Building Grants for States and Tribes	66.709			217,435	217,435
Regional Agricultural IPM Grants	66.714			32,904	32,904
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716		12,421	7,120	19,541
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			497,778	497,778
Underground Storage Tank Prevention, Detection and Compliance Program	66.804			2,249,336	2,249,336
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			3,276,091	3,276,091
ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program				442,534	442,534
Total - CFDA 66.805			0	3,718,625	3,718,625
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			230,735	230,735
State and Tribal Response Program Grants	66.817			641,789	641,789
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	66.931			4,637	4,637
Total - Environmental Protection Agency			126,626,681	231,003,912	357,630,593
<b>Nuclear Regulatory Commission</b>					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			218,252	218,252

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For the Year Ended August 31, 2012

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>Nuclear Regulatory Commission (continued)</b>					
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			108,440	108,440
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008			196,387	196,387
<i>Pass-Through from Council on Social Work Education</i>		NRC-38-08-946		93,877	93,877
Total - CFDA 77.008			0	290,264	290,264
Total - Nuclear Regulatory Commission			0	616,956	616,956
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	DE-ED 000010		24,077	24,077
<i>Pass-Through from Clean Energy Alliance</i>		TO 1		11,018	11,018
<i>Pass-Through from Clean Energy Alliance</i>		TO 2		14,687	14,687
<i>Pass-Through from Clean Energy Alliance</i>		TO 3		14,687	14,687
<i>Pass-Through from Clean Energy Alliance</i>		TO 4		14,687	14,687
<i>Pass-Through from Clean Energy Alliance</i>		TO 5		7,035	7,035
<i>Pass-Through from Houston Advanced Research Center</i>		EFD TIP-T07		399	399
<i>Pass-Through from Sandia National Laboratories</i>		1155508; 772242		39,987	39,987
<i>Pass-Through from Sandia National Laboratories</i>		864049		618	618
<i>Pass-Through from Sandia National Laboratories</i>		1164829		88,985	88,985
<i>Pass-Through from Sandia National Laboratories</i>		1165344		1,104,982	1,104,982
Total - CFDA 81.XXX			0	1,321,162	1,321,162
State Energy Program	81.041		2,129,054	3,718,587	5,847,641
ARRA - State Energy Program			51,072,057	32,087,139	83,159,196
<i>Pass-Through from North Central Texas Council of Government</i>		ARRA-CFNT-05		100,000	100,000
Total - CFDA 81.041			53,201,111	35,905,726	89,106,837
Weatherization Assistance for Low-Income Persons	81.042		6,564,636	172,273	6,736,909
ARRA - Weatherization Assistance for Low-Income Persons			78,776,826	4,053,036	82,829,862
Total - CFDA 81.042			85,341,462	4,225,309	89,566,771
Office of Science Financial Assistance Program	81.049		73,699	142,502	216,201
<i>Pass-Through from Yale University</i>		C12E11327(E00146)		3,846	3,846
Total - CFDA 81.049			73,699	146,348	220,047
ARRA - Conservation Research and Development	81.086		6,715,746	4,247,020	10,962,766
Renewable Energy Research and Development	81.087			38,575	38,575
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106			413,699	413,699
Nuclear Energy Research, Development and Demonstration	81.121			38,123	38,123
<i>Pass-Through from Sandia Corporation</i>		1238094		14,635	14,635
Total - CFDA 81.121			0	52,758	52,758

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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 Energy (continued)</b>					
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122			111,409	111,409
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis				1,611,992	1,611,992
<i>Pass-Through from Regents of the University of Minnesota</i>		A000211548		14,142	14,142
Total - CFDA 81.122			0	1,737,543	1,737,543
ARRA - Energy Efficient Appliance Rebate Program	81.127			(1,059)	(1,059)
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		11,161,114	1,487,775	12,648,889
<i>Pass-Through from City of San Antonio</i>		4500278077		14,454	14,454
Total - CFDA 81.128			11,161,114	1,502,229	12,663,343
Geologic Sequestration Training and Research Grant Program	81.133			16,376	16,376
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214		318,489	831,851	1,150,340
Miscellaneous	81.502			27,069	27,069
Total - U.S. Department of Energy			156,811,621	50,464,606	207,276,227
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	P007A5159		1,343	1,343
		P063P2584		1,235	1,235
		T195N070068	10,974	184,379	195,353
		T195N070272		301,417	301,417
		WIA 2011-2012		60,356	60,356
<i>Pass-Through from National Writing Project</i>		02-TX11		88,777	88,777
<i>Pass-Through from Northern Rhode Island Collaborative</i>		DC-RIDE02		217,302	217,302
<i>Pass-Through from United Negro College Fund</i>		PVAMU		13,716	13,716
<i>Pass-Through from Warwick Public Schools - RI</i>		DC-RIDE04		131	131
ARRA - U.S. Department of Education					
<i>Pass-Through from Rhode Island Dept of Education</i>		3243764		1,169,758	1,169,758
Total - CFDA 84.XXX			10,974	2,038,414	2,049,388
Adult Education - Basic Grants to States	84.002		50,364,350	3,531,421	53,895,771
Migrant Education State Grant Program	84.011		60,960,315	2,475,407	63,435,722

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<b>U.S. Department of Education (continued)</b>					
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		2,965	2,719,443	2,722,408
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			1,381,455	1,381,455
Undergraduate International Studies and Foreign Language Programs	84.016		1,500	16,890	18,390
<i>Pass-Through from Center Cultural and Technical</i>		HC12742		1,200	1,200
Total - CFDA 84.016			1,500	18,090	19,590
Overseas Programs - Group Projects Abroad	84.021		386,282	204,668	590,950
Overseas Programs - Doctoral Dissertation Research Abroad	84.022			250	250
Higher Education Institutional Aid	84.031		201,985	21,443,896	21,645,881
<i>Pass-Through from Dallas County Community Colleges</i>		P031S100113		153,721	153,721
<i>Pass-Through from El Paso Community College</i>		21129-F21129		103,545	103,545
<i>Pass-Through from Laredo Community College</i>		P031S070064		280,586	280,586
<i>Pass-Through from Western Texas College Foundation</i>		P031S100014		21,980	21,980
Total - CFDA 84.031			201,985	22,003,728	22,205,713
Family Federal Education Loans – Interest Subsidiary	84.032L			139,811	139,811
Career and Technical Education -- Basic Grants to States	84.048		81,026,019	9,351,053	90,377,072
<i>Pass-Through from Amarillo College</i>		121101		1,146	1,146
<i>Pass-Through from Austin Community College</i>		741742036		(1,422)	(1,422)
<i>Pass-Through from Del Mar College</i>		121104		14,000	14,000
<i>Pass-Through from Del Mar College</i>		TSSB		1,199	1,199
<i>Pass-Through from Education Service Center - Region XVII</i>		211389-B55039-200		2,900	2,900
<i>Pass-Through from Texas Southmost College</i>		54246		329,081	329,081
Total - CFDA 84.048			81,026,019	9,697,957	90,723,976
Leveraging Educational Assistance Partnership	84.069		(3,030)		(3,030)
Fund for the Improvement of Postsecondary Education	84.116		45,607	1,061,341	1,106,948
<i>Pass-Through from Intercultural Developmental Research Association</i>		430910		10,490	10,490
<i>Pass-Through from Intercultural Developmental Research Association</i>		431660		807	807
<i>Pass-Through from National Commission on Teaching and America's Future</i>		2010-0359		15,775	15,775
<i>Pass-Through from University of Louisiana at Lafayette</i>		10-1023		6,265	6,265
Total - CFDA 84.116			45,607	1,094,678	1,140,285
Minority Science and Engineering Improvement	84.120			884,844	884,844
Rehabilitation Long-Term Training	84.129			1,540,128	1,540,128

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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>					
National Institute on Disability and Rehabilitation Research	84.133				
<i>Pass-Through from Memorial Hermann - TIRR</i>		H133A110027		55,157	55,157
<i>Pass-Through from University of Massachusetts</i>		H133A090002		1,487	1,487
Total - CFDA 84.133			0	56,644	56,644
Migrant Education High School Equivalency Program	84.141			2,168,090	2,168,090
Migrant Education Coordination Program	84.144			64,663	64,663
Migrant Education College Assistance Migrant Program	84.149			2,420,227	2,420,227
Business and International Education Projects	84.153			80,720	80,720
Javits Fellowships	84.170			172,260	172,260
Douglas Teacher Scholarships	84.176			(1,140)	(1,140)
Safe and Drug-Free Schools and Communities National Programs	84.184			181,389	181,389
Byrd Honors Scholarships	84.185		459,216		459,216
Safe and Drug-Free Schools and Communities State Grants	84.186		177,327		177,327
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			2,142,558	2,142,558
Bilingual Education Professional Development	84.195			1,616,522	1,616,522
Graduate Assistance in Areas of National Need	84.200			968,032	968,032
Even Start State Educational Agencies	84.213		2,223,085	8,496	2,231,581
Fund for the Improvement of Education	84.215			999,493	999,493
<i>Pass-Through from Corpus Christi Independent School District</i>		Corpus Cristi ISD/Services		11,216	11,216
<i>Pass-Through from Houston Independent School District</i>		SR1-13-6219- 67899UN3		54,555	54,555
<i>Pass-Through from Lyndon Baines Johnson Foundation</i>		GN002580		18,511	18,511
<i>Pass-Through from Lyndon Baines Johnson Foundation</i>		UTA08-818		161,907	161,907
Total - CFDA 84.215			0	1,245,682	1,245,682
Centers for International Business Education	84.220			328,283	328,283
Assistive Technology	84.224			491	491
Language Resource Centers	84.229			222,440	222,440
Tech-Prep Education	84.243		592,140	80,802	672,942
Rehabilitation Training State Vocational Rehabilitation Unit In-Service Training	84.265			413,390	413,390

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<b>U.S. Department of Education (continued)</b>					
Eisenhower Professional Development State Grants	84.281		(154)		(154)
Charter Schools	84.282		6,567,065	685,079	7,252,144
Twenty-First Century Community Learning Centers <i>Pass-Through from La Vega Independent School District</i>	84.287	161906	125,971,003	5,144,230 25,149	131,115,233 25,149
Total - CFDA 84.287			125,971,003	5,169,379	131,140,382
Foreign Language Assistance <i>Pass-Through from Clear Creek Independent School District</i>	84.293	WEAVER CCISD 2012		14,098	14,098
State Grants for Innovative Programs	84.298		(359)		(359)
Capacity Building for Traditionally Underserved Populations	84.315			264,828	264,828
Research in Special Education	84.324			80,564	80,564
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities <i>Pass-Through from Salus University</i>	84.325	83401		2,093,390 53,627	2,093,390 53,627
Total - CFDA 84.325			0	2,147,017	2,147,017
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			721,877	721,877
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330			2,015,678	2,015,678
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331			2,001,811	2,001,811
Comprehensive School Reform Demonstration	84.332		(72)		(72)
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333			142,832	142,832
Gaining Early Awareness and Readiness for Undergraduate Programs <i>Pass-Through from Baylor University</i> <i>Pass-Through from San Antonio Independent School District</i> <i>Pass-Through from San Antonio Independent School District</i>	84.334	P334A060157 RFP #11-037 SAISD Gear Up	1,451,416	14,008,291 162,449 78,728 (1)	15,459,707 162,449 78,728 (1)
Total - CFDA 84.334			1,451,416	14,249,467	15,700,883
Child Care Access Means Parents in School	84.335			891,206	891,206
Class Size Reduction	84.340		(940)		(940)
Transition to Teaching <i>Pass-Through from Fort Worth Independent School District</i>	84.350	U350A060006		1,890,024 27,199	1,890,024 27,199
Total - CFDA 84.350			0	1,917,223	1,917,223
Arts in Education <i>Pass-Through from McAllen Independent School District</i>	84.351	UTA10-000593		22,181	22,181

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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>					
Credit Enhancement for Charter School Facilities	84.354			11,501,450	11,501,450
Reading First State Grants	84.357		205,521	33,781	239,302
Rural Education	84.358		5,709,763	243,417	5,953,180
Early Reading First <i>Pass-Through from CAI of Hays, Caldwell and Blanco Counties</i>	84.359	811079-CIRCLE		294	294
School Leadership	84.363			788,070	788,070
English Language Acquisition State Grants	84.365		97,389,476	3,111,247	100,500,723
Mathematics and Science Partnerships <i>Pass-Through from Alice Independent School District</i>	84.366	MOU 6-1-11		6,033,887	16,808,582
<i>Pass-Through from Education Service Center - Region XIII</i>		501365		35,077	35,077
<i>Pass-Through from Education Service Center - Region XIII</i>		503002		341	341
<i>Pass-Through from Mathis Independent School District</i>		MOU 701-11-103		13,055	13,055
Total - CFDA 84.366			10,774,695	6,085,804	16,860,499
Improving Teacher Quality State Grants <i>Pass-Through from Brownsville Independent School District</i>	84.367	27233	197,990,867	8,980,206	206,971,073
<i>Pass-Through from National Writing Project</i>		03-TX12-SEED2012		1,148	1,148
<i>Pass-Through from National Writing Project</i>		09-TX19-SEED2012		1,766	1,766
<i>Pass-Through from National Writing Project</i>		8000001817		3,438	3,438
<i>Pass-Through from University of California - Berkeley</i>		425336		3,511	3,511
Total - CFDA 84.367			197,990,867	9,010,069	207,000,936
Grants for State Assessments and Related Activities	84.369		3,795,473	24,433,956	28,229,429
Striving Readers	84.371		16,048,495	552,403	16,600,898
College Access Challenge Grant Program	84.378		1,921,242	5,326,911	7,248,153
Education Jobs Fund	84.410		385,629,534	1,758,359	387,387,893
National Writing Project <i>Pass-Through from National Writing Corporation</i>	84.928	00-TX09		919	919
<i>Pass-Through from National Writing Corporation</i>		06-TX017		29,653	29,653
<i>Pass-Through from National Writing Project</i>		0000001162		17,771	17,771
<i>Pass-Through from National Writing Project</i>		03-TX12		8,810	8,810
<i>Pass-Through from National Writing Project</i>		06-TX15		21,064	21,064
<i>Pass-Through from National Writing Project</i>		06TX16		14,776	14,776
<i>Pass-Through from National Writing Project</i>		8000001303	6,950	10,976	10,976
<i>Pass-Through from University of California - Berkeley</i>		92-TX06		13,873	20,823
Total - CFDA 84.928			6,950	22,322	22,322
Total - CFDA 84.928			6,950	140,164	147,114

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<b>U.S. Department of Education (continued)</b>					
Hurricane Education Recovery	84.938		32,631	546,376	579,007
Total - U.S. Department of Education			1,049,941,341	153,755,384	1,203,696,725
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003		82,924	2,099,563	2,182,487
Total - CFDA 89.003			82,924	2,099,563	2,182,487
Total - National Archives and Records Administration			82,924	2,099,563	2,182,487
<b>Denali Commission</b>					
Help America Vote Act Requirements Payments	90.401		7,637,338	4,258,642	11,895,980
Total - Denali Commission			7,637,338	4,258,642	11,895,980
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	200-2009-M-29288 00003		44,399	44,399
		200-2011-M-40230		31,884	31,884
		200-2012-M-50202		53,017	53,017
		214-2011-M-39669		27,500	27,500
		223201210171C		38,555	38,555
		2331236		95,442	95,442
		82173		4,763	4,763
		HHSH258201000013C	51,367		51,367
		HHSP23320080067P		39,158	39,158
<i>Pass-Through from Cornerstone Systems Northwest, Inc.</i>		HHSN26120110058P		26,854	26,854
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HAM-TMC/HHSN- 276-201		823	823
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HAM-TMCL/HHSN- 276-20		14,872	14,872
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HHSN201100007C		20,292	20,292
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HHSN276201100007C		9,710	9,710
<i>Pass-Through from Macro International</i>		33179-7S-873		1,416	1,416
<i>Pass-Through from National Network Libraries of Medicine</i>		SG/N01-LM-6-3505		141	141
<i>Pass-Through from Research Triangle Institute</i>		18-312-0212050		2,088	2,088
<i>Pass-Through from TMF Health Quality Institute</i>		10SOW		26,537	26,537
<i>Pass-Through from TMF Health Quality Institute</i>		DAID-COL-02 ( GS- 10F-0214T)		60,075	60,075
<i>Pass-Through from TMF Health Quality Institute</i>		DARE-COL-01 ( HHSM-500-2008- TX9THC)		21,260	21,260
<i>Pass-Through from Workforce Solutions Cameron</i>		11300C0 FY10		67,366	67,366
ARRA - U.S. Department of Health and Human Services		635243-10S-1570		342,564	342,564
		65% subsidy		(801)	(801)
		HHSH250200900045C		191,276	191,276
Total - CFDA 93.XXX			51,367	1,119,191	1,170,558

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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>					
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004				
<i>Pass-Through from CHT Resource Group</i>		HHPMP101013-02-00 OMH-1-		47,186	47,186
<i>Pass-Through from Hispanic-Serving Health Professions</i>		MPCMP101038-UT		154	154
<i>Pass-Through from Hispanic-Serving Health Professions</i>		OMH-5- MPCMP101038-UT		6,938	6,938
Total - CFDA 93.004			0	54,278	54,278
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006			(35)	(35)
HIV Prevention Programs for Women	93.015			98,067	98,067
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018		(17,237)	269,575	252,338
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		288,856		288,856
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042		1,135,239		1,135,239
<i>Pass-Through from City of Houston Health and Human Services</i>		FC55472-11		19,640	19,640
<i>Pass-Through from City of Houston Health and Human Services</i>		FC55472-12		229,330	229,330
Total - CFDA 93.042			1,135,239	248,970	1,384,209
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		1,040,891		1,040,891
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048			351,389	351,389
Alzheimer's Disease Demonstration Grants to States	93.051		106,181	142,985	249,166
National Family Caregiver Support, Title III, Part E	93.052		9,221,698	156,967	9,378,665
Training in General, Pediatric, and Public Health Dentistry	93.059			48,299	48,299
Centers for Genomics and Public Health	93.063			32,937	32,937
Laboratory Training, Evaluation, and Quality Assurance Programs	93.064			18,793	18,793
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory	93.065			5,508	5,508
Public Health Emergency Preparedness	93.069		25,388,642	18,130,245	43,518,887
Environmental Public Health and Emergency Response	93.070		212,078	9,092	221,170
Lifespan Respite Care Program	93.072			115,569	115,569

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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>					
Healthy Marriage Promotion and Responsible Fatherhood	93.086		34,507	(2,253)	32,254
Emergency System for Advance Registration of Volunteer Health Professionals	93.089			7,062	7,062
Guardianship Assistance	93.090			1,090,206	1,090,206
Food and Drug Administration Research	93.103			792,992	792,992
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			699,600	699,600
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		730,877	1,021,742	1,752,619
<i>Pass-Through from Mid - Rio Grande Border Area Health Education Center</i>		420055		12,416	12,416
<i>Pass-Through from National AHEC Organization, Inc.</i>		HSH250200900063C		140,591	140,591
Total - CFDA 93.107			730,877	1,174,749	1,905,626
Maternal and Child Health Federal Consolidated Programs	93.110		580,368	2,439,580	3,019,948
<i>Pass-Through from Baylor College of Medicine</i>		5T71MC00011-14-00		5,736	5,736
Total - CFDA 93.110			580,368	2,445,316	3,025,684
Environmental Health	93.113			334,444	334,444
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		3,347,283	5,437,613	8,784,896
Preventive Medicine and Public Health Residency Training Program, Integrative Medicine Program, and National Coordinating Center for Integrative Medicine	93.117			140	140
Oral Diseases and Disorders Research	93.121			857,533	857,533
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			324,920	324,920
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,453,017	(348)	2,452,669
Community Programs to Improve Minority Health Grant Program	93.137			2,988	2,988
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Dallas County Hospital District</i>		3085 0		98,398	98,398
<i>Pass-Through from Dallas County Hospital District</i>		CON21295		(5,095)	(5,095)
<i>Pass-Through from Dallas County Hospital District</i>		CON22159		4,661	4,661
Total - CFDA 93.145			0	97,964	97,964
Projects for Assistance in Transition from Homelessness	93.150		3,729,700	162,117	3,891,817
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		928,336	1,678,756	2,607,092

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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>					
Geriatric Training for Physicians, Dentists Behavioral/Mental Health Professionals	93.156			635,561	635,561
Centers of Excellence	93.157		18,909	2,561,441	2,580,350
Nursing Workforce Diversity <i>Pass-Through from Austin Community College</i>	93.178	8000001611		578,727 57,685	578,727 57,685
Total - CFDA 93.178			0	636,412	636,412
Disabilities Prevention <i>Pass-Through from American Thrombosis and Hemostasis</i>	93.184	ATHN2001-VI-1	34,113	5,119 81,029	39,232 81,029
Total - CFDA 93.184			34,113	86,148	120,261
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program	93.191			137,721	137,721
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		16,173	(1,746)	14,427
Family Planning Services	93.217		6,458,429	7,349,649	13,808,078
Research on Healthcare Costs, Quality and Outcomes	93.226			55,396	55,396
Consolidated Knowledge Development and Application <i>Pass-Through from McFarland and Associates, Inc.</i> <i>Pass-Through from McFarland and Associates, Inc.</i> <i>Pass-Through from McFarland and Associates, Inc.</i>	93.230	3800-PRAIRIEFY08 3800-PRAIRIEFY09 3800-PRAIRIEFY10		10,162 (396) 14,149	10,162 (396) 14,149
Total - CFDA 93.230			0	23,915	23,915
Traumatic Brain Injury State Demonstration Grant Program	93.234			158,211	158,211
Affordable Care Act (ACA) Abstinence Education Program	93.235		1,699,630	4,024,387	5,724,017
Grants to States to Support Oral Health Workforce Activities	93.236		452,469	207,256	659,725
State Capacity Building	93.240			442,329	442,329
State Rural Hospital Flexibility Program	93.241		378,751	42,027	420,778
Mental Health Research Grants <i>Pass-Through from Rutgers University</i>	93.242	S1398615		2,042	2,042
Substance Abuse and Mental Health Services Projects of Regional and National Significance <i>Pass-Through from Bexar County Juvenile Probation Dept.</i> <i>Pass-Through from Center for Health Care Services</i> <i>Pass-Through from Family Service Association</i> <i>Pass-Through from Harris County</i>	93.243	UTHSC234 1/IUD1TI023519-001 1H79TI0872301/FSA Sub Abuse	1,772,634	100,621 26,017 28,529 55,608	1,473,002 100,621 26,017 28,529 55,608

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<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Hope Action Care</i>		TI18286-01		9,375	9,375
<i>Pass-Through from Lubbock Regional Mental Health Mental Retardation</i>		H79SM059678		288,868	288,868
<i>Pass-Through from San Antonio Fighting Back</i>		1 / 1U79SP017315-01		4,014	4,014
Total - CFDA 93.243			1,772,634	1,986,034	3,758,668
Advanced Nursing Education Grant Program	93.247			1,600,946	1,600,946
Public Health Training Centers Program	93.249			(4,188)	(4,188)
Geriatric Academic Career Awards	93.250			59,260	59,260
Universal Newborn Hearing Screening	93.251			210,658	210,658
Poison Center Support and Enhancement Grant Program	93.253			644,701	644,701
Infant Adoption Awareness Training <i>Pass-Through from National Council for Adoption</i>	93.254	90CG2662		17,557	17,557
State Health Access Program	93.256		(1,781,212)	4,939,198	3,157,986
Occupational Safety and Health Program <i>Pass-Through from Bassett Health Care Network</i>	93.262	742662919	39,543	1,305,997	1,345,540
Total - CFDA 93.262			39,543	1,310,997	1,350,540
Adult Viral Hepatitis Prevention and Control	93.270			85,400	85,400
Alcohol National Research Service Awards for Research Training	93.272			131,854	131,854
Alcohol Research Programs	93.273			659,680	659,680
Drug Abuse and Addiction Research Programs	93.279		17,931	1,142,300	1,160,231
Mental Health National Research Service Awards for Research Training	93.282			293,920	293,920
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance <i>Pass-Through from Hidalgo County - WIC Program</i> <i>Pass-Through from Hispanic-Serving Health Professions</i>	93.283	DSHS2011038300 CDC-U50/CC325128- UTH	5,259,405	8,352,862	13,612,267
<i>Pass-Through from Hispanic-Serving Health Professions</i>		MILLER / USMEXICO		559	559
<i>Pass-Through from Lance Armstrong Foundation</i> <i>Pass-Through from SW Center for Pediatric Environmental Health</i>		426097-461741 521553060	18,459	5,075 122,389	5,075 140,848
<i>Pass-Through from Texas Institute for Health Policy</i>		RFP 50100-4-210034		15,443	15,443
Total - CFDA 93.283			5,277,864	8,508,569	13,786,433
Discovery and Applied Research for Technological Innovations to Improve Human Health <i>Pass-Through from Baylor College of Medicine</i>	93.286	5T32-EB006350-05		146,288 6,233	146,288 6,233

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<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		5T32EB006350- 05/101609062		26,914	26,914
Total - CFDA 93.286			0	179,435	179,435
State Partnership Grant Program to Improve Minority Health	93.296			106,083	106,083
Teenage Pregnancy Prevention Program	93.297		418,907	2,038,598	2,457,505
National Center for Health Workforce Analysis <i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>	93.300	5 R25 RR018490 05		(147)	(147)
Small Rural Hospital Improvement Grant Program	93.301		786,499	22,318	808,817
Minority Health and Health Disparities Research	93.307			58,152	58,152
National Center for Advancing Translational Sciences	93.350			39,938	39,938
Advanced Education Nursing Traineeships	93.358			648,048	648,048
Nurse Education, Practice Quality and Retention Grants <i>Pass-Through from Duke University</i>	93.359	D80HP11272		1,798,621 534	1,798,621 534
Total - CFDA 93.359			0	1,799,155	1,799,155
National Center for Research Resources	93.389			675,467	675,467
Cancer Cause and Prevention Research	93.393		20,938	590,571	611,509
Cancer Detection and Diagnosis Research	93.394			6,412	6,412
Cancer Treatment Research <i>Pass-Through from Gynecologic Oncology Group</i>	93.395	5 U10 CA027469 32		6,847 8,009	6,847 8,009
Total - CFDA 93.395			0	14,856	14,856
Cancer Centers Support Grants	93.397			215,766	215,766
Cancer Research Manpower <i>Pass-Through from University of Washington - Seattle</i>	93.398	5 R25 CA119012 05	11,041	4,458,235 528	4,469,276 528
Total - CFDA 93.398			11,041	4,458,763	4,469,804
Cancer Control <i>Pass-Through from Frontier Science and Technology Research Foundation</i>	93.399	5 U10 CA037403 26		24,658	24,658
<i>Pass-Through from University of Michigan</i>		2 U10 CA037429 28		16,294	16,294
Total - CFDA 93.399			0	40,952	40,952
ARRA Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403			1,017,449	1,017,449

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<b>U.S. Department of Health and Human Services (continued)</b>					
ARRA - Dental Public Health Residency Training Grants	93.404			57,453	57,453
ARRA - Public Health Traineeship Program	93.405			165,760	165,760
ARRA - Equipment to Enhance Training for Health Professionals	93.411			1,808	1,808
ARRA - State Primary Care Offices	93.414			109,252	109,252
Food Safety and Security Monitoring Project	93.448			325,447	325,447
Affordable Care Act (ACA) Nursing Assistant and Home Health Aide Program	93.503				
<i>Pass-Through from Sears Methodist Retirement System, Inc.</i>		T51HP20702		34,921	34,921
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505		675,096	6,325,454	7,000,550
PPHF 2012 National Public Health Improvement Initiative	93.507			563,928	563,928
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510			426,904	426,904
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511			259,511	259,511
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513			264,331	264,331
Affordable Care Act (ACA) Expansion of Physician Assistant Training Program	93.514			440,000	440,000
Affordable Care Act (ACA) Nurse-Managed Health Clinics	93.515			654,120	654,120
Affordable Care Act (ACA) Public Health Training Centers Program, Resources Development and Academic Support to the Public Health Training Centers Program and Public Health Infrastructure and Systems Support	93.516			525,553	525,553
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518		876,340	5,000	881,340
Affordable Care Act (ACA) - Consumer Assistance Program Grants	93.519			1,111,902	1,111,902
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520			198,218	198,218
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;PPHF	93.521			568,111	568,111

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<b>U.S. Department of Health and Human Services (continued)</b>					
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523		673,917	511,568	1,185,485
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525			73,847	73,847
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531		1,500,342	1,764,762	3,265,104
<i>Pass-Through from Northeast Texas Public Health District</i>		362167817		50,909	50,909
Total - CFDA 93.531			1,500,342	1,815,671	3,316,013
The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease Demonstration Project	93.536			1,401,003	1,401,003
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539			14,735	14,735
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544			251,474	251,474
Promoting Safe and Stable Families	93.556		11,422,076	23,441,153	34,863,229
Child Support Enforcement	93.563			175,068,190	175,068,190
Child Support Enforcement Research	93.564			146,472	146,472
Refugee and Entrant Assistance State Administered Programs	93.566		23,503,892	6,689,167	30,193,059
Low-Income Home Energy Assistance	93.568		172,544,642	747,847	173,292,489
Refugee and Entrant Assistance Discretionary Grants	93.576		1,814,099	43,099	1,857,198
Refugee and Entrant Assistance Targeted Assistance Grants	93.584		3,830,260		3,830,260
State Court Improvement Program	93.586			2,310,390	2,310,390
Community-Based Child Abuse Prevention Grants	93.590		821,410	1,295,064	2,116,474
Grants to States for Access and Visitation Programs	93.597		534,436	88,942	623,378
Chafee Education and Training Vouchers Program (ETV)	93.599			3,828,053	3,828,053
Adoption Incentive Payments	93.603			5,600,000	5,600,000
Health Care Innovation Awards (HCIA)	93.610			31,650	31,650
Mentoring Children of Prisoners	93.616			16,260	16,260

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<b>U.S. Department of Health and Human Services (continued)</b>					
Voting Access for Individuals with Disabilities Grants to States	93.617			140,233	140,233
Developmental Disabilities Basic Support and Advocacy	93.630		1,347,376	1,682,863	3,030,239
Developmental Disabilities Projects of National Significance <i>Pass-Through from Respite Care of San Antonio</i>	93.631	1 / 90DN0276		184,123 36,339	184,123 36,339
Total - CFDA 93.631			0	220,462	220,462
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			102,154	102,154
Children's Justice Grants to States <i>Pass-Through from Texas Center for the Judiciary</i> <i>Pass-Through from Texas Center for the Judiciary</i>	93.643	CJA-12-08 G-101TXCJA1		25,449 79,252 15,385	25,449 79,252 15,385
Total - CFDA 93.643			0	120,086	120,086
Stephanie Tubbs Jones Child Welfare Services Program	93.645			12,115,126	12,115,126
Adoption Opportunities	93.652		348,788	114,044	462,832
Foster Care Title IV-E ARRA - Foster Care Title IV-E	93.658		1,520,611 (423,212)	223,408,593 (11,137)	224,929,204 (434,349)
Total - CFDA 93.658			1,097,399	223,397,456	224,494,855
Adoption Assistance ARRA - Adoption Assistance	93.659			98,027,244 (2,056)	98,027,244 (2,056)
Total - CFDA 93.659			0	98,025,188	98,025,188
Social Services Block Grant <i>Pass-Through from Houston - Galveston Area Council</i> <i>Pass-Through from Houston - Galveston Area Council</i>	93.667	725-10 CON19967	35,499,760 357,938	149,133,441 456,350 (435)	184,633,201 814,288 (435)
Total - CFDA 93.667			35,857,698	149,589,356	185,447,054
Child Abuse and Neglect State Grants	93.669			2,604,633	2,604,633
Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States and Indian Tribes	93.671		4,584,671		4,584,671
Chafee Foster Care Independence Program	93.674			7,792,367	7,792,367
ARRA - Trans-NIH Recovery Act Research Support <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Oregon Health and Science University</i> <i>Pass-Through from Rice University</i>	93.701	458150 2R01LM006942-07A2 5T15LM007093-20	31,504	5,100,149 27 5,159 29,146	5,131,653 27 5,159 29,146
Total - CFDA 93.701			31,504	5,134,481	5,165,985
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			17,699,463	17,699,463
ARRA - Strengthening Communities Fund	93.711			22,701	22,701

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<b>U.S. Department of Health and Human Services (continued)</b>					
ARRA - Child Care And Development Block Grant <i>Pass-Through from Gulf Coast Workforce Board</i>	93.713	2812CCMC39		50,306	50,306
ARRA - Preventing Healthcare - Associated Infections	93.717		68,659	405,874	474,533
ARRA - Health Information Technology Regional Extension Centers Program	93.718		1,136,206	5,134,940	6,271,146
ARRA - State Grants to Promote Health Information	93.719		10,214,146	2,404,736	12,618,882
ARRA - Health Information Technology Professionals in Health Care	93.721			544,353	544,353
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723		300,443	2,862,954	3,163,397
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724			98,757	98,757
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725		42,964	77,361	120,325
ARRA - ARRA-Health Information Technology and Public Health	93.729			808,000	808,000
Children's Health Insurance Program	93.767			847,473,341	847,473,341
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768			578,207	578,207
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		268,550	3,107,164	3,375,714
Money Follows the Person Rebalancing Demonstration <i>Pass-Through from Center for Health Care Services</i>	93.791	MAPLES - CHCS	192,402	27,515,479 32,894	27,707,881 32,894
Total - CFDA 93.791			192,402	27,548,373	27,740,775
Medicaid Transformation Grants	93.793			(2,800)	(2,800)
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796			23,204,892	23,204,892
Health Careers Opportunity Program	93.822			644,600	644,600
Cardiovascular Diseases Research	93.837			422,473	422,473
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			228,571	228,571
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			222,637	222,637
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			417,654	417,654
Allergy, Immunology and Transplantation Research	93.855		19,238	224,448	243,686

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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 Baylor College of Medicine</i>		5 T32 AI053831 09		38,668	38,668
<i>Pass-Through from Baylor College of Medicine</i>		5T32AI007456-19		49,962	49,962
Total - CFDA 93.855			19,238	313,078	332,316
Biomedical Research and Research Training	93.859		58,852	940,684	999,536
<i>Pass-Through from American Society for Cell Biology</i>		G Regisford 2010 Linkage Fellows		236	236
<i>Pass-Through from Baylor College of Medicine</i>		5600757642		21,049	21,049
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM008280-23		23,990	23,990
Total - CFDA 93.859			58,852	985,959	1,044,811
Child Health and Human Development Extramural Research	93.865			319,730	319,730
<i>Pass-Through from George Washington University</i>		1U01HD06854-01		36,532	36,532
Total - CFDA 93.865			0	356,262	356,262
Aging Research	93.866			982,771	982,771
Vision Research	93.867			152,023	152,023
Medical Library Assistance	93.879				
<i>Pass-Through from Rice University</i>		5T15LM007093-19		4,503	4,503
<i>Pass-Through from Rice University</i>		5T15LM07093-20		50,797	50,797
Total - CFDA 93.879			0	55,300	55,300
Grants for Primary Care Training and Enhancement	93.884			2,240,705	2,240,705
Health Care and Other Facilities	93.887		33,703	721,945	755,648
<i>Pass-Through from Piney Woods Regional Advisory</i>		752603041		5,752	5,752
Total - CFDA 93.887			33,703	727,697	761,400
Specially Selected Health Projects	93.888			1,707	1,707
National Bioterrorism Hospital Preparedness Program	93.889		19,282,178	5,267,799	24,549,977
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912		85,911	37,655	123,566
<i>Pass-Through from Leon County</i>		2008-426056-11-03		45,923	45,923
Total - CFDA 93.912			85,911	83,578	169,489
Grants to States for Operation of Offices of Rural Health	93.913		87,889	32,046	119,935
HIV Emergency Relief Project Grants	93.914				
<i>Pass-Through from Harris County Hospital District</i>		6H12HA000390-14		502,004	502,004
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		09GEN0097		666	666
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		10GEN2809		85,263	85,263
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		11GEN2004		44,955	44,955

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<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University Health System</i>		1100107-LS PART A		27,436	27,436
<i>Pass-Through from University Health System</i>		1100140-02-LS		3,341	3,341
<i>Pass-Through from University Health System</i>		1200076-LS/PART A		3,356	3,356
<i>Pass-Through from University Health System</i>		1200077-LS PART A		28,105	28,105
Total - CFDA 93.914			0	695,126	695,126
HIV Care Formula Grants	93.917		15,014,533	61,171,204	76,185,737
<i>Pass-Through from Lubbock Regional Mental Health Mental Retardation</i>		2011-037877 / 2012- 040787		193,846	193,846
<i>Pass-Through from Resource Group</i>		11UTV00PTB		41,727	41,727
<i>Pass-Through from Resource Group</i>		11UTV00PTB		(25,830)	(25,830)
<i>Pass-Through from Resource Group</i>		11UTV00SS		(716)	(716)
<i>Pass-Through from Resource Group</i>		12aUTV00SS		8,049	8,049
<i>Pass-Through from Resource Group</i>		12UTV00PTB		291,553	291,553
<i>Pass-Through from Resource Group</i>		12UTV00SS		11,057	11,057
<i>Pass-Through from Resource Group</i>		13UTV00PTB		116,236	116,236
<i>Pass-Through from University Health System</i>		1100141-LS		1,377	1,377
<i>Pass-Through from University Health System</i>		BULLOCK/UHS/R Y ANWHIT		97,064	97,064
Total - CFDA 93.917			15,014,533	61,905,567	76,920,100
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918				
<i>Pass-Through from Resource Group</i>		12UTP00RWC		45,793	45,793
<i>Pass-Through from Resource Group</i>		12UTV00RWC		61,909	61,909
<i>Pass-Through from Resource Group</i>		OU66501 P66501		14,845	14,845
Total - CFDA 93.918			0	122,547	122,547
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924			322,392	322,392
Special Projects of National Significance	93.928		218,319	183,928	402,247
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938			275,588	275,588
HIV Prevention Activities Non-Governmental Organization Based	93.939			545,954	545,954
HIV Prevention Activities Health Department Based	93.940		10,936,213	4,446,558	15,382,771
<i>Pass-Through from City of Houston Health and Human Services</i>		C-12-004-7		31,916	31,916
<i>Pass-Through from Harris County Health Department</i>		04GEN0165		828	828
Total - CFDA 93.940			10,936,213	4,479,302	15,415,515

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<b>U.S. Department of Health and Human Services (continued)</b>					
HIV Demonstration, Research, Public and Professional Education Projects	93.941			553,376	553,376
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		2,656	2,656
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		562,901	2,453,564	3,016,465
Assistance Programs for Chronic Disease Prevention and Control	93.945		72,000	(21,764)	50,236
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			42,003	42,003
Block Grants for Community Mental Health Services	93.958		25,726,261	6,773,009	32,499,270
Block Grants for Prevention and Treatment of Substance Abuse	93.959		94,052,560	21,630,305	115,682,865
Prevention and Public Health Fund (PPHF) Public Health Traineeships	93.964			172,146	172,146
Geriatric Education Centers	93.969		258,098	1,063,264	1,321,362
<i>Pass-Through from Baylor College of Medicine</i>		1UB4 HP19052-01		22,784	22,784
<i>Pass-Through from Baylor College of Medicine</i>		1UB4HP19052-01		22,217	22,217
<i>Pass-Through from Baylor College of Medicine</i>		458340		(212)	(212)
<i>Pass-Through from Baylor College of Medicine</i>		558190		23,910	23,910
<i>Pass-Through from Baylor College of Medicine</i>		5UB4HP19052-02	9,900	8,154	18,054
<i>Pass-Through from Baylor College of Medicine</i>		741613878		26,271	26,271
Total - CFDA 93.969			267,998	1,166,388	1,434,386
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977		5,334,080	1,619,535	6,953,615
Preventive Health Services Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		15,015	238,074	253,089
Mental Health Disaster Assistance and Emergency Mental Health	93.982		69,451	83,224	152,675
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		131,270	570,238	701,508
International Research and Research Training	93.989		13,460	350,721	364,181
Preventive Health and Health Services Block Grant	93.991		233,612	(44,914)	188,698
Maternal and Child Health Services Block Grant to the States	93.994		9,141,656	27,996,189	37,137,845
Adolescent Family Life Demonstration Projects	93.995				
<i>Pass-Through from Children's Shelter</i>		SG/APHPA006042		40,038	40,038

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<b>U.S. Department of Health and Human Services (continued)</b>					
Bioterrorism Training and Curriculum Development Program <i>Pass-Through from City of Houston Health and Human Services</i>	93.996	CCU 622445-01		2,150	2,150
Total - U.S. Department of Health and Human Services			519,898,838	1,899,526,611	2,419,425,449
<b>Corporation for National and Community Service</b>					
Retired and Senior Volunteer Program	94.002			107,327	107,327
Learn and Serve America School and Community Based Programs <i>Pass-Through from Education Service Center - Region XIV</i>	94.004	2011-TTU-0001	539,591	5,762	539,591
Total - CFDA 94.004			539,591	5,762	545,353
Learn and Serve America Higher Education <i>Pass-Through from Duke University Press</i>	94.005	11-CNCS-1044		34,353	34,353
AmeriCorps <i>Pass-Through from AmericCorps</i>	94.006	06AFHTX0010063	52,345	180,044	180,044
<i>Pass-Through from Corporation for National and Community Services</i>		06AFHTX0010058		257,351	309,696
<i>Pass-Through from OneStar Foundation</i>		06AFHTX0010062		339,060	339,060
<i>Pass-Through from OneStar Foundation</i>		06AFHTX0010062		290,966	290,966
<i>Pass-Through from OneStar Foundation</i>		06AFHTX0010067		2,515	2,515
<i>Pass-Through from OneStar Foundation</i>		09ACHTX0010003		(23,661)	(23,661)
<i>Pass-Through from OneStar National Service Commission</i>		06AFHTX0010056		217,247	217,247
<i>Pass-Through from OneStar National Service Commission</i>		06AFHTX0010063	13,693	3,936	17,629
ARRA - AmeriCorps				(218)	(218)
Total - CFDA 94.006			66,038	1,267,240	1,333,278
Program Development and Innovation Grants <i>Pass-Through from Missouri Campus Compact</i>	94.007	203771		501	501
<i>Pass-Through from North Carolina Campus Compact</i>		MLKSERVICE- PVAMU2011		282	282
Total - CFDA 94.007			0	783	783
Total - Corporation for National and Community Service			605,629	1,415,465	2,021,094
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001			2,363,362	2,363,362
Total - Executive Office of the President			0	2,363,362	2,363,362

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<b>Social Security Administration</b>					
Social Security Administration	96.XXX	SS00-08-60062 SS06-12-52004		960,236 41,639	960,236 41,639
Total - CFDA 96.XXX			0	1,001,875	1,001,875
Social Security Research and Demonstration	96.007			320,447	320,447
Total - Social Security Administration			0	1,322,322	1,322,322
<b>U.S. Department of Homeland Security</b>					
U.S. Department of Homeland Security	97.XXX	HSBP1011P00943		264	264
State and Local Homeland Security National Training	97.005			18,251,608	18,251,608
Non-Profit Security Program <i>Pass-Through from NJ Transit Authority</i> <i>Pass-Through from Port Authority of NY/NJ</i>	97.008	038485140 001794205	598,911	10,604 12,531 739,525	609,515 12,531 739,525
Total - CFDA 97.008			598,911	762,660	1,361,571
Citizenship Education and Training <i>Pass-Through from Harris County Department of Education</i>	97.010	8000001628		8,956	8,956
Boating Safety Financial Assistance	97.012			3,218,427	3,218,427
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			36,736	36,736
National Urban Search and Rescue Response System	97.025			1,040,352	1,040,352
Flood Mitigation Assistance	97.029		3,397,191	60,978	3,458,169
Crisis Counseling	97.032		133,156	29,323	162,479
Disaster Unemployment Assistance	97.034			53,631	53,631
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		90,177,454	73,546,157	163,723,611
Hazard Mitigation Grant	97.039		28,552,465	2,429,852	30,982,317
National Dam Safety Program	97.041			557,461	557,461
Emergency Management Performance Grants	97.042		5,455,780	11,634,207	17,089,987
State Fire Training Systems Grants	97.043			26,000	26,000
Assistance to Firefighters Grant	97.044			277,502	277,502
Cooperating Technical Partners	97.045		101,433	27,726	129,159
Fire Management Assistance Grant	97.046		891,093	2,932,484	3,823,577
Pre-Disaster Mitigation	97.047		2,761,505	17,454	2,778,959
Presidentially Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			2,125,678	2,125,678

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<b>U.S. Department of Homeland Security (continued)</b>					
Emergency Operations Centers	97.052		3,132,386	22,068	3,154,454
Interoperable Emergency Communications	97.055		1,570,315	414,830	1,985,145
Port Security Grant Program	97.056			2,509	2,509
Centers for Homeland Security	97.061			179,144	179,144
<i>Pass-Through from Jackson State University</i>		634822		96,415	96,415
<i>Pass-Through from Purdue University</i>		4112-38273		(357)	(357)
<i>Pass-Through from Rutgers University</i>		2009-ST-0061-CC1002		10,734	10,734
Total - CFDA 97.061			0	285,936	285,936
Scientific Leadership Awards	97.062			150,642	150,642
Homeland Security Grant Program	97.067		148,443,995	7,677,860	156,121,855
<i>Pass-Through from Port Authority of NY/NJ</i>		001794205		378,169	378,169
Total - CFDA 97.067			148,443,995	8,056,029	156,500,024
Aviation Research Grants	97.069				
<i>Pass-Through from Systems Research and Applications Corporation</i>		S3600001		5,189	5,189
State Homeland Security Program (SHSP)	97.073			114,235	114,235
<i>Pass-Through from PRPC</i>		HSGP		20,000	20,000
Total - CFDA 97.073			0	134,235	134,235
Rail and Transit Security Grant Program	97.075		558,816	31,793	590,609
Buffer Zone Protection Program (BZPP)	97.078		5,651,680	253,338	5,905,018
Earthquake Consortium	97.082		37,473	1,846	39,319
Disaster Assistance Projects	97.088		(247,596)	(486)	(248,082)
Driver's License Security Grant Program	97.089			1,735,169	1,735,169
Homeland Security Biowatch Program	97.091			2,955,572	2,955,572
Repetitive Flood Claims	97.092		424,816	2,249	427,065
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104			18,633	18,633
Severe Repetitive Loss Program	97.110		16,053,081	127,304	16,180,385
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111		1,604,609	230,956	1,835,565
Border Interoperability Demonstration Project	97.120		15,416	6,849	22,265
Total - U.S. Department of Homeland Security			309,313,979	131,472,117	440,786,096

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<b>U. S. Agency for International Development</b>					
U. S. Agency for International Development <i>Pass-Through from Association of Small Business Development Center</i>	98.XXX	ESTDP #1-04		20,902	20,902
Total - CFDA 98.XXX			0	20,902	20,902
USAID Foreign Assistance for Programs Overseas <i>Pass-Through from Purdue University</i>	98.001	688-A00-07-00043-00		55,141	55,141
USAID Development Partnerships for University Cooperation and Development <i>Pass-Through from American Council on Education</i>	98.012	HED065-9722-CAR- 11-01	85,709	114,665	200,374
Total - CFDA 98.012			85,709	116,492	202,201
Total - U. S. Agency for International Development			85,709	192,535	278,244
<b>Total Non-Clustered Programs</b>			2,868,457,105	8,780,845,149	11,649,302,254
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture  <i>Pass-Through from Cree, Inc.</i>	10.XXX	11 CR 11221632 005 2011 11 504485 11 005 911NF 10 2 0038		9,431 84,015 14,188 13,783	9,431 84,015 14,188 13,783
<i>Pass-Through from Energetic Materials Products, Inc.</i>		EMPI10 053 02		14,787	14,787
<i>Pass-Through from KAI, LLC</i>		UTA12-000380		24,127	24,127
<i>Pass-Through from University of Baltimore</i>		UTA10-000551		39,594	39,594
Total - CFDA 10.XXX			0	199,925	199,925
Agricultural Research Basic and Applied Research <i>Pass-Through from Mississippi State University</i>	10.001	58-6406-9-434	37,479	3,036,270 1,155	3,073,749 1,155
Total - CFDA 10.001			37,479	3,037,425	3,074,904
Plant and Animal Disease, Pest Control, and Animal Care	10.025		22,222	2,328,512	2,350,734
Wildlife Services	10.028			698	698
Wetlands Reserve Program <i>Pass-Through from Dewberry and Davis, LLC</i>	10.072	8000001736		48,466 530,376	48,466 530,376
<i>Pass-Through from Dewberry and Davis, LLC</i>		8000001831		71,652	71,652
Total - CFDA 10.072			0	650,494	650,494
Federal-State Marketing Improvement Program <i>Pass-Through from Michigan State University</i>	10.156	503902		(551)	(551)
<i>Pass-Through from Michigan State University</i>		504450		3,865	3,865
Total - CFDA 10.156			0	3,314	3,314

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Transportation Services	10.167			46,573	46,573
Specialty Crop Block Grant Program - Farm Bill	10.170			294,090	294,090
Grants for Agricultural Research, Special Research Grants	10.200		674,839	4,438,650	5,113,489
<i>Pass-Through from Colorado State University</i>		504072		(2,091)	(2,091)
<i>Pass-Through from Colorado State University</i>		504296		56,672	56,672
<i>Pass-Through from Cornell University</i>		61331-9813		41,015	41,015
<i>Pass-Through from Iowa State University</i>		504306		7,217	7,217
<i>Pass-Through from Kansas State University</i>		504242		63,985	63,985
<i>Pass-Through from Kansas State University</i>		S11009		99,657	99,657
<i>Pass-Through from Louisiana State University</i>		504147		7,679	7,679
<i>Pass-Through from New Mexico State University</i>		504201		134,320	134,320
<i>Pass-Through from New Mexico State University</i>		Q01430, Q01508		15,106	15,106
<i>Pass-Through from Southern Regional Aquaculture Center</i>		2007-38500-1847		4,374	4,374
<i>Pass-Through from Southern Regional Aquaculture Center</i>		2007-38500-18470		3,516	3,516
<i>Pass-Through from The Oceanic Institute</i>		504256		139,381	139,381
<i>Pass-Through from University of California - Davis</i>		503991		71,302	71,302
<i>Pass-Through from University of California - Oakland</i>		503964		(1,275)	(1,275)
<i>Pass-Through from University of Florida</i>		504191		10,480	10,480
<i>Pass-Through from University of Florida</i>		504308		16,361	16,361
<i>Pass-Through from University of Florida</i>		504362		8,677	8,677
<i>Pass-Through from University of Florida</i>		504363		6,500	6,500
<i>Pass-Through from University of Florida</i>		UF09219		(198)	(198)
<i>Pass-Through from University of Florida</i>		UF10157; 00087665		3,605	3,605
<i>Pass-Through from University of Toledo</i>		10390057-TSU		12,597	12,597
<i>Pass-Through from Virginia State University</i>		503931		1,818	1,818
Total - CFDA 10.200			674,839	5,139,348	5,814,187
Cooperative Forestry Research	10.202			357,942	357,942
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			8,908,502	8,908,502
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			5,400,518	5,400,518
Grants for Agricultural Research Competitive Research Grants	10.206		122,111	224,492	346,603
<i>Pass-Through from Colorado State University</i>		20095520005197		2,204	2,204
<i>Pass-Through from University of Georgia</i>		8000000980	12,125	5,513	17,638
<i>Pass-Through from University of Massachusetts</i>		09-005358 A 00 PRIME:2009-35319- 05186		70,305	70,305
Total - CFDA 10.206			134,236	302,514	436,750
Animal Health and Disease Research	10.207			226,317	226,317

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Small Business Innovation Research	10.212				
<i>Pass-Through from Alpha Scents, Inc.</i>		10-0107		20,401	20,401
<i>Pass-Through from Infinite Enzymes, LLC</i>		406397		11,061	11,061
Total - CFDA 10.212			0	31,462	31,462
Sustainable Agriculture Research and Education	10.215				
<i>Pass-Through from University of Georgia</i>		504408		4,387	4,387
<i>Pass-Through from University of Georgia</i>		RD309 101/3842718, D309-117/4893596		104,631	104,631
<i>Pass-Through from University of Georgia</i>		RD309-109/4892156		5,346	5,346
<i>Pass-Through from University of Georgia Research</i>		RD309 109 4786276	6,618	42,743	49,361
Total - CFDA 10.215			6,618	188,207	194,825
1890 Institution Capacity Building Grants	10.216				
<i>Pass-Through from South Carolina State University</i>		10-576004-CSMET		48,920	48,920
<i>Pass-Through from Southern University</i>		504059		10,165	10,165
<i>Pass-Through from Virginia State University</i>		011212		32,299	32,299
Total - CFDA 10.216			0	257,472	257,472
Higher Education Challenge Grants	10.217		44,364		
<i>Pass-Through from New Mexico State University</i>		504167		46,048	46,048
<i>Pass-Through from Purdue University</i>		USDA-NIFA 2010- 38411-21368		4,447	4,447
<i>Pass-Through from University of Florida</i>		504017		29,000	29,000
<i>Pass-Through from University of Florida</i>		504421		23,677	23,677
Total - CFDA 10.217			44,364	207,855	252,219
Biotechnology Risk Assessment Research	10.219		25,049		
				7,064	32,113
Higher Education Multicultural Scholars Program	10.220				
<i>Pass-Through from Colorado State University</i>		503037		6,750	6,750
Total - CFDA 10.220			0	(8,084)	(8,084)
Hispanic Serving Institutions Education Grants	10.223		151,571		
<i>Pass-Through from Del Mar College</i>		5007-38422-18084-s		2,212,818	2,364,389
<i>Pass-Through from University of Puerto Rico - Mayaguez</i>		2011-2012-005		(70)	(70)
<i>Pass-Through from University of Puerto Rico - San Juan</i>		503947		53,025	53,025
Total - CFDA 10.223			151,571	10	10
Community Food Projects	10.225			2,265,783	2,417,354
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250			1,059,297	1,059,297
Food Assistance and Nutrition Research Programs (FANRP)	10.253			12,866	12,866
				2,970	2,970

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Consumer Data and Information Program <i>Pass-Through from Rutgers University</i>	10.256	S1380974 ( 58-4000- 9-0064)		12,246 (462)	12,246 (462)
Total - CFDA 10.256			0	11,784	11,784
Agricultural Market and Economic Research <i>Pass-Through from United Sorghum Checkoff Program</i>	10.290	I 0004 09, R0022 10		26,448 7,429	26,448 7,429
Total - CFDA 10.290			0	33,877	33,877
Integrated Programs <i>Pass-Through from Cornell University</i>	10.303	51110 04688	95,234	368,021 62,184	463,255 62,184
<i>Pass-Through from Kansas State University</i>		2010-51110-21081		21,343	21,343
<i>Pass-Through from Kansas State University</i>		2775		17,048	17,048
<i>Pass-Through from Kansas State University</i>		S11058		83,808	83,808
<i>Pass-Through from University of Arkansas</i>		UA AES 91072-02		47,374	47,374
<i>Pass-Through from University of California - Riverside</i>		504314		42,986	42,986
<i>Pass-Through from University of Nebraska - Lincoln</i>		504125		12,936	12,936
Total - CFDA 10.303			95,234	655,700	750,934
Homeland Security Agricultural	10.304			188,292	188,292
International Science and Education Grants	10.305			47,637	47,637
Biodiesel <i>Pass-Through from Arkansas State University</i>	10.306	504433		2,676	2,676
<i>Pass-Through from Oklahoma State University</i>		504417		18,164	18,164
<i>Pass-Through from Oklahoma State University</i>		570783	11,324		11,324
Total - CFDA 10.306			11,324	20,840	32,164
Specialty Crop Research Initiative <i>Pass-Through from University of Georgia</i>	10.309	504430	559,609	1,078,632 10,176	1,638,241 10,176
<i>Pass-Through from Washington State University</i>		112674 G002608		40,580	40,580
Total - CFDA 10.309			559,609	1,129,388	1,688,997
Agriculture and Food Research Initiative <i>Pass-Through from Cornell University</i>	10.310	62524-9804	503,117	2,815,288 38,666	3,318,405 38,666
<i>Pass-Through from Iowa State University</i>		503737		41,094	41,094
<i>Pass-Through from Louisiana State University</i>		2773		2,224	2,224
<i>Pass-Through from Louisiana State University</i>		504458		14,425	14,425
<i>Pass-Through from Michigan State University</i>		RC064853TTU		1,987	1,987
<i>Pass-Through from Southern University Agricultural Research and Extension Center</i>		SUSSUAGCENTER 2010 02 007 TTU		139,478	139,478
<i>Pass-Through from University of Florida</i>		504179		1,810	1,810
<i>Pass-Through from University of Florida</i>		UF 11089		91,757	91,757
<i>Pass-Through from University of Maryland - College Park</i>		503778		48,272	48,272

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
<i>Pass-Through from University of Minnesota</i>		504401		2,262	2,262
Total - CFDA 10.310			503,117	3,197,263	3,700,380
Beginning Farmer and Rancher Development Program	10.311		25,791	57,192	82,983
ARRA - Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315				
<i>Pass-Through from University of Minnesota</i>		H001344230		82,477	82,477
Crop Insurance	10.450			5,045,052	5,045,052
<i>Pass-Through from Grazingland Management Systems, Inc.</i>		405174		6,100	6,100
<i>Pass-Through from Grazingland Management Systems, Inc.</i>		405223		6,100	6,100
Total - CFDA 10.450			0	5,057,252	5,057,252
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456		36,397	30,850	67,247
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			250,758	250,758
Food Safety Cooperative Agreements	10.479			115,422	115,422
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		504339		6,000	6,000
Total - CFDA 10.479			0	121,422	121,422
Cooperative Extension Service	10.500				
<i>Pass-Through from Louisiana State University</i>		502616		(712)	(712)
<i>Pass-Through from Pennsylvania State University</i>		503796		106,525	106,525
<i>Pass-Through from Pennsylvania State University</i>		570745	15,000	1,500	16,500
<i>Pass-Through from University of Florida</i>		UF11232		1,964	1,964
Total - CFDA 10.500			15,000	109,277	124,277
Forestry Research	10.652		10,524	1,466,094	1,476,618
Cooperative Forestry Assistance	10.664			28,769	28,769
Forest Health Protection	10.680			11,113	11,113
International Forestry Programs	10.684				
<i>Pass-Through from Xerces Society Invertebrate Conservation</i>		UTA11-000776		9,665	9,665
Renewable Energy Systems and Energy Efficiency Improvements Program	10.775			143,290	143,290
Resource Conservation and Development	10.901			34,586	34,586
<i>Pass-Through from Southern Forest Research Partnership</i>		503115		5,861	5,861
Total - CFDA 10.901			0	40,447	40,447

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Soil and Water Conservation <i>Pass-Through from University of Idaho</i>	10.902	BJK409 SB 007	7,686	841,973 4,450	849,659 4,450
Total - CFDA 10.902			7,686	846,423	854,109
Soil Survey	10.903			108,644	108,644
Plant Materials for Conservation	10.905			14,150	14,150
Environmental Quality Incentives Program <i>Pass-Through from North Plains Groundwater Conservation District</i>	10.912	69-3A75-11-184	118,570	119,295 27,600	237,865 27,600
<i>Pass-Through from RTI Headquarters</i>		11-340-0210114		134,955	134,955
<i>Pass-Through from World Resources Institute</i>		431960		55,787	55,787
<i>Pass-Through from World Resources Institute</i>		434240		49,737	49,737
Total - CFDA 10.912			118,570	387,374	505,944
Technical Agricultural Assistance	10.960		39,693	570,928	610,621
Scientific Cooperation and Research	10.961			308,807	308,807
Cochran Fellowship Program-International Training-Foreign Participant	10.962		(8,763)	708,071	699,308
<i>Pass-Through from University of California - Davis</i>		503449		593	593
<i>Pass-Through from University of California - Davis</i>		503499		(17,592)	(17,592)
<i>Pass-Through from University of California - Davis</i>		503670		(370)	(370)
<i>Pass-Through from University of California - Davis</i>		503754		(13,085)	(13,085)
<i>Pass-Through from University of California - Davis</i>		504331		217,589	217,589
<i>Pass-Through from University of California - Davis</i>		570375	791,888		791,888
<i>Pass-Through from University of California - Davis</i>		570563	(462)		(462)
Total - CFDA 10.962			782,663	895,206	1,677,869
Total - U.S. Department of Agriculture			3,301,986	46,752,733	50,054,719
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	BCYA1323-10-00245		8,719	8,719
		UTA06-827		216,219	216,219
		UTA10-000046:IP1008		82,219	82,219
		Zapata County Economic Dev Ctr		4,730	4,730
<i>Pass-Through from Analytical Mechanics Associates, Inc.</i>		P0104,1259-001		31,348	31,348
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		GS35F0575T		7,197	7,197
<i>Pass-Through from Nanoelectronics Research Corp</i>		2006-NE-1464, UTA08-596	352,160	946,765	1,298,925
<i>Pass-Through from Nanoelectronics Research Corp</i>		2006-NE-1464, UTA10-432		75,996	75,996
Total - CFDA 11.XXX			352,160	1,373,193	1,725,353

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
Census Bureau Data Products	11.001			6	6
Integrated Ocean Observing System (IOOS)	11.012				
<i>Pass-Through from Mississippi State University</i>		191001-363637-02		46,907	46,907
<i>Pass-Through from Southeastern Universities Research Association</i>		2010-005		5,249	5,249
Total - CFDA 11.012			0	52,156	52,156
Economic Development Support for Planning Organizations	11.302				
<i>Pass-Through from SFWQ Corp</i>		08-69-03989		1,488	1,488
Economic Development Technical Assistance	11.303			12,110	12,110
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400			424	424
Sea Grant Support	11.417		125,003	2,127,441	2,252,444
<i>Pass-Through from University of Maryland Sea Grant</i>		504460		8,923	8,923
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR04080-E10		29,589	29,589
Total - CFDA 11.417			125,003	2,165,953	2,290,956
Coastal Zone Management Administration Awards	11.419		1,000	706,020	707,020
<i>Pass-Through from Nueces County</i>		6091300000		12,310	12,310
<i>Pass-Through from University of New Hampshire</i>		12-040		41,166	41,166
Total - CFDA 11.419			1,000	759,496	760,496
Coastal Zone Management Estuarine Research Reserves	11.420			645,861	645,861
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427				
<i>Pass-Through from University of Southern Mississippi</i>		504039		20,067	20,067
Undersea Research	11.430				
<i>Pass-Through from University of Hawaii</i>		UTA09-000481,Z927478-02, 2	8,582	1,594	10,176
Climate and Atmospheric Research	11.431			216,461	216,461
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			34,810	34,810
<i>Pass-Through from Mississippi State University</i>		19100136364604		10,000	10,000
Total - CFDA 11.432			0	44,810	44,810
Marine Fisheries Initiative	11.433			55,038	55,038
Environmental Sciences, Applications, Data, and Education	11.440				
<i>Pass-Through from University of Oklahoma</i>		2011 26		4,283	4,283
Unallied Management Projects	11.454		11,363	226,192	237,555
<i>Pass-Through from University of California - Santa Cruz</i>		504174		107	107
Total - CFDA 11.454			11,363	226,299	237,662

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
Weather and Air Quality Research <i>Pass-Through from University of New Hampshire</i>	11.459	11-126		490	490
Special Oceanic and Atmospheric Projects	11.460			(6,250)	(6,250)
Habitat Conservation <i>Pass-Through from Fish America Foundation</i> <i>Pass-Through from Gulf of Mexico Foundation</i>	11.463	FAF-11030 GCRP #10-01 NA10NMF4630087		26,237 46,670 36,311	26,237 46,670 36,311
Total - CFDA 11.463			0	109,218	109,218
Meteorologic and Hydrologic Modernization Development <i>Pass-Through from The University Corporation for Atmospheric Research</i>	11.467	Z10-83385		1,412	1,412
<i>Pass-Through from The University Corporation for Atmospheric Research</i>		Z11 91820, Z12		18,197	18,197
<i>Pass-Through from The University Corporation for Atmospheric Research</i>		Z12-93224		7,570	7,570
Total - CFDA 11.467			0	27,179	27,179
Applied Meteorological Research	11.468			70,701	70,701
Unallied Science Program <i>Pass-Through from University of Maryland Center for Environmental Science</i>	11.472	CA12-0607-5-25680	12,000	77,598 50,600	89,598 50,600
Total - CFDA 11.472			12,000	128,198	140,198
Coastal Services Center <i>Pass-Through from Florida Department of Environmental Protection</i>	11.473	RM111	120,015	360,395 58,393	480,410 58,393
<i>Pass-Through from Gulf of Mexico Foundation</i>		2006		57,002	57,002
Total - CFDA 11.473			120,015	475,790	595,805
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		216,372	764,719	981,091
Educational Partnership Program <i>Pass-Through from Florida Agricultural and Mechanical University</i>	11.481	C-3273		3,583 185,750	3,583 185,750
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		000953; C-2884		1,072	1,072
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		003499		436,381	436,381
<i>Pass-Through from Howard University</i>		0007342-1000035578		147,879	147,879
Total - CFDA 11.481			0	774,665	774,665

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
ARRA - Broadband Technology Opportunities Program <i>Pass-Through from Mexican Institute of Greater Houston</i>	11.557	SUB10572		240,411	240,411
Measurement and Engineering Research and Standards <i>Pass-Through from Missouri University of Science and Technology</i>	11.609	00031030-01	39,447	753,673 69,412	793,120 69,412
<i>Pass-Through from University of Washington</i>		8000001491		56,547	56,547
ARRA - Measurement and Engineering Research and Standards <i>Pass-Through from American Society of Heating, Refrigerating and Air Cond. Engineers</i>		1596-TRP	519,754	9,055 359,380	9,055 879,134
<i>Pass-Through from University of California - San Diego</i>		10305701-SUB		273,580	273,580
Total - CFDA 11.609			559,201	1,521,647	2,080,848
Manufacturing Extension Partnership <i>Pass-Through from Stellar Micro Devices, Inc.</i>	11.611	70NANB7H7030	1,111,442	3,489,218 (16,466)	4,600,660 (16,466)
Total - CFDA 11.611			1,111,442	3,472,752	4,584,194
Technology Innovation Program <i>Pass-Through from Rutgers University</i>	11.616	00004198; S1493899; 4-31873,10223	258,744	465,351 89,671	724,095 89,671
Total - CFDA 11.616			258,744	555,022	813,766
Congressionally-Identified Projects <i>Pass-Through from Signal Processing, Inc.</i>	11.617	128-1		26,682	26,682
National Technical Information Service	11.650			(200)	(200)
Total - U.S. Department of Commerce			2,775,882	13,740,263	16,516,145
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	1111, UTA11-000291 11583 120480 200-2003-01442 2009*0656812*000 CLIN 600 OPT 3-3.14 2009*0656812*000 CLIN 601 OPT 4-3.15 2009*0656812*000 CLIN 603 OPT 6-3.17 201002928 20100937130000 2010-1061915-000 CLIN 504 OTC-5000-3 2010-1061915-000 CLIN 505 OTC-5000-4 2011-13-05 (PN11- 0354) 2011-AF061-0001		113,700 13,717 23,283 (52,214) 226,345 538,660 462,140 213,509 112,173 72,769 38,009 320 29,802	113,700 13,717 23,283 (52,214) 226,345 538,660 462,140 213,509 112,173 72,769 38,009 320 29,802

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		26-3511-31-6		(26,485)	(26,485)
		26-3511-31-61		232,321	232,321
		26-3907-2562		(11,686)	(11,686)
		58 6208 1 142		9,548	9,548
		6477		158,061	158,061
		69000532		329,060	329,060
		8000001322	564,713	20,637	585,350
		CAPPELLI NAVY IPA		3,020	3,020
		CHALFIN/IPAA/NA		19,605	19,605
		VY			
		COHN US ARMY		13,046	13,046
		DOD IPAA - COHN		54,611	54,611
		DOD IPAA-		35,729	35,729
		SCHWACHA			
		FA304711P0743		69,627	69,627
		FA701407C0034	11,933	66,172	78,105
		FA701409C0006	11,023	207,671	218,694
		FA7014-09-C-0006		(38)	(38)
		FA8601-12-P-0115		27,074	27,074
		FA8650-11-C-1028		5,226	5,226
		FA8750-10-C-0250		243,404	243,404
		FA9453-10-C-0214		54,000	54,000
		FA9550-12-C-0044		9,637	9,637
		GOULD NAVY IPA		740	740
		GOULD/NAVY IPA		32,311	32,311
		GU/IPAA/NAVY		5,154	5,154
		GU/NAVY IPA		56,749	56,749
		H98230-06-C-0443		10,518	10,518
		H98230-07-C-		69,519	69,519
		0453:REQ			
		#R40700110000			
		H98230-09-C-0268 /		144,971	144,971
		000028450000			
		HDTRA1-12-C-0007	12,304	15,082	27,386
		HEILBRUN NAVY		1,125	1,125
		IPA			
		HHM402-10-C-0100		5,994	5,994
		HR0011-07-C-0027		(3,041)	(3,041)
		HR0011-12-C-0066		51,531	51,531
		HU0001091TS15	60,649	4,913	65,562
		HU0001101TS01	857	208,998	209,855
		N10005			
		LACCABUE NAVY		13,015	13,015
		IPA			
		MILLER NAVY IPA		4,955	4,955
		N00014-06-G-0218		482,292	482,292
		0042			
		N00014-06-G-		114,698	114,698
		0218/0043			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		N00014-09-C-0187		86,377	86,377
		N00014-09-C-0187 P00008		346,358	346,358
		N00014-11-G-0041 0001		(642)	(642)
		N0001411G0041		53,137	53,137
		N00014-11-G0041 0008		49,315	49,315
		N00014-11-G-0041- 0003		27,934	27,934
		N00014-11-G-0041- 0006 CLN 0001 ACN AA AB		98,133	98,133
		N00014-12-1-0137		76,104	76,104
		N00014-12-1-0774		23,067	23,067
		N00024-07-D- 6200/0357 CLN 0001 ACN AA		201,057	201,057
		N00024-07-D- 6200/0365 CLN 0001 ACN AA AB		563,822	563,822
		N00024-07-D- 6200/0372 CLN 0001 ACN AA AB		980,462	980,462
		N00024-07-D- 6200/0378 CLN 0001 ACN AA AB		84,527	84,527
		N00024-07-D- 6200/0383 CLN 0001 ACN AA		169,238	169,238
		N00024-07-D- 6200/0384 CLN 0001 ACN AA		325,276	325,276
		N00024-07-D- 6200/0385 CLN 0001 ACN AA		334,376	334,376
		N00024-07-D- 6200/0386 CLN 0001 ACN AA		33,109	33,109
		N00024-07-D- 6200/0387 CLN 0001 ACN AA AB		159,659	159,659
		N00024-07-D- 6200/0388 CLN 0001 ACN AA		109,924	109,924
		N00024-07-D- 6200/0389 CLN 0001 ACN AA		197,644	197,644
		N00024-07-D- 6200/0392 CLN 0001 ACN AA		49,897	49,897
		N00024-07-D- 6200/0393 CLN 0001		253,230	253,230

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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>					
		ACN AA			
		N00024-07-D- 6200/0395 CLN 0001		412,624	412,624
		ACN AA			
		N00024-07-D- 6200/0396 CLN 0001		88,304	88,304
		ACN AA			
		N00024-07-D- 6200/0397 CLN 0001		117,683	117,683
		ACN AA			
		N00024-07-D- 6200/0399 CLN 0001		3	3
		ACN AA			
		N00024-07-D- 6200/0400 CLN 0001		35,994	35,994
		ACN AA			
		N00024-07-D- 6200/0403 CLN 0001		124,722	124,722
		ACN AA			
		N00024-07-D- 6200/0404 CLN 0001		466,485	466,485
		ACN AA			
		N00024-07-D- 6200/0405 CLN 0001		149,960	149,960
		ACN AA			
		N00024-07-D- 6200/0406 CLN 0001		165,530	165,530
		ACN AA			
		N00024-07-D- 6200/0407 CLN 0001		49,096	49,096
		ACN AA			
		N00024-07-D- 6200/0408 CLN 0001		190,989	190,989
		ACN AA			
		N00024-07-D- 6200/0409 CLN 0001		521,584	521,584
		ACN AA AB			
		N00024-07-D- 6200/0410 CLN 0001		158,836	158,836
		ACN AA			
		N00024-07-D- 6200/0413 CLN 0001		168,006	168,006
		ACN AA			
		N00024-07-D- 6200/0414 CLN 0001		1,196,425	1,196,425
		ACN AA AB			
		N00024-07-D- 6200/0415 CLN 0001		148,787	148,787
		ACN AA			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		N00024-07-D- 6200/0416 CLN 0001 ACN AA		103,983	103,983
		N00024-07-D- 6200/0417 CLN 0001 ACN AA		136,170	136,170
		N00024-07-D- 6200/0418 CLN 0001 ACN AA		124,973	124,973
		N00024-07-D- 6200/0419 CLN 0001 ACN AA		109,475	109,475
		N00024-07-D- 6200/0421 CLN 0001 ACN AA		41,789	41,789
		N00024-07-D- 6200/0422 CLN 0001 ACN AA		22,479	22,479
		N00024-07-D- 6200/0424 CLN 0001 ACN AA		719,948	719,948
		N00024-07-D- 6200/0425 CLN 0001 ACN AA		28,861	28,861
		N00024-07-D- 6200/0426 CLN 0001 ACN AA		334,760	334,760
		N00024-07-D- 6200/0433 CLN 0001 ACN AA		459,035	459,035
		N00024-07-D- 6200/0434 CLN 0001 ACN AA		52,606	52,606
		N00024-07-D-6200- 0429_CLN 0001 ACN AA AB		1,475,451	1,475,451
		N00024-07-D-6200- 0430_CLN 0001 ACN AA		72,890	72,890
		N00024-07-D-6200- 0431 CLN 0001 ACN AA		30,019	30,019
		N00024-07-D-6200- 0432-0432		64,156	64,156
		N00024-07-D-6200- 0435 CLN 0001 ACN AA AB		126,221	126,221
		N00024-07-D-6200- 0437_CLN 0001 ACN AA		140,342	140,342
		N00024-07-D-6200- 0438_CLN 0001 ACN AA		3,693	3,693

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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>					
		N00024-07-D-6200-0439 CLN 0001 ACN AA		260,188	260,188
		N00024-07-D-6200-0440_CLN 0001 ACN AA		62,398	62,398
		N00024-07-D-6200-0443_CLN 0001 ACN AA_AB		309,685	309,685
		N00024-07-D-6200-0444_CLN 0001 ACN AA		21,716	21,716
		N00024-07-D-6200-0445 CLN 0001 ACN AA		17,412	17,412
		N00024-07-D-6200-0446 CLN 0001 ACN AA AB		176,241	176,241
		N00024-07-D-6200-0447 CLN 0001 ACN AA		9,235	9,235
		N00024-07-D-6200-0448_CLN 0001 ACN AA		79,994	79,994
		N00024-07-D-6200-0449 CLN 0001 ACN AA		161,829	161,829
		N00024-07-D-6200-0450 CLN 0001 ACN AA		1,800	1,800
		N00024-07-D-6200-0451_CLN 0001 ACN AA		64,312	64,312
		N00024-07-D-6200-0452_CLN 0001 ACN AA		80,223	80,223
		N00024-07-D-6200-0453 CLN 0001 ACN AA		30,212	30,212
		N00024-07-D-6200-0454 CLIN 0001 ACN AA		16,002	16,002
		N00024-07-D-6200-0458 CLN 0001 ACN AA		34,559	34,559
		N00024-07-D-6200-0463 CLN 0001 ACN AA		423	423
		N00024-07-D-6200-		112,542	112,542

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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>					
		0465_CLN 0001 ACN AA AB		6,762	6,762
		N00024-07-D-6200- 0466_CLN 0001 ACN AA		58,411	58,411
		N00024-07-D-6200- 0467 CLN 0001 ACN AA		43,271	43,271
		N00024-07-D-6200- 0468_CLN 0001 ACN AA		115,246	115,246
		N00024-07-D-6200- 0470 CLN 0001 ACN AA		3,439	3,439
		N00024-07-D-6200- 0471_CLN 0001 ACN AA		1,309	1,309
		N00024-07-D-6200- 0472 CLN 0001 ACN AA		63,763	63,763
		N00024-07-D-6200- 0473_CLN 0001 ACN AA		2,417	2,417
		N00024-07-D-6200- 0475 CLN 0001 ACN AA		136	136
		N00024-07-D-6200- 0477 CLN 0001 ACN AA		27,849	27,849
		N00024-07-D-6200- 0481 CLN 0001 ACN AA		52,267	52,267
		N00024-07-D-6200- 0482_CLN 0001 ACN AA		8,142	8,142
		N00024-07-D-6200- 0483 CLN 0001 ACN AA		27,590	27,590
		N00024-07-D-6200- 0484, P-4265 CLN 0001		82,725	82,725
		N00024-07-D-6200- 0488; P-4276_CLN 0001		76,071	76,071
		N00024-07-D-6200- 0489		1,609	1,609
		N00024-07-D-6200- 0493 CLN 0001 ACN AA		87,063	87,063
		N00024-07-D-6200- 0498_CLN 0001 ACN AA AB		25,956	25,956

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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>					
		0499; P-4278_CLN 0001			
		N00024-07-D-6200- 0500 CLN 0001 ACN AA		138	138
		N00024-07-D-6200- 0523 CLN 0003 ACN AA		886	886
		N00421-11-P-0032		1,997	1,997
		N3946711MD0005		24,975	24,975
		N3946712GOIPA04		45,377	45,377
		N39467-12GOIPA11		15,691	15,691
		N41756-10-C-3393		174,174	174,174
		N66001-10-C-2014		159,782	159,782
		N69450-10-M-4898		11,540	11,540
		NAVY IPA - HEILBRUN		64,721	64,721
		NAVY IPA VALERIE LEE		1,825	1,825
		NAVY IPA/CHU		50,880	50,880
		NAVY IPA/QIANG		551	551
		NAVY IPA/ZHAO		48,920	48,920
		NNX12AI23G		7,661	7,661
		ONR IPA/LACCABUE		112,523	112,523
		ONR IPA/LEE		21,766	21,766
		ONR IPA/MILLER		38,054	38,054
		ONR IPA/PALMER		26,523	26,523
		ONR IPA/RAMALINGAM		30,195	30,195
		ONR/IPAA/QIANG		6,736	6,736
		ONR-IPA/CHU		3,509	3,509
		PALMER NAVY IPA		2,131	2,131
		RAMALINGAM		2,437	2,437
		NAVY IPA SCHWACHA US		7,240	7,240
		ARMY IPA			
		UTA12-000254		70,121	70,121
		UTA12-000271		83,078	83,078
		W15P7T 07 D P040 0003/0004		(127,147)	(127,147)
		W81XWH-09-P-0206		30,613	30,613
		W81XWH-09-P-0206 P00005		55,799	55,799
		W81XWH-10-P-0100 P00001		14,736	14,736
		W81XWH-10-P-0100 P00003		30,150	30,150
		W81XWH-10-P0122		126,063	126,063
		W9113M 05C 0	45,328	239,699	285,027

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		W9115U-10-C-0002	56,592	2,803,460	2,860,052
		W911NF 10 2 0018		115,027	115,027
		W911NF 10 2 0018 P00002		162,997	162,997
		W911NF-08-1-0348; OSP #200702900	12,953	47,229	60,182
		W911NF-09-2-0038		79,693	79,693
		W911NF-11-1-0282		179,942	179,942
		W911NF-11-2-0023		144,854	144,854
		W911QX-07-D-0002 0010		759	759
		W911QX-07-D-0002 0011		1,514,691	1,514,691
		W911QX-07-D-0002- 0011		24,701	24,701
		W911QX-07-D-0002- 0011 04		1,116,030	1,116,030
		W911QX-07-D-0002- 0011 05		274,711	274,711
		W911QY-10-C-0197		454,540	454,540
		W911SD-12-P-0263		10,530	10,530
		W911SG-12-P-0087		42,634	42,634
		W911SR07 C0069		8,649	8,649
		W9126G-09-P-0312		69,779	69,779
		W9126G-09-P-0315		14,609	14,609
		W912DW-10-P-0260		(775)	(775)
		W912DW-11-P-0295		60,000	60,000
		W912HQ-10-C-0056		38,359	38,359
		W912HQ-11-C-0035	113,695	306,891	420,586
		W912HZ 11 P 0289		16,300	16,300
		W912HZ-10-C-0031	259,866	276,081	535,947
		W912HZ-11-2-0028		39,029	39,029
		W912HZ-11-C-0054		123,964	123,964
		WHANG/IPAA/NAVY		7,938	7,938
		WU IPAA		57,484	57,484
		ZHAO/IPAA/NAVY		4,009	4,009
<i>Pass-Through from 21st Century Technologies</i>		TCT-010-003		133,635	133,635
<i>Pass-Through from Academy of Applied Science</i>		W911NF-04-1-0226		6,735	6,735
<i>Pass-Through from AEGIS Technologies Group, Inc.</i>		62-STTR-UTXA- 0098; PO-110041		179,971	179,971
<i>Pass-Through from Alion Science and Technology</i>		SUB1122421DP		26,386	26,386
<i>Pass-Through from Amethyst Research, Inc.</i>		8000001636		44,127	44,127
<i>Pass-Through from Amethyst Research, Inc.</i>		8000001637		30,000	30,000
<i>Pass-Through from ARC Technology</i>		W9113M 06 C 0194		41,042	41,042
<i>Pass-Through from Arizona State University</i>		10 316 1		16,454	16,454
<i>Pass-Through from Atmospheric and Space Technology Research Associates, LLC</i>		UTA09-000852		1,595	1,595
<i>Pass-Through from Austin Satellite Design, LLC</i>		UTA11-000318		8,123	8,123
<i>Pass-Through from BAE Systems Unmanned Aircraft</i>		Plasti-Bone	(15,262)		(15,262)
<i>Pass-Through from Battelle</i>		US001 0000287704		38,012	38,012
<i>Pass-Through from Battelle</i>		270910; US001- 0000270910		10,153	10,153
<i>Pass-Through from Battelle</i>		US001-0000291711		27,814	27,814

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-08-2-0149		8,484	8,484
<i>Pass-Through from Celsis International</i>		111000037 N00178-05-D-4255/FG01		152,539	152,539
<i>Pass-Through from Chemat Technology, Inc.</i>		UTA11-000857		29,613	29,613
<i>Pass-Through from Cobham Sensory Systems</i>		FA8650-11-C-7186		350,633	350,633
<i>Pass-Through from Coherent Navigation, Inc.</i>		CN-STTR-11-001		33,822	33,822
<i>Pass-Through from Creare, Inc.</i>		62637; FA8650-11-M-3144		45,193	45,193
<i>Pass-Through from Decisive Analytics</i>		2246001001		8,973	8,973
<i>Pass-Through from Desert Research Institute</i>		656.8170, 1		18,251	18,251
<i>Pass-Through from Eagle Applied Sciences</i>		FA7014-08-C-0047		76,052	76,052
<i>Pass-Through from Emergent Space Technologies, Inc.</i>		UTA12-000329		30,888	30,888
<i>Pass-Through from Entegriion, Inc.</i>		N00014-10-C-0333		89,567	89,567
<i>Pass-Through from Entegriion, Inc.</i>		N00014-10-C-0333-UT MRF		5,071	5,071
<i>Pass-Through from ePaint Company</i>		N00014-12-M-0062 DOD		27,259	27,259
<i>Pass-Through from Fabrico Technology</i>		UTA12-000130		50,035	50,035
<i>Pass-Through from Florida State University</i>		R00905; LOA		670,978	670,978
<i>Pass-Through from General Dynamics</i>		08ESM374603		18,956	18,956
<i>Pass-Through from General Dynamics Advanced Information Systems</i>		27ESM332610		(2)	(2)
<i>Pass-Through from Georgia Institute of Technology</i>		D6310-S1		2,816	2,816
<i>Pass-Through from Government of Israel - Ministry of Defense</i>		4440192556		97,791	97,791
<i>Pass-Through from Graphene Materials, LLC</i>		UTA12-000140		5,667	5,667
<i>Pass-Through from HEM Technologies</i>		010		2,808	2,808
<i>Pass-Through from High Performance Technologies, Inc.</i>		10-12-273		122,272	122,272
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTI-PETTT-UTAUSTIN,TO4,BYO 10-016SP		221,858	221,858
<i>Pass-Through from High Performance Technologies, Inc.</i>		TO #001		1,509	1,509
<i>Pass-Through from High Performance Technologies, Inc.</i>		TO #2		72,520	72,520
<i>Pass-Through from Homeland Protection Institute, Inc.</i>		HPI-09-SC-0001		504,796	504,796
<i>Pass-Through from Hortsman, Inc.</i>		UTA12-000711		14,367	14,367
<i>Pass-Through from HRL Laboratories, LLC</i>		10058-002351		365,738	365,738
<i>Pass-Through from HRL Laboratories, LLC</i>		ICARUS 10043-002941		231,252	231,252
<i>Pass-Through from III-N Technology, Inc.</i>		TTU 3N 2010 01		31,000	31,000
<i>Pass-Through from Industrial Measurement Systems, Inc.</i>		UTA12-000121		23,982	23,982
<i>Pass-Through from Institute of International Education</i>		NESP-U631063-UT-HIN-A		44,405	44,405
<i>Pass-Through from Institute of International Education</i>		NSEP-U631023-UT-SI-0-2		23,578	23,578
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT-ARA-SI		14,719	14,719
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT-HIN	191,206	606,288	797,494
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT-HIN-09-A;480731		49,046	49,046

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Institute of International Education</i>		NSEP-U631043-UT-LR		38,983	38,983
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT-ARA-A		25,157	25,157
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT-ARA-R12-P		15,252	15,252
<i>Pass-Through from International Business Machines Corporation</i>		5004000798; W0853811; UTA10-001222		91,165	91,165
<i>Pass-Through from International Business Machines Corporation</i>		W0853811; 5004000798		167,659	167,659
<i>Pass-Through from Jacobs Technology, Inc.</i>		UTA12-000390		9,635	9,635
<i>Pass-Through from Johns Hopkins University</i>		N66001-12-C-4020		64,233	64,233
<i>Pass-Through from Johns Hopkins University Applied Physics Laboratory</i>		106906 PRM		1,132	1,132
<i>Pass-Through from KAI, Inc.</i>		HM0177-12-C-0006			
<i>Pass-Through from KAI, Inc.</i>		UTA11-001124		5,228	5,228
<i>Pass-Through from Kitware, Inc.</i>		HR0011-08-C-0135-S3;PHASE II		65,574	65,574
<i>Pass-Through from KLSS, Inc.</i>		FA9422-11-C-0006 / NETS-11-006		6,138	6,138
<i>Pass-Through from Luna Innovations Incorporated</i>		2108- AFR2S/UTA__PRI ME:FA8650-09-C-001-111215-1105		11,834	11,834
<i>Pass-Through from M - Dot Aerospace</i>		N00014-10-M-0280		6,972	6,972
<i>Pass-Through from M - Dot Aerospace</i>		5710002700		9	9
<i>Pass-Through from Massachusetts Institute of Technology</i>		MII-2011-01		122,182	122,182
<i>Pass-Through from Molecular Imprints, Inc.</i>		021512		45,469	45,469
<i>Pass-Through from Nano Release Technologies, LLC</i>		NAN1157, UTA11-000720		27,851	27,851
<i>Pass-Through from Nanohmics, Inc.</i>		001 ST-15		25,000	25,000
<i>Pass-Through from National Institute of Building Sciences</i>		8000001278		100,696	100,696
<i>Pass-Through from Nitronex Corporation</i>		TTU 002 HQ006 10 C 7400		(93)	(93)
<i>Pass-Through from Noise Figure</i>		FA8650-05-D-6930		(9,169)	(9,169)
<i>Pass-Through from Northrop Grumman Information</i>		UTA10-000819; PO54128837		6,734	6,734
<i>Pass-Through from NVIDIA Corporation</i>		II-1009		289,025	289,025
<i>Pass-Through from Omega Optics</i>		UTA09-3		182,684	182,684
<i>Pass-Through from Omega Optics</i>		UTA11-000625; FA9550-11-C-0058		6,654	6,654
<i>Pass-Through from Omega Optics</i>		UTA11-000981		23,684	23,684
<i>Pass-Through from Omega Optics</i>		UTA11-000982		56,109	56,109
<i>Pass-Through from Omega Optics</i>		UTA12-000370; FA9550-12-C-0052		82,987	82,987
<i>Pass-Through from Omega Optics</i>		UTA12-000706		15,008	15,008
<i>Pass-Through from Omega Optics</i>		UTA12-000708		14,061	14,061
<i>Pass-Through from Omnitron, Inc.</i>		UTA11-001070		15,000	15,000
<i>Pass-Through from Palo Alto Research Center</i>		LTR DTD 6-5-12 Pre-Authorization		55,142	55,142
				2,554	2,554

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Peregrine Pharmaceuticals, Inc.</i>		HDTRA108C0003		(129)	(129)
<i>Pass-Through from Rand Corporation</i>		W74V8H-06-C-0002		5,764	5,764
<i>Pass-Through from Raytheon BBN Technologies Corporation</i>		14026 ( N41756-11- C-3878)		5,236	5,236
<i>Pass-Through from Raytheon Company</i>		4400414713		9,427	9,427
<i>Pass-Through from Rochal Industries</i>		UTA12-000167		22,787	22,787
<i>Pass-Through from SA Technologies</i>		W911QX-11-C-0059- 1429-UTA		733	733
<i>Pass-Through from Sandia National Laboratories</i>		1189481		105,880	105,880
<i>Pass-Through from Sandia National Laboratories</i>		1233924		111,928	111,928
<i>Pass-Through from Sandia National Laboratories</i>		UNCFSP		20,628	20,628
<i>Pass-Through from Schafer Corp (formerly Schafer Assoc)</i>		SC-07-13A-03 0003, 04		(648)	(648)
<i>Pass-Through from Science Applications International Corporation</i>		10062475		108	108
<i>Pass-Through from Science, Engineering, and Technology Corporation</i>		SET-2011-1062		104,121	104,121
<i>Pass-Through from Science, Engineering, and Technology Corporation</i>		SET-2011-1062; UTA12-000031		23,780	23,780
<i>Pass-Through from Semerane</i>		FA9550-11-C-0037- DEF		22,713	22,713
<i>Pass-Through from Signature Science, LLC</i>		UTA10-000675		16,424	16,424
<i>Pass-Through from Southwest Research Institute</i>		D60242X		3,520	3,520
<i>Pass-Through from Southwest Research Institute</i>		D60243X		258	258
<i>Pass-Through from Southwest Research Institute</i>		D99060BT		16,561	16,561
<i>Pass-Through from Southwest Sciences</i>		UTA07-867 5		2	2
<i>Pass-Through from Spectral Energies, LLC</i>		SB1105-001-1		163	163
<i>Pass-Through from Spectral Energies, LLC</i>		SB1201-001-1		75,020	75,020
<i>Pass-Through from Spiritech Advanced Products, Inc.</i>		12001 2		42,442	42,442
<i>Pass-Through from SRI International</i>		HDTRA108C0050		289	289
<i>Pass-Through from Stanford University</i>		20042150-36644-B		12,166	12,166
<i>Pass-Through from Stanford University</i>		23282210-43822-A		177,053	177,053
<i>Pass-Through from TASC, Inc</i>		SS-SC-09-05 TO3		51,306	51,306
<i>Pass-Through from Texas Research Institute</i>		F7107-11-SC1503		6,567	6,567
<i>Pass-Through from Texas Research Institute</i>		F7205-300-02-12- SC1515		7,307	7,307
<i>Pass-Through from The Boeing Company</i>		402679		14,886	14,886
<i>Pass-Through from The Boeing Company</i>		478514		20,000	20,000
<i>Pass-Through from The Geneva Foundation</i>		S-1172-01		82,515	82,515
<i>Pass-Through from The Geneva Foundation</i>		S-2006-TSNRP-03, 1		39,654	39,654
<i>Pass-Through from The Geneva Foundation</i>		V-1171-01		496	496
<i>Pass-Through from The Ohio State University</i>		GRT00015778 / 60021098		238,055	238,055
<i>Pass-Through from The University of Memphis</i>		Z903704 H98230-07- D-0175		2,006	2,006
<i>Pass-Through from TriService Nursing Research Program</i>		HU0001-10-1-TS06 /N10-P07		1,860	1,860

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Tyrex Services Group Ltd</i>		F7107-11-SC1504		1,403	1,403
<i>Pass-Through from UES, Inc.</i>		S-875-060-008		97,042	97,042
<i>Pass-Through from United States Olympic Committee</i>		FA8650-07-D-2804		4,534	4,534
<i>Pass-Through from Universal Technology Corporation</i>		10-S555-0018-02-C1		70,034	70,034
<i>Pass-Through from University of Colorado - Boulder</i>		CU-31539 / 1000031539		53,375	53,375
<i>Pass-Through from University of Maryland - College Park</i>		Q334902		11	11
<i>Pass-Through from University of Michigan</i>		3001511419		(31)	(31)
<i>Pass-Through from University of Michigan</i>		3001726664		529	529
<i>Pass-Through from University of New Mexico</i>		023203-874F		54,524	54,524
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-0003 P00028		75,321	75,321
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-0003/ P00028		95,286	95,286
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-0003/ P00034		24,040	24,040
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-0003/ P00034__2012		46,841	46,841
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-003/ P00028		45,956	45,956
<i>Pass-Through from Vertical Lift Consortium</i>		W911W6-05-2-003/ P00034		108,341	108,341
<i>Pass-Through from Western Solutions</i>		0071456		106,789	106,789
<i>Pass-Through from Xerox Palo Alto Research Center</i>		MP306859		256,971	256,971
<i>Pass-Through from Yale University</i>		C11K11057		38,717	38,717
Total - CFDA 12.XXX			1,325,857	36,803,997	38,129,854
Procurement Technical Assistance For Business Firms	12.002			608,203	608,203
Aquatic Plant Control	12.100		41,002	317,811	358,813
<i>Pass-Through from City of Lewisville</i>		FY03-02		70,302	70,302
<i>Pass-Through from Denton County</i>		UNTFY06-01		33,185	33,185
Total - CFDA 12.100			41,002	421,298	462,300
Flood Control Projects	12.106			294,707	294,707
Navigation Projects	12.107			26,445	26,445
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113				
<i>Pass-Through from Systems and Materials Research Consultancy</i>		8000001540		5,455	5,455
Collaborative Research and Development	12.114		(2,853)	974,391	971,538
<i>Pass-Through from Comtech Aeroastro, Inc.</i>		CAA-04011-11, 1		38,538	38,538
<i>Pass-Through from Opto - Knowledge Systems, Inc.</i>		100928-JK		128,998	128,998
<i>Pass-Through from Systems and Materials Research Consultancy</i>		8000001513		233	233
<i>Pass-Through from Systems and Materials Research Consultancy</i>		8000001530		16,920	16,920
Total - CFDA 12.114			(2,853)	1,159,080	1,156,227
ARRA - North Dakota Environmental Infrastructure (Section 594) - ARRA	12.118				
<i>Pass-Through from Bio - West, Inc.</i>		GD0000016		3,903	3,903

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Bio - West, Inc.</i>		GD0000017		3,757	3,757
Total - CFDA 12.118			0	7,660	7,660
Basic and Applied Scientific Research	12.300		1,287,748	73,933,732	75,221,480
<i>Pass-Through from Ada Technologies, Inc.</i>		11-0322S		37,847	37,847
<i>Pass-Through from Advanced Cooling Technologies, Inc.</i>		14407		20,000	20,000
<i>Pass-Through from Arcos Medical Incorporated</i>		N0001412C0322		19,110	19,110
<i>Pass-Through from Aspen Systems, Inc.</i>		09-0589		2,480	2,480
<i>Pass-Through from Boston University</i>		4500000045		59,513	59,513
		FORMERLY GC208303NGE			
<i>Pass-Through from Carbon Carbon Advanced Technologies</i>		12202		10,506	10,506
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000066; N00164-09-C-GS24 PHASE II		6,973	6,973
<i>Pass-Through from Clemson University</i>		1600-202-2008287		98	98
<i>Pass-Through from Drexel University</i>		204080		38,550	38,550
<i>Pass-Through from Florida State University</i>		R00905		997,870	997,870
<i>Pass-Through from Florida State University</i>		R00905- SWAMPWORKS TASK		49,987	49,987
<i>Pass-Through from Florida State University</i>		R01234		109,292	109,292
<i>Pass-Through from Florida State University</i>		R01287		115,475	115,475
<i>Pass-Through from Florida State University</i>		R01347		69	69
<i>Pass-Through from Florida State University</i>		R01413		93,659	93,659
<i>Pass-Through from Florida State University</i>		R01544		285,592	285,592
<i>Pass-Through from Florida State University</i>		R01557		25,091	25,091
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		F5430-11-04-SC0 7		2,267	2,267
<i>Pass-Through from Genexpress Informatics</i>		GXI #3		6,410	6,410
<i>Pass-Through from Genexpress Informatics</i>		GXI Navy Phase 1		151	151
<i>Pass-Through from Georgia Institute of Technology</i>		RC217- G3_PRIME:W911W6 -11-2-0010		24,988	24,988
<i>Pass-Through from Global Engineering and Materials</i>		FFP-2011-UTEP-		85,164	85,164
<i>Pass-Through from Innovative Decisions, Inc.</i>		IDI-TAMU-1213-		23,765	23,765
<i>Pass-Through from Johns Hopkins University</i>		103318 CLIN 1 PROJ R4T02 JHU/APL		225,501	225,501
<i>Pass-Through from Johns Hopkins University</i>		JHU 958204 4:A-1A JHS01		3,842	3,842
<i>Pass-Through from Johns Hopkins University</i>		JHU-105868-1_PRM N0002403D6606		8,661	8,661
<i>Pass-Through from Johns Hopkins University</i>		JHU-968576 1		10,390	10,390
<i>Pass-Through from Johns Hopkins University</i>		N0024-03-D-6606		232,781	232,781
<i>Pass-Through from Johns Hopkins University Applied Physics Laboratory</i>		JHU-105926_1 PRM N0002403D6606		5,734	5,734
<i>Pass-Through from Marine Biology Laboratory</i>		N00014-10-1-0989		23,981	23,981
<i>Pass-Through from Massachusetts Institute of Technology</i>		7000133626 MIT		76,183	76,183
<i>Pass-Through from Medical University of South Carolina</i>		N000140810341 03		(1,726)	(1,726)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Missouri University of Science and Technology</i>		00036448-01		159,052	159,052
<i>Pass-Through from Mohawk Innovative Technology, Inc.</i>		UTA11-001133		28,844	28,844
<i>Pass-Through from Nanohmics, Inc.</i>		NAN1158, UTA11-000722		19,958	19,958
<i>Pass-Through from Noise Figure</i>		N66001-11-C-5205		28,235	28,235
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111/26-0785-05 CLIN 5		246,909	246,909
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111/26-0785-06 CLIN 6		15,189	15,189
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0710-20 0001		21,467	21,467
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0720-01		4,223,224	4,223,224
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0740-01		1,005,566	1,005,566
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0770-16 / 26-0797-08-1 CLIN 1001		(4)	(4)
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0770-17 / 26-0797-08-2 CLIN 1011		(5)	(5)
<i>Pass-Through from Non - Disclosed Sponsor</i>		26077019 / 26-0797-10-1 CLIN 2001		193,921	193,921
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0770-20 / 26-0797-10-2 CLIN 2011		108,201	108,201
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0770-21 / 26-0797-10-3 CLIN 2021		38,184	38,184
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-01		64,597	64,597
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-03		5,602	5,602
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0784-01		9,898	9,898
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0784-04 / 26-0784-7 -9		77	77
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0784-05 / 26-0784-8		143	143
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-09 / 26-0797-09-1		2	2
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-1 CLIN 2001		93,327	93,327
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-2 CLIN 201101		35,740	35,740
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-3 CLIN 201102		15,271	15,271
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-4 CLIN 2021		26,536	26,536
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2001		39,677	39,677
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2011		118,564	118,564
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2021		773,833	773,833
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2031		46,453	46,453
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-13		338,716	338,716
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-14		51,337	51,337
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-15-1 CLIN 2001		5,491	5,491

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-15-2 CLIN 2011		13,992	13,992
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-16-1		84,058	84,058
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-16-2		69,922	69,922
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3001		151,060	151,060
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3011		78,045	78,045
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3021		29,330	29,330
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-18-1 CLIN 3001		110,707	110,707
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-18-2 CLIN 3011		117,138	117,138
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-1 CLIN 3001		30,561	30,561
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-2 CLIN 3011		37,663	37,663
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-3 CLIN 3021		332,684	332,684
<i>Pass-Through from Polarity, LLC</i>		B5850		18,926	18,926
<i>Pass-Through from Power and Energy</i>		B3220		66,879	66,879
<i>Pass-Through from Sandia National Laboratories</i>		10 0138		(37,378)	(37,378)
<i>Pass-Through from Signal Processing, Inc.</i>		FA9550-11-C-062		3,055	3,055
<i>Pass-Through from Stanford University</i>		18412450-35520-B 05		213,644	213,644
<i>Pass-Through from Stevens Institute of Technology</i>		0014, 1		19,998	19,998
<i>Pass-Through from Stevens Institute of Technology</i>		2102098		23,986	23,986
<i>Pass-Through from Stevens Institute of Technology</i>		526713-02		6,855	6,855
<i>Pass-Through from Systems and Materials Research</i>		8000001734		25,000	25,000
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000873; UTA10- 000828; HTS TFM PHI		277,879	277,879
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000880		60,615	60,615
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		N00014-10-2-0001		405,084	405,084
<i>Pass-Through from The Boeing Company</i>		519871		19,970	19,970
<i>Pass-Through from University of Florida</i>		UF-EIES-1004011		32,530	32,530
<i>Pass-Through from University of Maryland - College Park</i>		Z942801		87,474	87,474
<i>Pass-Through from University of Michigan</i>		3002186341		117,145	117,145
<i>Pass-Through from University of Minnesota</i>		A002181202		203,600	203,600
<i>Pass-Through from University of Mississippi</i>		12-10-019		76,701	76,701
<i>Pass-Through from University of New Haven</i>		FD02D-1		183,032	183,032
<i>Pass-Through from University of Oregon</i>		N00014-111-0034		42,039	42,039
<i>Pass-Through from University of Pennsylvania</i>		555991		182,169	182,169
<i>Pass-Through from University of Washington</i>		709134		56,591	56,591
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100846		126,187	126,187
Total - CFDA 12.300			1,287,748	87,515,082	88,802,830
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		721,190	2,151,965	2,873,155
<i>Pass-Through from Advanced Materials and Processes</i>		8000001256		1,438	1,438
<i>Pass-Through from Advanced Materials and Processes</i>		8000001445		6,022	6,022

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Agiltron</i>		DTRA08-005 PRIME:HDTRA1-10- C-0017		27,563	27,563
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		21030240-40031-A		163,563	163,563
<i>Pass-Through from Foundation for Applied Molecular Pass-Through from Hypercomp</i>		HDTRA1-08-1-0052 HPC2UTA-2011- 1_PRIME:W31P4Q- 11-C-0090		169,782 2,635	169,782 2,635
<i>Pass-Through from Iowa State University</i>		421 20 37		40,579	40,579
<i>Pass-Through from MRI Global (Midwest Research Institute)</i>		534-110705		216,819	216,819
<i>Pass-Through from New York University</i>		UTA10-000736; PI: DR. MAGUED ISKANDER		148,910	148,910
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		8000001707		61,495	61,495
<i>Pass-Through from Science Applications International Corporation</i>		C12-00767		92,153	92,153
<i>Pass-Through from University of New Mexico Health Science Center</i>		3RD75		105,466	105,466
Total - CFDA 12.351			721,190	3,188,390	3,909,580
Research on Chemical and Biological Defense	12.360			245,740	245,740
National Guard Military Operations and Maintenance Projects	12.401			(1,510)	(1,510)
Military Medical Research and Development	12.420		3,038,500	37,256,477	40,294,977
<i>Pass-Through from Advanced Circulatory Systems, Inc.</i>		W81XWH-12-2-0027		2,608	2,608
<i>Pass-Through from AECOM Government Services</i>		HDTRA108D0006		16,983	16,983
<i>Pass-Through from American Burn Association</i>		W81XWH0810760		140	140
<i>Pass-Through from American Burn Association</i>		W81XWH0920194		132,834	132,834
<i>Pass-Through from American Burn Association</i>		W81XWH-09-2-0194		1,049	1,049
<i>Pass-Through from BAE Systems</i>		31-5039001		826,849	826,849
<i>Pass-Through from BAE Systems</i>		A904E	6,216		6,216
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH0820132		168,385	168,385
<i>Pass-Through from Baylor College of Medicine</i>		W81-XWH-10-1- 0467 02		91,835	91,835
<i>Pass-Through from Baylor Research Institute</i>		NTI-TRA-09-055		4,112	4,112
<i>Pass-Through from Baylor University</i>		43030111011		28,697	28,697
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		26710080-50965-A		115,262	115,262
<i>Pass-Through from Boston University</i>		W81XWH-11-2-0161		2,421	2,421
<i>Pass-Through from Christopher Reeve Paralysis</i>		CTN8-2012(MJ)		134,877	134,877
<i>Pass-Through from Christopher Reeve Paralysis</i>		CTN8-2012(RF)   CTN7-2011 (RF)		151,142	151,142
<i>Pass-Through from Curesearch - National Childhood Cancer Foundation</i>		W81XWH-10-1-1019		46,094	46,094
<i>Pass-Through from Gertner Institute Chaim Sheba Medical Center - Israel</i>		W81XWH-11-1-0395 01		8,002	8,002
<i>Pass-Through from Henry M. Jackson Foundation</i>		707549/W81XWH1- 10-2		95,349	95,349
<i>Pass-Through from Indiana University</i>		W81XWH-10-1-0540 01		19,510	19,510

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from InforMed</i>		W81XWH 10 1 0606		877,841	877,841
<i>Pass-Through from InforMed</i>		W81XWH-10-1-0606		6,495	6,495
<i>Pass-Through from Johns Hopkins University</i>		W81XWH-04-1-0595 05		16,550	16,550
<i>Pass-Through from Johns Hopkins University</i>		W81XWH1020090		110,590	110,590
<i>Pass-Through from Methodist Hospital</i>		W81XWH-09-2-0139 02		26,834	26,834
<i>Pass-Through from Methodist Hospital</i>		W81XWH-11-2-0168		1,990	1,990
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-1-0212		1,703	1,703
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-10-2-0125		111,863	111,863
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168 (PROJ. # 03)		25,910	25,910
<i>Pass-Through from Minnesota Veterans Research Institute</i>		UTA09-000503		76,303	76,303
<i>Pass-Through from National Trauma Institute</i>		NTI-NCH-10-020c		12,432	12,432
<i>Pass-Through from National Trauma Institute</i>		NTI-NCH-10-020F		9,818	9,818
<i>Pass-Through from Northern Illinois University</i>		W81XWH-10-1-0170 01		(17,806)	(17,806)
<i>Pass-Through from Physical Optics Corporation</i>		W81XWH10C0011		25,085	25,085
<i>Pass-Through from Radiomedix</i>		W81XWH-08-1-0749 02		(10)	(10)
<i>Pass-Through from Research Foundation of SUNY</i>		W81XWH1011061		55,350	55,350
<i>Pass-Through from Rice University</i>		5 R01 W81XWH-07- 1-0428 03		(21,640)	(21,640)
<i>Pass-Through from Rice University</i>		DAMD17-03-1-0384 04		49,830	49,830
<i>Pass-Through from Rice University</i>		W81XWH-08-2-0032		29,014	29,014
<i>Pass-Through from Southwest Research Institute</i>		D99068X/W81XWH- 10-1-		32,423	32,423
<i>Pass-Through from Stratatech Corporation</i>		STRATA2011		2,830	2,830
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81WXH-06-2-0033 05		(93,603)	(93,603)
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-2-0033		(68,193)	(68,193)
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-2-0033 05		(322,464)	(322,464)
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-11-2		(74,301)	(74,301)
<i>Pass-Through from Tekmira Pharmaceuticals Corporation</i>		W9113M10C0057		210,396	210,396
<i>Pass-Through from Temple University</i>		W91ZSQ-5309-N7 03		(604)	(604)
<i>Pass-Through from The Geneva Foundation</i>		HU0001111TS13		29,646	29,646
<i>Pass-Through from The Geneva Foundation</i>		S116201/W81XWHO 92019		2,362	2,362
<i>Pass-Through from The Geneva Foundation</i>		S-1170- 01/HU0001091T		79,420	79,420
<i>Pass-Through from The Geneva Foundation</i>		S-1220-01		306,867	306,867
<i>Pass-Through from The Geneva Foundation</i>		W81XWH-06-2-0033		169,279	169,279
<i>Pass-Through from The Geneva Foundation</i>		W81XWH-06-2-0033 03		28,462	28,462
<i>Pass-Through from The Geneva Foundation</i>		W81XWH-08-2-0171 03		1,116	1,116
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-09-1-0212 02		42,563	42,563
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-09-1-0212 03		13,356	13,356

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-09-2-0139		238,961	238,961
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-09-2-0139 02		124,689	124,689
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH1020125		66,019	66,019
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-10-2-0125		124,496	124,496
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-10-2-0125 01		181,912	181,912
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-10-2-0125 02		28,865	28,865
<i>Pass-Through from The Methodist Hospital Research</i>		W81XWH-11-2-0168		50,541	50,541
<i>Pass-Through from The University of Alabama - Birmingham</i>		W81XWH0510615		10,723	10,723
<i>Pass-Through from Thomas Jefferson University</i>		060-70142-X13101		(339)	(339)
<i>Pass-Through from University of California - San Francisco</i>		504410		164,635	164,635
<i>Pass-Through from University of California - San Francisco</i>		NTI-TRA-09-034   444955-71990		4,876	4,876
<i>Pass-Through from University of Colorado Anschutz Medical Campus</i>		W81XWH1120034	115,524	17,168	132,692
<i>Pass-Through from University of Puerto Rico - Medical Sciences Campus San Juan</i>		W81XWH-08-1-0435 04		39,826	39,826
<i>Pass-Through from University of Utah</i>		10015178		136,215	136,215
<i>Pass-Through from University of Washington</i>		W81XWH-09-0135		2,330	2,330
<i>Pass-Through from Vaxinate</i>		W81XWH1020095		212,351	212,351
Total - CFDA 12.420			3,160,240	42,263,601	45,423,841
Basic Scientific Research	12.431		1,361,073	10,666,520	12,027,593
<i>Pass-Through from Academy of Applied Science</i>		W911NF-04-1-0226 11-57		(18)	(18)
<i>Pass-Through from Academy of Applied Science</i>		W912PP-08-P-0129		1,528	1,528
<i>Pass-Through from Advanced Materials and Processes</i>		8000001439		11,768	11,768
<i>Pass-Through from Albany Medical College</i>		12-05/ 12-74/12- 101/12-1		43,438	43,438
<i>Pass-Through from Baylor College of Medicine</i>		W911NF-09-1-0040		(2,641)	(2,641)
<i>Pass-Through from Brown University</i>		0000192__PRIME: W911NF-08-1-0249		207,077	207,077
<i>Pass-Through from Carnegie Mellon University</i>		1130128-258633		137,072	137,072
<i>Pass-Through from Carnegie Mellon University</i>		1130145-280847		40,211	40,211
<i>Pass-Through from Edison Welding Institute</i>		S12-003		20,576	20,576
<i>Pass-Through from Iowa State University</i>		4212008 PO#19 6971523		83,307	83,307
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002240, 3		175,454	175,454
<i>Pass-Through from OpCoast, LLC</i>		SC-2010-TEES-1-X		165,748	165,748
<i>Pass-Through from Perl Research, LLC</i>		2008-001		17,536	17,536
<i>Pass-Through from Shear Form</i>		11-1290		32,000	32,000
<i>Pass-Through from The Methodist Hospital Research</i>		6847		65,516	65,516
<i>Pass-Through from The Ohio State University Research Foundation</i>		60014918, 1		108,461	108,461

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from UES, Inc.</i>		8000001521		361	361
<i>Pass-Through from University of California - Berkeley</i>		00007320; 2000009151		188,365	188,365
<i>Pass-Through from University of California - Davis</i>		08-000678-1-UTA		138,574	138,574
<i>Pass-Through from University of California - Irvine</i>		2010-2509, 2		30,024	30,024
<i>Pass-Through from University of Canterbury</i>		W911NF-11-1-0481		27,754	27,754
<i>Pass-Through from University of Georgia</i>		4941606, W911NF- 10-2-0107		59,853	59,853
<i>Pass-Through from University of Illinois at Urbana - Champaign</i>		2007-00748-02		106,460	106,460
<i>Pass-Through from University of Kansas Center for Research</i>		FY2012-033		15,037	15,037
<i>Pass-Through from University of Maryland - College Park</i>		Z845803		58,461	58,461
<i>Pass-Through from University of South Carolina</i>		07-1410; 72634- 13060-FA35		44,289	44,289
<i>Pass-Through from University of Washington</i>		548547		120,528	120,528
<i>Pass-Through from VW International, Inc.</i>		6170-073A, 1		30,051	30,051
<i>Pass-Through from VW International, Inc.</i>		A8833	125,080		125,080
<i>Pass-Through from VW International, Inc.</i>		C09-00332	(1,233)		(1,233)
<i>Pass-Through from VW International, Inc.</i>		C10-00287	334,960		334,960
<i>Pass-Through from VW International, Inc.</i>		C10-00290	95,020		95,020
ARRA - Basic Scientific Research				733,565	733,565
Total - CFDA 12.431			1,914,900	13,326,875	15,241,775
The Language Flagship Grants to Institutions of Higher Education	12.550				
<i>Pass-Through from Institute of International Education</i>		2011-LEVERAGING- U631040-2-UTA		42,834	42,834
<i>Pass-Through from Institute of International Education</i>		NSEP-U631043-UT- ARA-10-A		15,969	15,969
<i>Pass-Through from Institute of International Education</i>		NSEP-U631073-UT- ARA		220,097	220,097
Total - CFDA 12.550			0	278,900	278,900
Basic, Applied, and Advanced Research in Science and Engineering	12.630		512,844	5,228,028	5,740,872
<i>Pass-Through from DCS Corporation</i>		0001		11,844	11,844
<i>Pass-Through from DCS Corporation</i>		0002		378,328	378,328
<i>Pass-Through from Florida International University</i>		800001753- 01__PRIME:W911N F-12-1-0071		35,645	35,645
<i>Pass-Through from GTW Consultant and Association, LLC</i>		504338		424,113	424,113
<i>Pass-Through from High Performance Technologies, Inc.</i>		1443615-608		703,075	703,075
<i>Pass-Through from Mississippi State University</i>		191000-360366-01		64,989	64,989
<i>Pass-Through from Missouri University of Science and Technology</i>		00037489-01		49,284	49,284
<i>Pass-Through from Semerane</i>		FA9550-11-C-0026		55,423	55,423
<i>Pass-Through from Transformation Advisors Group, LLC</i>		504300		95	95
<i>Pass-Through from University of Maryland - Baltimore</i>		000005312		104,906	104,906
Total - CFDA 12.630			512,844	7,055,730	7,568,574

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Uniformed Services University Medical Research Projects <i>Pass-Through from Henry M. Jackson Foundation</i>	12.750	726100; 2272; UTA11-000658		26,521	26,521
Air Force Defense Research Sciences Program <i>Pass-Through from AMPAC In-Space Propulsion</i>	12.800	NF116235	2,781,079	17,608,407	20,389,486
<i>Pass-Through from ATA Engineering, Inc.</i>		11-0097		12,465	12,465
<i>Pass-Through from Carbon Carbon Advanced Technologies</i>		12538		22,545	22,545
<i>Pass-Through from Carbon Carbon Advanced Technologies</i>		12560		54,979	54,979
<i>Pass-Through from Clarkson Aerospace Corporation</i>		10-S567-0016-02-C1		30,516	30,516
<i>Pass-Through from Clarkson Aerospace Corporation</i>		10-S567-0016-02-C2, Mod		8,499	8,499
<i>Pass-Through from Clarkson Aerospace Corporation</i>		FA8650-05-D-1912		(865)	(865)
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 11-S567- 0016-02-C2		77,037	77,037
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 11-S567- 0017-02-C2		48,260	48,260
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 10-S567- 0016-02-C2		23,678	23,678
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 10-S567- 0017-02-C2		75,482	75,482
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 11-S567- 0017-02-C2		1,509	1,509
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 11-S567- 0017-02-C2		22,316	22,316
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TSU11-S567-0016- 02-C2		44,327	44,327
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UTEP-11-S567-0016- 02-C2		65,836	65,836
<i>Pass-Through from Creare, Inc.</i>		57270, 3		4,353	4,353
<i>Pass-Through from Duke University</i>		10-AFRL-1023, 5		49,238	49,238
<i>Pass-Through from General Atomics</i>		504228		(13,057)	(13,057)
<i>Pass-Through from General Atomics</i>		504266		(920)	(920)
<i>Pass-Through from General Atomics</i>		504267		(59)	(59)
<i>Pass-Through from General Atomics</i>		504269		(2,172)	(2,172)
<i>Pass-Through from General Atomics</i>		570709		(10,452)	(10,452)
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		USAF-3446-11-50- SC-01, Amd		332,044	332,044
<i>Pass-Through from Georgia Institute of Technology</i>		RB848-G1		67,373	67,373
<i>Pass-Through from Gray Research, Inc.</i>		GR-TAMUSK-KEI- 10-0002, 4		(67)	(67)
<i>Pass-Through from Imaginestics, LLC</i>		8000001788		9,933	9,933
<i>Pass-Through from J. M. Waller Associates, Inc.</i>		B6360		86,558	86,558
<i>Pass-Through from Lockheed Aeronautical Systems Company</i>		7189275		121,724	121,724
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003069		79,626	79,626
<i>Pass-Through from Nanohmics, Inc.</i>		8000001705		29,957	29,957
<i>Pass-Through from Nanosonic, Inc.</i>		NA1-I12P		39,142	39,142
<i>Pass-Through from Oregon Health and Science University</i>		90006220_UTHSCSA /FA8		81,250	81,250

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Oregon Health and Science University</i>		FA8650-10-2-6143		394,630	394,630
<i>Pass-Through from Pacific Defense Solutions</i>		11-1404, 3		189,999	189,999
<i>Pass-Through from Pacific Defense Solutions</i>		C10-00388		287,848	287,848
<i>Pass-Through from Pacific Defense Solutions</i>		C10-00388,		45,658	45,658
<i>Pass-Through from Prime Photonics, LC</i>		AFR02-101/UTEP-01		95,415	95,415
<i>Pass-Through from Rice University</i>		FA8650-07-2-5061		72,692	72,692
<i>Pass-Through from Rice University</i>		R15903__PRIME:FA 8650-07-2-5061		15,879	15,879
<i>Pass-Through from Rice University</i>		R15903__PRIME:FA 8650-07-2-5061- P00005		38,376	38,376
<i>Pass-Through from Rice University</i>		R15904		84,501	84,501
<i>Pass-Through from Rice University</i>		R15904 3		75,021	75,021
<i>Pass-Through from Rice University</i>		UTA11-000399		3,224	3,224
<i>Pass-Through from SOCAFRICA</i>		504077		20,605	20,605
<i>Pass-Through from Spectral Energies, LLC</i>		SB1005-001-3		50,784	50,784
<i>Pass-Through from Stanford University</i>		22178970-41070-E		12,546	12,546
<i>Pass-Through from Teledyne Scientific and Imaging</i>		B9U544351__PRIME :FA9550-09-1-0477		31,505	31,505
<i>Pass-Through from The Ohio State University Research Foundation</i>		RF01173536		103,702	103,702
<i>Pass-Through from Tribologix Incorporated</i>		SBIR-GN3941		44,347	44,347
<i>Pass-Through from UES, Inc.</i>		S-875-170-002		67,946	67,946
<i>Pass-Through from Universal Technology Corporation</i>		10S567-0015-02-C2		806	806
<i>Pass-Through from Universal Technology Corporation</i>		10-S587-0094-01-C2		16,158	16,158
<i>Pass-Through from Universal Technology Corporation</i>		11-S5687-0099-01-C2		28,971	28,971
<i>Pass-Through from University of Alabama</i>		09-064		(600)	(600)
<i>Pass-Through from University of Cincinnati</i>		FA86501126B08		60,703	60,703
<i>Pass-Through from University of Colorado - Boulder</i>		CU #1548384		44,583	44,583
<i>Pass-Through from University of Dayton Research Institute</i>		RSC10021	5,516	7,813	13,329
<i>Pass-Through from University of Dayton Research Institute</i>		RSC10046		29,383	29,383
<i>Pass-Through from University of Missouri - Columbia</i>		FA9550-11-1-0245		27,674	27,674
<i>Pass-Through from University of North Carolina - Charlotte</i>		20110669-02- UTA_PRIME:FA955 0-10-1-0543		99,884	99,884
<i>Pass-Through from University of Pittsburgh Diabetes</i>		SCA-101027-01		271,195	271,195
<i>Pass-Through from University of Wisconsin - Madison</i>		067K605__PRIME: FA9550-08-1-0337		156,614	156,614
<i>Pass-Through from University of Wisconsin - Madison</i>		124K795		496,484	496,484
<i>Pass-Through from William Marsh Rice University</i>		FA8650-07-2-2-5061		12,511	12,511
<i>Pass-Through from William Marsh Rice University</i>		R15905		88,896	88,896
<i>Pass-Through from ZT Solar</i>		FA9550-12-C-0007		24,987	24,987
Total - CFDA 12.800			2,786,595	21,970,202	24,756,797
Language Grant Program	12.900			181,039	181,039
Mathematical Sciences Grants Program	12.901			311,700	311,700
Information Security Grant Program	12.902			199,597	199,597

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
Research and Technology Development <i>Pass-Through from Electronic Biosciences</i>	12.910	2907 029 DA 1C PR: HR0011-10-C-0226	2,160,005	5,408,170 19,975	7,568,175 19,975
<i>Pass-Through from Georgia Institute of Technology</i>		GIT R0301-G1		(1,808)	(1,808)
<i>Pass-Through from Harris Corporation</i>		A000110992__PRIM E:FA8750-07-0194		120,549	120,549
<i>Pass-Through from Harvard University</i>		133503-04, 4		142,916	142,916
<i>Pass-Through from Harvard University</i>		133534-5044543, 1		44,822	44,822
<i>Pass-Through from International Business Machines Corporation</i>		5003680104; #4910001938.0		179,663	179,663
<i>Pass-Through from Kestrel Technology, LLC</i>		02-KT-0202-TTU		285,067	285,067
<i>Pass-Through from Midwest Research Institute</i>		522 110700 2		(1,586)	(1,586)
<i>Pass-Through from Prime Research</i>		N66001-11-C-4168		181,006	181,006
<i>Pass-Through from Profusa, Inc.</i>		B3551	20,000		20,000
<i>Pass-Through from Profusa, Inc.</i>		C11-00485		18,737	18,737
<i>Pass-Through from Profusa, Inc.</i>		C11-00493		28,126	28,126
<i>Pass-Through from Purdue University</i>		4104-43569		149,629	149,629
<i>Pass-Through from Rice University</i>		HR0011-08-1-0010		37,645	37,645
<i>Pass-Through from Southern Methodist University</i>		G001055-7500		(933)	(933)
<i>Pass-Through from SRI International</i>		52-009000, 1		38,496	38,496
<i>Pass-Through from The Boeing Company</i>		472953		19,067	19,067
<i>Pass-Through from The Boeing Company</i>		660803		1,107	1,107
<i>Pass-Through from TRAC Labs, Inc.</i>		T0045.01-11-00		18,522	18,522
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-35830		30,933	30,933
<i>Pass-Through from University of California - Berkeley</i>		00007835, 2000098270, HR0011-12-2-0003		80,181	80,181
<i>Pass-Through from University of California - Irvine</i>		C11-00675		10,201	10,201
<i>Pass-Through from University of California - Riverside</i>		S-000420		10,808	10,808
<i>Pass-Through from University of California - Riverside</i>		S-000456		9,390	9,390
<i>Pass-Through from University of Colorado - Boulder</i>		1547150; 1000032493		84,083	84,083
Total - CFDA 12.910			2,180,005	6,914,766	9,094,771
Total - U.S. Department of Defense			13,927,528	222,803,478	236,731,006
<b>U.S. Department of Housing and Urban Development</b>					
Sustainable Communities Regional Planning Grant Program <i>Pass-Through from Capital Area Council of Governments</i>	14.703	UTA12-000545		8,945	8,945
Lead Technical Studies Grants	14.902			215,736	215,736
Total - U.S. Department of Housing and Urban Development			0	224,681	224,681
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	201819G916 E12PX00033		22,921 81,806	22,921 81,806

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
		G12AP20050		15,433	15,433
		H5000 02 A271, P11AT50899		36,485	36,485
		H5000 02 A271, P12AT50919		10,857	10,857
		H5000 02 A271, P12AT50928		3,109	3,109
		H5000 07 A271, P11AT51021		17,938	17,938
		H5000070555		46,602	46,602
		H50002A271		62,553	62,553
		H6310100207		5,710	5,710
		J2310100033		133,265	133,265
		M10PC00091	14,698	41,019	55,717
		P11AT51121; H5000 02 A271/H5000 07 0520		6,326	6,326
		P11PX15710		17,074	17,074
		P12AC1086/UTSA-01		1,907	1,907
		P12AC10926		52	52
<i>Pass-Through from Austin, City of</i>		TX-10-031		(3)	(3)
<i>Pass-Through from Austin, City of</i>		UTA11-000870; 48- 10-AP-5049		59,765	59,765
<i>Pass-Through from Gulf Coast Bird Observatory</i>		0000001386		4,080	4,080
<i>Pass-Through from National Center for Preservation Technology and Training</i>		MT-2210-11-NC-10		16,872	16,872
<i>Pass-Through from TT Government Solutions</i>		D11PC20198; 20015942;20016006		77,836	77,836
Total - CFDA 15.XXX			14,698	661,607	676,305
Cultural Resource Management	15.224			17,077	17,077
Recreation Resource Management	15.225			37,988	37,988
Wild Horse and Burro Resource Management	15.229			19,156	19,156
Fish, Wildlife and Plant Conservation Resource Management	15.231			153,993	153,993
<i>Pass-Through from Friends of Laguna Atascosa National Wildlife Refuge</i>		FLANWRF FY12 1		4,653	4,653
<i>Pass-Through from Friends of Laguna Atascosa National Wildlife Refuge</i>		NWR 2010-30-07		1,366	1,366
Total - CFDA 15.231			0	160,012	160,012
Alaska Coastal Marine Institute	15.421			10,998	10,998
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		501,330	1,241,250	1,742,580
<i>Pass-Through from CSI Technologies, LLC</i>		11-1013		33,201	33,201
<i>Pass-Through from University of Alaska - Fairbanks</i>		UAF-12-0028	9,739	58,342	68,081
Total - CFDA 15.423			511,069	1,332,793	1,843,862

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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 the Interior (continued)</b>					
Coastal Impact Assistance Program (CIAP) <i>Pass-Through from Houston Advanced Research Center</i>	15.426	504470		6,340	6,340
Water Reclamation and Reuse Program	15.504		15,331	794	16,125
Water Desalination Research and Development Program <i>Pass-Through from KII, Inc.</i>	15.506	KII 2012-029		351,048 870	351,048 870
Total - CFDA 15.506			0	351,918	351,918
WaterSMART (Sustaining and Manage America's Resources for Tomorrow)	15.507			98,696	98,696
Fish and Wildlife Coordination Act <i>Pass-Through from Utah State University</i>	15.517	8000001758		36,619 23,942	36,619 23,942
Total - CFDA 15.517			0	60,561	60,561
Water Conservation Field Services Program (WCFSP)	15.530			31,293	31,293
Conservation Law Enforcement Training Assistance	15.602			(3,935)	(3,935)
Fish and Wildlife Management Assistance <i>Pass-Through from Austin Community Foundation</i>	15.608	OR 04-419	1,137	216,271 (31)	217,408 (31)
Total - CFDA 15.608			1,137	216,240	217,377
Wildlife Restoration and Basic Hunter Education	15.611			221,877	221,877
Cooperative Endangered Species Conservation Fund	15.615			556,415	556,415
North American Wetlands Conservation Fund	15.623			3,063	3,063
Coastal Program	15.630			13,995	13,995
State Wildlife Grants <i>Pass-Through from State of Louisiana</i>	15.634	8000001765		619,534 705	619,534 705
Total - CFDA 15.634			0	620,239	620,239
Migratory Bird Joint Ventures <i>Pass-Through from Ducks Unlimited, Inc.</i>	15.637	US-LA-96-2		33,865 707	33,865 707
Total - CFDA 15.637			0	34,572	34,572
Wildlife Without Borders- Latin America and the Caribbean	15.640			13,963	13,963
Migratory Bird Conservation	15.647			(1,403)	(1,403)
Service Training and Technical Assistance (Generic Training)	15.649			36,246	36,246
Research Grants (Generic)	15.650			80,708	80,708
Migratory Bird Monitoring, Assessment and Conservation	15.655			157,984	157,984
Endangered Species - Candidate Conservation Action Funds	15.660			9,755	9,755

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
Coastal Impact Assistance Program	15.668			399,217	399,217
Cooperative Landscape Conservation	15.669			57,067	57,067
<i>Pass-Through from International Crane Foundation</i>		UTA12-000534		1,654	1,654
Total - CFDA 15.669			0	58,721	58,721
Adaptive Science	15.670			3,523	3,523
<i>Pass-Through from Oklahoma State University</i>		AB 5 67800		31,399	31,399
Total - CFDA 15.670			0	34,922	34,922
Assistance to State Water Resources Research Institutes	15.805		6,711	209,648	216,359
Earthquake Hazards Reduction Program	15.807			152,431	152,431
U.S. Geological Survey Research and Data Collection	15.808			442,221	442,221
<i>Pass-Through from University of Alaska - Fairbanks</i>		UAF 12-0047; FP27640		19,255	19,255
Total - CFDA 15.808			0	461,476	461,476
National Cooperative Geologic Mapping Program	15.810			149,777	149,777
Cooperative Research Units Program	15.812			881,820	881,820
National Land Remote Sensing Education Outreach and Research	15.815			4,471	4,471
<i>Pass-Through from America View</i>		202091		1,575	1,575
<i>Pass-Through from America View</i>		202092		13,450	13,450
<i>Pass-Through from America View</i>		202093		2,732	2,732
Total - CFDA 15.815			0	22,228	22,228
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	15.819			30,551	30,551
National Climate Change and Wildlife Science Center	15.820				
<i>Pass-Through from University of Oklahoma</i>		G12AC00002 SUB 2012-30		38,848	38,848
Historic Preservation Fund Grants-In-Aid	15.904			180,377	180,377
<i>Pass-Through from World Wildlife Foundation</i>		FU47		3,572	3,572
Total - CFDA 15.904			0	183,949	183,949
National Natural Landmarks Program	15.910			6,222	6,222
National Historic Landmark	15.912			21,603	21,603
Technical Preservation Services	15.915			21,893	21,893
Outdoor Recreation Acquisition, Development and Planning	15.916			180,040	180,040
Rivers, Trails and Conservation Assistance	15.921			6,671	6,671

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
National Center for Preservation Technology and Training	15.923			92	92
American Battlefield Protection	15.926			4,402	4,402
Save America's Treasures	15.929			37,637	37,637
Cooperative Research and Training Programs - Resources of the National Park System	15.945		4,930	134,349	139,279
Total - U.S. Department of the Interior			553,876	7,785,449	8,339,325
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	26-3001-67-67		4,398	4,398
		26-3001-89-65		24,163	24,163
		J-FBI-10-009		1,839,714	1,839,714
<i>Pass-Through from Battelle</i>		US001-0000268111		6,625	6,625
<i>Pass-Through from Ibis Biosciences, Inc.</i>		J-FBI-08-257		131,479	131,479
<i>Pass-Through from Unisys</i>		J-FBI-06-201		2,413	2,413
Total - CFDA 16.XXX			0	2,008,792	2,008,792
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		63,841	285,368	349,209
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541				
<i>Pass-Through from The Urban Institute</i>		2010-MU-FX-0613; 08568-000-00-UTA-01		33,686	33,686
Missing Children's Assistance	16.543				
<i>Pass-Through from 2m Research Services, LLC</i>		2009-MC-CX-0001		6,135	6,135
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		109,717	5,384,963	5,494,680
<i>Pass-Through from City of Houston</i>		C74344/UTA11- 000549,PH II		132,880	132,880
<i>Pass-Through from City of Houston</i>		UTA11- 000549,C74344;45001		18,395	18,395
<i>Pass-Through from Forensic Sciences Foundation</i>		Award LTR DATED 10-17-11		13,514	13,514
<i>Pass-Through from Houston Police Department</i>		FC7435072011-0667		182,490	182,490
<i>Pass-Through from National Forensic Science Technology</i>		25-6330-03		4,189	4,189
<i>Pass-Through from Northeastern University</i>		599251		87	87
<i>Pass-Through from The Bode Technology Group, Inc.</i>		2008-DN-BX-K155		24,750	24,750
<i>Pass-Through from Virginia Polytechnic Institute</i>		2009-DN-BX-K229		8,296	8,296
Total - CFDA 16.560			109,717	5,769,564	5,879,281
Violence Against Women Formula Grants	16.588			113,763	113,763

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Justice (continued)</b>					
Community Capacity Development Office <i>Pass-Through from Strassbaugh</i>	16.595	2010-W0432-TX-WS		1,159	1,159
Project Safe Neighborhoods	16.609		158,140		158,140
Public Safety Partnership and Community Policing Grants	16.710			75,436	75,436
Juvenile Mentoring Program	16.726			78,631	78,631
Edward Byrne Memorial Justice Assistance Grant Program	16.738			37,961	37,961
DNA Backlog Reduction Program	16.741			580,874	580,874
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804			58,593	58,593
ARRA - Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		24,961	37,977	62,938
Total - U.S. Department of Justice			356,659	9,087,939	9,444,598
<b>U.S. Department of Labor</b>					
U.S. Department of Labor <i>Pass-Through from Center for Employment Security Education and Research</i> <i>Pass-Through from University of Baltimore</i>	17.XXX	CE191590960A11- UTRMC-1 UTA98-0350		8,277	8,277
				11,946	11,946
Total - CFDA 17.XXX			0	20,223	20,223
Employment Service/Wagner-Peyser Funded Activities	17.207			371,720	371,720
WIA Adult Program	17.258			(58)	(58)
WIA Dislocated Workers	17.260		80,536	40,873	121,409
WIA Pilots, Demonstrations, and Research Projects	17.261		514	131,817	132,331
H-1B Job Training Grants	17.268			97,175	97,175
Total - U.S. Department of Labor			81,050	661,750	742,800
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX	504390 504403 S-LMAQM-09-CA- 031 A001		1,049,213	1,049,213
				953,450	953,450
				78,425	78,425
Total - CFDA 19.XXX			0	2,081,088	2,081,088

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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>					
One-Time International Exchange Grant Program	19.014			10,104	10,104
Middle East Partnership Initiative (MEPI)	19.500			2,104	2,104
Total - U.S. Department of State			0	2,093,296	2,093,296
<b>U.S. Department of Transportation</b>	20.XXX	DTFH61-07-H-00030 4		231,662	231,662
		DTFH6811E00043		75,178	75,178
		DTFH68-11-E-00051		61,188	61,188
		DTFH6811E00054		45,509	45,509
		UTA11- 000036__PRIME:S08		5,979	5,979
		UTA11- 000133__PRIME:S08		3,371	3,371
<i>Pass-Through from American Road and Transportation Builders Association</i>		DTFH61-11-H-00029A		26,329	26,329
<i>Pass-Through from Center for Transportation and the Environment</i>		GA-04-7006		29,152	29,152
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000072		24,526	24,526
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA11-000802; FL- 88-0001-00		29,650	29,650
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000814		8,069	8,069
<i>Pass-Through from Engineering and Software Consultants</i>		12-16		10,237	10,237
<i>Pass-Through from J. Richard Kuzmyak, Trans. Consultant</i>		NCHRP 08-78		(11,224)	(11,224)
<i>Pass-Through from Jackson State University</i>		P0032086		14,400	14,400
<i>Pass-Through from MITRE Corporation</i>		84443	60,022	53,937	113,959
<i>Pass-Through from National Academy of Sciences</i>		c2011154		9,940	9,940
<i>Pass-Through from National Academy of Sciences</i>		HR 25-32	15,000	99,032	114,032
<i>Pass-Through from National Academy of Sciences</i>		TRB-P210238		4,912	4,912
<i>Pass-Through from North Central Texas Council of Government</i>		S080033, 476660- 00060 4		72,308	72,308
<i>Pass-Through from R.D. Mingo and Associates</i>		UTA10-001220		2	2
<i>Pass-Through from Renaissance Planning Group</i>		HR-08-78A - 4		15,953	15,953
<i>Pass-Through from Resource Systems Group</i>		H-37		24,757	24,757
<i>Pass-Through from Resource Systems Group</i>		UTA11-000910		840	840
<i>Pass-Through from Transtec Group, Inc.</i>		UTA09-000356		27,804	27,804
<i>Pass-Through from Transtec Group, Inc.</i>		UTAA8-022		49,501	49,501
<i>Pass-Through from University of California - Santa Barbara</i>		KK1228		4,896	4,896
<i>Pass-Through from University of California - Santa Barbara</i>		KK9169		166,260	166,260
<i>Pass-Through from University of Michigan Transportation Research Institute</i>		3002203676		1,365	1,365
<i>Pass-Through from Wisconsin Department of Transportation</i>		0092-11-15		57,596	57,596
Total - CFDA 20.XXX			75,022	1,143,129	1,218,151
Aviation Education	20.100			25,051	25,051

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Transportation (continued)</b>					
Aviation Research Grants	20.108		140,725	255,691	396,416
<i>Pass-Through from Southwest Research Institute</i>		SWRI599775L		9,709	9,709
Total - CFDA 20.108			140,725	265,400	406,125
Air Transportation Centers of Excellence	20.109			140,247	140,247
Highway Research and Development Program	20.200			27,151	27,151
<i>Pass-Through from California Department of Transportation</i>		65A0401		103,686	103,686
<i>Pass-Through from Lubbock Metropolitan Planning Organization</i>		2010-2011 Sub 5.13		27,332	27,332
<i>Pass-Through from National Academy of Sciences</i>		HR 10-84		106,724	106,724
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000000982		4,544	4,544
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000001097		4,111	4,111
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000001227		1,351	1,351
<i>Pass-Through from National Academy of Sciences</i>		TRB-P211071		4,944	4,944
<i>Pass-Through from Rutgers University</i>		4-30839, 10223		2,664	2,664
Total - CFDA 20.200			0	282,507	282,507
Highway Planning and Construction	20.205			263,247	263,247
<i>Pass-Through from Engineering and Software Consultants</i>		09-02		8,334	8,334
<i>Pass-Through from Florida Department of Transportation</i>		503129		55	55
<i>Pass-Through from Gulf Coast Rail District</i>		83-2XXIA006		21,766	21,766
<i>Pass-Through from Iowa State University</i>		404-17-29-		737	737
<i>Pass-Through from University of Nebraska - Lincoln</i>		P01294406923			
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-1121-0001-333		8	8
Total - CFDA 20.205			0	294,147	294,147
Highway Training and Education	20.215			125,272	125,272
Formula Grants for Other Than Urbanized Areas	20.509			57,188	57,188
Public Transportation Research	20.514			81,708	81,708
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523				
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000559		411	411
State and Community Highway Safety	20.600			1,054,051	1,054,051
<i>Pass-Through from University of North Carolina - Charlotte</i>		NCHRP-154		60,623	60,623
Total - CFDA 20.600			0	1,114,674	1,114,674
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601			577,548	577,548
Occupant Protection Incentive Grants	20.602			45,085	45,085
Alcohol Open Container Requirements	20.607				
<i>Pass-Through from University of New Orleans</i>		8000001745		3,223	3,223

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Transportation (continued)</b>					
Safety Belt Performance Grants	20.609			298,911	298,911
University Transportation Centers Program	20.701			73,586	73,586
<i>Pass-Through from Oklahoma State University</i>		AA-5-30090-01		90	90
<i>Pass-Through from Oregon State University</i>		J1492B-B		2,348	2,348
<i>Pass-Through from University of Alaska - Anchorage</i>		DTROT05-G-0011		40,334	40,334
<i>Pass-Through from University of Idaho</i>		KLK900-SB-003		9,829	9,829
<i>Pass-Through from University of New Orleans</i>		8000001709		12,244	12,244
<i>Pass-Through from University of Wisconsin - Madison</i>		344K783		26,395	26,395
Total - CFDA 20.701			0	164,826	164,826
Biobased Transportation Research	20.761			61,655	61,655
<i>Pass-Through from Oklahoma State University</i>		503707		13,000	13,000
<i>Pass-Through from Oklahoma State University</i>		504113		107,613	107,613
<i>Pass-Through from Oklahoma State University</i>		504126		32,734	32,734
<i>Pass-Through from Oklahoma State University</i>		504350		57,727	57,727
<i>Pass-Through from Oklahoma State University</i>		504399		2,490	2,490
<i>Pass-Through from Oklahoma State University</i>		570634		9,171	9,171
<i>Pass-Through from Oklahoma State University</i>		570635	22,305	5,576	27,881
<i>Pass-Through from Oklahoma State University</i>		570648	2,991	748	3,739
<i>Pass-Through from Oklahoma State University</i>		570649	13,332		13,332
<i>Pass-Through from Oklahoma State University</i>		570719		5,932	5,932
<i>Pass-Through from Oklahoma State University</i>		AB-5-61770.2		19,798	19,798
Total - CFDA 20.761			38,628	316,444	355,072
Total - U.S. Department of Transportation			254,375	4,935,771	5,190,146
<b>U.S. Department of the Treasury</b>					
U.S. Department of the Treasury	21.XXX	IPA EMRE AKAY		39,742	39,742
Total - U.S. Department of the Treasury			0	39,742	39,742
<b>Office of Personnel Management</b>					
Office of Personnel Management	27.XXX				
<i>Pass-Through from Sigmatech, Inc.</i>		SIG-11-OPM-0003; #O0068; #1		52,533	52,533
<i>Pass-Through from Sigmatech, Inc.</i>		SIG-11-OPM-0003; #O0068; #1.5		103,817	103,817
Total - CFDA 27.XXX			0	156,350	156,350
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			134,676	134,676
Total - Office of Personnel Management			0	291,026	291,026

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>General Services Administration</b>					
General Services Administration <i>Pass-Through from General Dynamics</i>	39.XXX	GSA-ML-SC-0073; FXK3012051		694,009	694,009
Donation of Federal Surplus Personal Property	39.003			14,187	14,187
Total - General Services Administration			0	708,196	708,196
<b>Library of Congress</b>					
Library of Congress	42.XXX	CRS 11-06 CRS# 11-04		5,932	5,932
				3,659	3,659
Total - CFDA 42.XXX			0	9,591	9,591
Total - Library of Congress			0	9,591	9,591
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	0w920w921		79,552	79,552
		10-SUBC-440- 0000188635;UTA09- 001025		23,199	23,199
		2011-NAS54C-0001		38,510	38,510
		HST-GO-11083.18-A		424	424
		HST-GO-11712.07-A		18,896	18,896
		NAS5-97213, NNC09CA08C		1,991,584	1,991,584
		NNG06DA07C, 4200140202		189,129	189,129
		NNG12PF02P		171,089	171,089
		NNG12VI01C, 4200418840		33,338	33,338
		NNG12VI01C, 4200383751		42,346	42,346
		NNJ04HH01A	155,627	508,396	508,396
		NNM11AA56P		34,299	189,926
		NNX08A043G		35,960	35,960
		NNX08AB27A		118,714	118,714
		NNX08AB41A		20,505	20,505
		NNX08AC48G		37,111	37,111
		NNX08AD03A		1,713	1,713
		NNX08AE72G		46,540	46,540
		NNX08AJ84G		6,003	6,003
		NNX08AL43G		47,369	47,369
		NNX08AN02G		29,563	29,563
		NNX08AN68G		123,665	123,665
				97,329	97,329

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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 Aeronautics and Space Administration (continued)</b>					
		NNX08AO52G		17,321	17,321
		NNX08AO52G S05		17,553	17,553
		NNX08AQ49G		96,110	96,110
		NNX08AR34G	22,400	14,496	36,896
		NNX08AT06G		55,578	55,578
		NNX08AW08G		102,020	102,020
		NNX08AX09G		55,212	55,212
		NNX08AZ42A		13,242	13,242
		NNX09AB30G		127,483	127,483
		NNX09AD85G		83,212	83,212
		NNX09AE46G		54,873	54,873
		NNX09AE61G		111,544	111,544
		NNX09AG20G		983,382	983,382
		NNX09AG99G		9,196	9,196
		NNX09AH48G		33,772	33,772
		NNX09AJ30A	25,000	13,000	38,000
		NNX09AJ48G		148,073	148,073
		NNX09AK75G		94,658	94,658
		NNX09AM08G		241,696	241,696
		NNX09AM51A		101,503	101,503
		NNX09AM60G	20,314	85,348	105,662
		NNX09AN10G	5,000	82,055	87,055
		NNX09AR52G		(42)	(42)
		NNX09AR55G		30,482	30,482
		NNX09AV10G	93,069	70,322	163,391
		NNX09AW26G		50,772	50,772
		NNX09AW36G		(811)	(811)
		NNX10AB37G		88,435	88,435
		NNX10AC68G		122,992	122,992
		NNX10AF10G		87,205	87,205
		NNX10AG20G		171,968	171,968
		NNX10AG73G		45,560	45,560
		NNX10AH28G		12,739	12,739
		NNX10AH51G		69,342	69,342
		NNX10AK82H		29,211	29,211
		NNX10AM16H		30,000	30,000
		NNX10AM37G		56,030	56,030
		NNX10AO26G, 09- MDAP09-0087		76,434	76,434
		NNX10AP98G		16,126	16,126
		nnx10at02g		1,130,529	1,130,529
		NNX10AT57A		275,875	275,875
		NNX11AJ73G		68,607	68,607
		NNX12AC66G, NNX09AR98G, NNX10AI86G		482,583	482,583
		NNX12AG09G		14,808	14,808
		RSA 1455050		65,287	65,287
<i>Pass-Through from Advanced Magnet Lab</i>		NNX11AI20A		65,626	65,626
<i>Pass-Through from Austin Satellite Design, LLC</i>		UTA10-000861		97,446	97,446
<i>Pass-Through from Balconies Technologies, LLC</i>		UTA11-000778		54,997	54,997
<i>Pass-Through from Balconies Technologies, LLC</i>		UTA12-000278		232	232
<i>Pass-Through from California Institute of Technology</i>		1358118		(4)	(4)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1354840		(280)	(280)
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1360670		159,953	159,953
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1368074		152,127	152,127
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1389197		10,084	10,084
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1393349		123,093	123,093
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1398903		5,657	5,657
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1405316		62,024	62,024
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1408841		16,269	16,269
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1416374		62,899	62,899
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1423931		11,942	11,942
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1426782		31,544	31,544
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427764		51,497	51,497
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427884		3,442	3,442
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427999		8,236	8,236
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1434786		71,599	71,599
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1439152		60,038	60,038
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1442658		7,007	7,007
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1445390		60,000	60,000
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1447311		47,734	47,734
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1450036		29,947	29,947
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1452191		673	673
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1454803		1,238	1,238
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1462454		3,635	3,635
<i>Pass-Through from Chandra X - Ray Observatory Center</i>		GO2-13130X		8,578	8,578
<i>Pass-Through from Columbia University in the City of New York</i>		NNX09AE95G		62,703	62,703
<i>Pass-Through from Georgia Institute of Technology</i>		NNA09DA78A		99,950	99,950

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Georgia Institute of Technology</i>		R0308-G1 NNX09AF67G		14,834	14,834
<i>Pass-Through from HJ Science and Technology, Inc.</i>		NNX12GC20P-1		22,239	22,239
<i>Pass-Through from Ithaca College</i>		UTA11-000270		3,717	3,717
<i>Pass-Through from Johns Hopkins University</i>		2001144427		39,402	39,402
<i>Pass-Through from Kestrel Corporation</i>		1179290		28,356	28,356
<i>Pass-Through from Lockheed Martin</i>		BBM006CH9		336,941	336,941
<i>Pass-Through from Materials Modification, Inc.</i>		NNX12CG33P		21,446	21,446
<i>Pass-Through from National Institute of Aerospace</i>		T10-6200-UTEX; 6304-UTEX		97,020	97,020
<i>Pass-Through from Pc Krause and Associates, Inc.</i>		PCK- UTA2012NNX39P		38,194	38,194
<i>Pass-Through from Rio Grande Valley Science Association</i>		RGVSA-TX-2011- 00001		49,676	49,676
<i>Pass-Through from Siena College</i>		11-02-001		12,386	12,386
<i>Pass-Through from Southwest Research Institute</i>		B99059JD		33,923	33,923
<i>Pass-Through from Southwest Research Institute</i>		D99059JD		37,448	37,448
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-10981.01-A		7,521	7,521
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12127-08-A		965	965
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12617.02-A		29,348	29,348
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12629.01-A		119,578	119,578
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12060.97-A		9,816	9,816
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12629.05		30,265	30,265
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11082.21-A		15,556	15,556
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11130.04-A		1,327	1,327
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11210.01-A		43	43
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11211.01-A 2		943	943
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11704.02-A		2,414	2,414
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11706.02-A		3,516	3,516
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12098.02-A		1,523	1,523
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12580.04-A		7,700	7,700
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12754.01-A		2,040	2,040
<i>Pass-Through from Space Telescope Science Institute</i>		HST-HF-51288.01-A		102,889	102,889
<i>Pass-Through from SRI International</i>		HDTRA1-07-C-0083		(222)	(222)
<i>Pass-Through from Stanford University</i>		20570500-37433-A,		10,211	10,211
<i>Pass-Through from TDA Research, Inc.</i>		NNX10CB17C		(26,289)	(26,289)
<i>Pass-Through from Technical Education Research Center</i>		NNX09AL90G; TERC 4433		3,268	3,268
<i>Pass-Through from The University of South Florida</i>		2500-1430-00-B		9,719	9,719
<i>Pass-Through from United Negro College Fund</i>		NNA06CB14H		29,211	29,211
<i>Pass-Through from United Negro College Fund</i>		NNX09AV017A-PV		30,555	30,555
<i>Pass-Through from United Negro College Fund Special Programs</i>		NST12011-2012		48,894	48,894
<i>Pass-Through from United Negro College Fund Special Programs</i>		NSTI200-2012		34,956	34,956
<i>Pass-Through from United Negro College Fund Special Programs</i>		UNCFSP NSTI UNEEC		19,122	19,122
<i>Pass-Through from United Negro College Fund Special Programs</i>		UNCFSP UNIMET		38,825	38,825
<i>Pass-Through from Universities Space Research</i>		08521-06		948	948
<i>Pass-Through from Universities Space Research</i>		NAS2-97001		3,437	3,437
<i>Pass-Through from University of California - Los Angeles</i>		2090-S-NB315		25,110	25,110
<i>Pass-Through from Wyle Laboratories</i>		W11AG83012		62,420	62,420

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Zyvex</i>		AWD 12212005		(5,000)	(5,000)
ARRA - National Aeronautics and Space Administration		NNG10HP06C, CLIN 0001	86,398	10,601	96,999
Total - CFDA 43.XXX			407,808	11,967,693	12,375,501
Science	43.001		2,176,064	9,657,204	11,833,268
<i>Pass-Through from Alphasense, Inc.</i>		808-3		38,703	38,703
<i>Pass-Through from American College of Sports Medicine</i>		2010-19-05 ( NNX09AQ53G)		1,074	1,074
<i>Pass-Through from American College of Sports Medicine</i>		461321 (11-0550)		3,288	3,288
<i>Pass-Through from Analytical Mechanics Associates, Inc.</i>		NNL12AA09C		136,197	136,197
<i>Pass-Through from Atk Space Systems, Inc.</i>		SP00029509, 6		307,021	307,021
<i>Pass-Through from Baylor College of Medicine</i>		504519		1,050	1,050
<i>Pass-Through from Boston Applied Technologies</i>		UTA11-000615; 1991		1,882	1,882
<i>Pass-Through from California Institute of Technology</i>		1428150		14,360	14,360
<i>Pass-Through from Columbia University</i>		NNX08AF13G-001 / PO#569262		26,137	26,137
<i>Pass-Through from Dynamic Concepts, Inc.</i>		53T-04-01		75,299	75,299
<i>Pass-Through from Georgetown University</i>		NNX09AU95G		363,131	363,131
<i>Pass-Through from Integrated Micro Sensors, Inc.</i>		C11-01000		19,999	19,999
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		N840118FMS, 1		16,887	16,887
<i>Pass-Through from Johns Hopkins University</i>		105226		4,674	4,674
<i>Pass-Through from Lunar and Planetary Institute</i>		NNA09DB33A		64,603	64,603
<i>Pass-Through from Lynntech, Inc.</i>		2010 NAS49P 0001		80,701	80,701
<i>Pass-Through from Materials Modification, Inc.</i>		C12-00040		81,898	81,898
<i>Pass-Through from NASA Institute for Advanced Concepts</i>		NNX09AQ52H		31,410	31,410
<i>Pass-Through from National Institute of Aerospace</i>		C10-2800-UTA 2895- UTA		7,763	7,763
<i>Pass-Through from National Institute of Aerospace</i>		NASA RASC-AL ROBO-OPS COMPETITION		7,984	7,984
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC9-58 204		377,741	377,741
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC958203		54,503	54,503
<i>Pass-Through from Oregon State University</i>		200813		6,084	6,084
<i>Pass-Through from Paragon, Inc.</i>		051711		77,927	77,927
<i>Pass-Through from Pennsylvania State University</i>		4492-UTA-NASA- Z62G NNX08AZ62G		11,649	11,649
<i>Pass-Through from Pennsylvania State University</i>		4493-UTA-NASA- V42G NNX09AV42G		27,282	27,282
<i>Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC</i>		8022-01, N		176,464	176,464
<i>Pass-Through from Privatran, LLC</i>		C11-00556, NNX11CH49P		761	761
<i>Pass-Through from Privatran, LLC</i>		FA9453-12-M-0058		24,393	24,393
<i>Pass-Through from SAAB Sensis Corporation</i>		10-0549		44,648	44,648
<i>Pass-Through from San Diego State University Foundation</i>		55986A P3653 7802 211 RMM/PR		(5,231)	(5,231)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Search for Extraterrestrial Intelligence Institute</i>		08-SC-1040		12,724	12,724
<i>Pass-Through from Sigma Space Corp</i>		202591	21,221	13,714	34,935
<i>Pass-Through from Signal Processing, Inc.</i>		SUB 1331		35,616	35,616
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		ARO- 11008A__PRIME:N		29,598	29,598
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G01-12132X		24,804	24,804
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO0- 11075A__PRIME:N		2,985	2,985
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO0- 11076X__PRIME:NA		14,669	14,669
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO8-9059A NAS8- 03060		7,202	7,202
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO9-0013C PRIME:NAS8-03060		13,226	13,226
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO9- 0072A__PRIME:N		49,979	49,979
<i>Pass-Through from South Dakota State University</i>		3TB135/EUGENIO ARIMA		8,251	8,251
<i>Pass-Through from Southwest Research Institute</i>		792006BT/2-Ebert		(4,379)	(4,379)
<i>Pass-Through from Southwest Research Institute</i>		792019BT/Livi		(13,946)	(13,946)
<i>Pass-Through from Southwest Research Institute</i>		890480BT/Randol		(6,365)	(6,365)
<i>Pass-Through from Southwest Research Institute</i>		890496BT-Mackler		(2,795)	(2,795)
<i>Pass-Through from Southwest Research Institute</i>		A90485BT-Egert		(339)	(339)
<i>Pass-Through from Southwest Research Institute</i>		B9902JD		1,222	1,222
<i>Pass-Through from Southwest Research Institute</i>		B99079BT-Brioles		33,724	33,724
<i>Pass-Through from Southwest Research Institute</i>		B99080BT-Egert		34,695	34,695
<i>Pass-Through from Southwest Research Institute</i>		B99081BT TO #4- Randol		2,797	2,797
<i>Pass-Through from Southwest Research Institute</i>		B99081BT-Randol		33,724	33,724
<i>Pass-Through from Southwest Research Institute</i>		B99082BT-Clark		33,724	33,724
<i>Pass-Through from Southwest Research Institute</i>		B99083BT-Mackler		33,724	33,724
<i>Pass-Through from Southwest Research Institute</i>		B99084BT TO #7- Grotheer		6,866	6,866
<i>Pass-Through from Southwest Research Institute</i>		B99084BT-Grotheer		34,667	34,667
<i>Pass-Through from Southwest Research Institute</i>		B99085BT TO #8- Westlake		(1,876)	(1,876)
<i>Pass-Through from Southwest Research Institute</i>		B99086BT TO #9-		13,797	13,797
<i>Pass-Through from Southwest Research Institute</i>		B99086BT-Livi		37,218	37,218
<i>Pass-Through from Southwest Research Institute</i>		B99087BT TO #10- Ebert		2,672	2,672
<i>Pass-Through from Southwest Research Institute</i>		D99080X-Nicolaou		35,066	35,066
<i>Pass-Through from Southwest Research Institute</i>		D99081X-Llera		34,397	34,397
<i>Pass-Through from Southwest Research Institute</i>		D99082X-Naranjo		33,762	33,762
<i>Pass-Through from Southwest Research Institute</i>		D99083X-Grubbs		33,762	33,762
<i>Pass-Through from Space Environment Technologies, LLC</i>		CG-2011-1-1		6,062	6,062
<i>Pass-Through from Stanford University</i>		28879900-49920-A		14,520	14,520
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		11-0662		74,692	74,692
<i>Pass-Through from United Negro College Fund</i>		NNA06CB14G		34,545	34,545
<i>Pass-Through from Universities Space Research</i>		NNJ06HG25A		17,217	17,217
<i>Pass-Through from Universities Space Research</i>		NNJ11HE31A		111,323	111,323
<i>Pass-Through from University of Alabama</i>		SUB2011-038		9,363	9,363
<i>Pass-Through from University of Maryland - Baltimore</i>		7336		51,546	51,546

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from University of New Mexico</i>		04806V-874F NNX11AG91G		139,323	139,323
<i>Pass-Through from University of New Mexico</i>		504415		60,514	60,514
<i>Pass-Through from University of Washington</i>		658257		327	327
<i>Pass-Through from University of Washington</i>		717174		3,748	3,748
<i>Pass-Through from University of Wisconsin - Madison</i>		348K272		28,153	28,153
<i>Pass-Through from Vectornav Technologies, LLC</i>		C12-00414		46,559	46,559
<i>Pass-Through from Virginia Institute of Marine Science</i>		716871-712683		16,496	16,496
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100911		26,926	26,926
<i>Pass-Through from Wyle Laboratories</i>		AOP4300-022-02		53	53
<i>Pass-Through from Wyle Laboratories</i>		NAS 9-02078	8,188	957,033	965,221
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370007		140,351	140,351
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370009		84,163	84,163
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370011		145,193	145,193
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370012		82,607	82,607
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370013		148,408	148,408
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370014		148,945	148,945
<i>Pass-Through from Zin Technologies, Inc.</i>		ZTI 2010-003, 1		20,726	20,726
Total - CFDA 43.001			2,205,473	14,695,164	16,900,637
Aeronautics	43.002		512,249	4,357,342	4,869,591
<i>Pass-Through from Engineering and Science Contract</i>		100-051611		(54)	(54)
<i>Pass-Through from Johns Hopkins University</i>		948246 (ILC03)		94,465	94,465
<i>Pass-Through from Lockheed Martin</i>		8100002663		136,961	136,961
<i>Pass-Through from Lynntech, Inc.</i>		C12-00845		3,003	3,003
<i>Pass-Through from National Space Biomedical Research Institute</i>		RE01302, 3		35,748	35,748
<i>Pass-Through from Southwest Research Institute</i>		792007BT-Westlake		(5,804)	(5,804)
<i>Pass-Through from The Boeing Company</i>		428650		292,149	292,149
<i>Pass-Through from TXL Group, Inc.</i>		8100002663		86,429	86,429
<i>Pass-Through from University of California - Davis</i>		08-002128-01		2,246	2,246
<i>Pass-Through from University of California - San Diego</i>		10294004		42,305	42,305
<i>Pass-Through from University of Colorado - Boulder</i>		154-5057; 0000068973		15,862	15,862
Total - CFDA 43.002			512,249	5,060,652	5,572,901
Exploration	43.003			629,136	629,136
<i>Pass-Through from National Space Grant Foundation</i>		211590-B56304-200		363	363
Total - CFDA 43.003			0	629,499	629,499
Space Operations	43.007			98,168	98,168

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For the Year Ended August 31, 2012

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 Aeronautics and Space Administration (continued)</b>					
Education	43.008		59,051	2,186,126	2,245,177
<i>Pass-Through from University of Alabama - Huntsville</i>		SUB2012-053		36,625	36,625
Total - CFDA 43.008			59,051	2,222,751	2,281,802
Cross Agency Support	43.009			546,561	546,561
Total - National Aeronautics and Space Administration			3,184,581	35,220,488	38,405,069
<b>National Endowment For The Humanities</b>					
National Endowment For The Humanities	45.XXX				
<i>Pass-Through from Humanities Texas</i>		2010-3883		1,991	1,991
<i>Pass-Through from Humanities Texas</i>		2011-4056		3,714	3,714
Total - CFDA 45.XXX			0	5,705	5,705
Promotion of the Arts Grants to Organizations and	45.024			88,372	88,372
Promotion of the Humanities Federal/State Partnership	45.129				
<i>Pass-Through from Humanities Texas</i>		2010-4084		1,000	1,000
<i>Pass-Through from Texas Committee for the Humanities</i>		2011-4165		1,469	1,469
Total - CFDA 45.129			0	2,469	2,469
Promotion of the Humanities Division of Preservation and Access	45.149				
<i>Pass-Through from Educopia Institute</i>		GN0003855		12	12
Promotion of the Humanities Fellowships and Stipends	45.160			123,853	123,853
<i>Pass-Through from Ohomundro Institute of Early American History and Culture</i>		426086 (2009-2011 NEH)		36,733	36,733
Total - CFDA 45.160			0	160,586	160,586
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162			7,009	7,009
Promotion of the Humanities Professional Development	45.163			25,998	25,998
Promotion of the Humanities Public Programs	45.164				
<i>Pass-Through from Humanities Texas</i>		2010-3983		2,410	2,410
Promotion of the Humanities Office of Digital Humanities	45.169		413	19,963	20,376
National Leadership Grants	45.312		8,313	673,513	681,826
Laura Bush 21st Century Librarian Program	45.313			357,672	357,672
<i>Pass-Through from University of Maryland - College Park</i>		Z929601		39	39
Total - CFDA 45.313			0	357,711	357,711
Total - National Endowment For The Humanities			8,726	1,343,748	1,352,474

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	100928		(20)	(20)
		12-153		25,521	25,521
		CNS-0934786		182,797	182,797
		DMR-1219772 IPA		103,206	103,206
		IIP-1145324-001		21,184	21,184
		IOS-0951310		78,677	78,677
		N41756-12-C-4806		2,124	2,124
<i>Pass-Through from Carnegie Institute of Washington</i>		GMTO-100507B		67,815	67,815
<i>Pass-Through from Carnegie Institute of Washington</i>		GMTO-100507D		15,309	15,309
<i>Pass-Through from Carnegie Institute of Washington</i>		GMTO-100804A		(2,197)	(2,197)
<i>Pass-Through from Carnegie Institute of Washington</i>		UTA10-001277		37	37
<i>Pass-Through from Consortium for Ocean Leadership</i>		SAF10-06		1,049	1,049
<i>Pass-Through from Consortium for Ocean Leadership</i>		T317A59		35,498	35,498
<i>Pass-Through from Consortium for Ocean Leadership</i>		T319A59		35,565	35,565
<i>Pass-Through from Consortium for Ocean Leadership</i>		T319B59		1,458	1,458
<i>Pass-Through from Consortium for Ocean Leadership</i>		T330A59		36,053	36,053
<i>Pass-Through from Electronic Biosciences</i>		018-HS-1C PO 2256		45,237	45,237
		PRIME:HSHQDC-09- C-0009			
<i>Pass-Through from Georgia State University</i>		211571-B56379-200		2,500	2,500
<i>Pass-Through from Indiana University</i>		IUB-4812439-UTA; 734307		266,969	266,969
<i>Pass-Through from Integrated Ocean Drilling Program</i>		IODP-MI-09-03	13,161	8,483	21,644
<i>Pass-Through from Nanolite Systems</i>		UTA11-000103		(14,325)	(14,325)
<i>Pass-Through from Stevens Institute of Technology</i>		7170, UTA11-000370		1,777	1,777
<i>Pass-Through from The University Corporation for Atmospheric Research</i>		P1296925		20,679	20,679
<i>Pass-Through from Woods Hole Research Institute</i>		WHRC-MG0917-01		28,912	28,912
Total - CFDA 47.XXX			13,161	964,308	977,469
Engineering Grants	47.041		1,052,443	27,582,690	28,635,133
<i>Pass-Through from Advanced Cooling Technologies, Inc.</i>		14011 IIP-1127293		22,752	22,752
<i>Pass-Through from Advanced Materials and Processes</i>		0924122/SUB:11-1		58,465	58,465
<i>Pass-Through from Amethyst Research, Inc.</i>		IIP-0724233		43,389	43,389
<i>Pass-Through from Arizona State University</i>		096533		11,819	11,819
<i>Pass-Through from Arizona State University</i>		12-731		122,496	122,496
<i>Pass-Through from Arradance</i>		08.2236		5,322	5,322
<i>Pass-Through from Auburn University</i>		11-AS-360034-UTHSC		54,231	54,231
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186141		54,962	54,962
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186160		1,166	1,166
<i>Pass-Through from Case Western Reserve University</i>		CMMI-1000768		80,790	80,790
<i>Pass-Through from Class on a Chip, Inc.</i>		TXTK 01		3,005	3,005
<i>Pass-Through from Cornell University</i>		44771-7476		623,971	623,971
<i>Pass-Through from Endometric, LLC</i>		GN3147		74,851	74,851
<i>Pass-Through from Georgia Institute of Technology</i>		E-20-L05-G2		(728)	(728)
<i>Pass-Through from Georgia Institute of Technology</i>		RA063-G2/CMMI- 0936603		76,737	76,737
<i>Pass-Through from Georgia Institute of Technology</i>		RB009-G1		45,014	45,014

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Indian Hills Community College</i>		119447		6,032	6,032
<i>Pass-Through from Indian River State College</i>		201200044497		4,633	4,633
<i>Pass-Through from Integrated Micro Sensors, Inc.</i>		1026825		4,411	4,411
<i>Pass-Through from Integrated Micro Sensors, Inc.</i>		839347		62,619	62,619
<i>Pass-Through from Iowa State University</i>		420 60 64		80,850	80,850
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002218		206,930	206,930
<i>Pass-Through from Omega Optics</i>		UTA11-001008		96,774	96,774
<i>Pass-Through from Oregon State University</i>		0830378 SUB S1148A-B		157	157
<i>Pass-Through from Pennsylvania State University</i>		4491-UH-NSF-7062		10,249	10,249
<i>Pass-Through from Performance Polymer Solutions, Inc.</i>		C11-00288		48,371	48,371
<i>Pass-Through from Princeton University</i>		00001217		226,549	226,549
<i>Pass-Through from Purdue University</i>		4101-19919		90,656	90,656
<i>Pass-Through from Purdue University</i>		NEES-4101-31903		820,232	820,232
<i>Pass-Through from Purdue University</i>		NEES-4101-31914		87,701	87,701
<i>Pass-Through from Rochal Industries</i>		IIP-1110189		9,497	9,497
<i>Pass-Through from Selenium Ltd</i>		IIP-1142489		40,823	40,823
<i>Pass-Through from Semerane</i>		IIP-1142806		24,949	24,949
<i>Pass-Through from Superpower, Inc.</i>		4000041267		235,742	235,742
<i>Pass-Through from Tao Companies, LLC</i>		GN3462		250	250
<i>Pass-Through from Taulus Atomics Corporation</i>		IIP-1046488		9,627	9,627
<i>Pass-Through from University of California - Riverside</i>		CBET-1144237 01		75,579	75,579
<i>Pass-Through from University of Central Florida</i>		UCF01-0000240292		13,812	13,812
<i>Pass-Through from University of Georgia</i>		RC398 103 4691368		85,326	85,326
<i>Pass-Through from University of Kansas</i>		FY2011- 033__PRIME:EFRI- 1038234		39,127	39,127
<i>Pass-Through from University of Kansas</i>		FY2011- 114__PR:CBET-		2,558	2,558
<i>Pass-Through from University of Michigan</i>		3001673753		2,851	2,851
<i>Pass-Through from UT Dallas</i>		120019/CBET- 1105524		6,563	6,563
<i>Pass-Through from Virginia Tech University</i>		478089-19433		36,465	36,465
ARRA - Engineering Grants					
<i>Pass-Through from Advanced Materials and Processes</i>		8000001162		255	255
Total - CFDA 47.041			1,052,443	31,190,520	32,242,963
Mathematical and Physical Sciences	47.049		772,399	23,517,952	24,290,351
<i>Pass-Through from California Institute of Technology</i>		PHY-0823459		16,153	16,153
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914; UTA06-623		529,216	529,216
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914; UTA11-288		75,030	75,030
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914; UTA11-289		104,678	104,678
<i>Pass-Through from Columbia University in the City of New York</i>		13/#5- 25191__PR:PHY111		100,152	100,152
<i>Pass-Through from Columbia University in the City of New York</i>		13/#5- 25191__PRIME:PHY 1119200	25,750	253,857	279,607

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Columbia University in the City of New York</i>		14/#5-24324__PR:PHY-06-		13,698	13,698
<i>Pass-Through from Columbia University in the City of New York</i>		15/#5-24324__PR:PHY-06-	107,160	1,085,639	1,192,799
<i>Pass-Through from Harvard University</i>		133485-01		6,989	6,989
<i>Pass-Through from Mathematical Association of America</i>		UNTD-NREUP2012		20,980	20,980
<i>Pass-Through from Notre Dame University - Erasmus</i>		PHY 0715396		1,100	1,100
<i>Pass-Through from Princeton University</i>		00002014		44,275	44,275
<i>Pass-Through from Princeton University</i>		1591		74,567	74,567
<i>Pass-Through from Princeton University</i>		1731		86,869	86,869
<i>Pass-Through from Princeton University</i>		1884		20,955	20,955
<i>Pass-Through from Princeton University</i>		1885		3,043	3,043
<i>Pass-Through from The Ohio State University</i>		60024878/GRT00018 860		89,865	89,865
<i>Pass-Through from The Ohio State University</i>		RF01184157		508	508
<i>Pass-Through from The University of Memphis</i>		30854.53		30,855	30,855
<i>Pass-Through from University of California - Davis</i>		UCD002865		(132)	(132)
<i>Pass-Through from University of California - Los Angeles</i>		0518-G-KB563		155,499	155,499
<i>Pass-Through from University of Chicago</i>		41752.5		7,500	7,500
<i>Pass-Through from University of Colorado - Boulder</i>		1548562; 1000027641		38,497	38,497
<i>Pass-Through from University of Illinois at Urbana - Champaign</i>		2007-01127-01		1,651	1,651
<i>Pass-Through from University of Michigan</i>		3002099272		33,252	33,252
<i>Pass-Through from University of Minnesota</i>		A000060252		41,637	41,637
<i>Pass-Through from University of Notre Dame</i>		PHY-0715396 GCS #08-353		7,581	7,581
<i>Pass-Through from University of Richmond</i>		Dated 5/14/2008		4,746	4,746
<i>Pass-Through from University of Washington</i>		429499		26,280	26,280
<i>Pass-Through from University of Wisconsin System</i>		268K763		68,911	68,911
<i>Pass-Through from Wesleyan University</i>		FRS520159		29,419	29,419
ARRA - Mathematical and Physical Sciences					
<i>Pass-Through from The Ohio State University</i>		60019627		38,176	38,176
Total - CFDA 47.049			905,309	26,529,398	27,434,707
Geosciences	47.050		738,764	9,165,904	9,904,668
<i>Pass-Through from Boston University</i>		4500000046__PRIM E:AGS-0120950		50,009	50,009
<i>Pass-Through from Columbia University</i>		5-24452, 1		44,808	44,808
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA12-08		13,731	13,731
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA12-13		11,013	11,013
<i>Pass-Through from El Paso Community College</i>		21708-F21708-71845		6,000	6,000
<i>Pass-Through from Incorporated Research Institutions for Seismology</i>		44-PAS		230,982	230,982
<i>Pass-Through from Joint Oceanographic Institutions, Inc.</i>		T33A42		13,415	13,415
<i>Pass-Through from National Academy of Sciences</i>		PGA-P210873		41,113	41,113
<i>Pass-Through from Purdue University</i>		4101-49945		8,879	8,879
<i>Pass-Through from Southwest Research Institute</i>		729011BT/1/Brioles		(348)	(348)
<i>Pass-Through from Southwest Research Institute</i>		792010BT 2/3		(1,486)	(1,486)
<i>Pass-Through from State University of New York</i>		58508/1097167		56,046	56,046

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from The Geological Society of America</i>		8000001556		2,000	2,000
<i>Pass-Through from The University Corporation for Atmospheric Research</i>		Z12-91883		56,349	56,349
<i>Pass-Through from The University of Arizona</i>		Y482945		56,278	56,278
<i>Pass-Through from University of California - Merced</i>		F100GPA348		54,204	54,204
<i>Pass-Through from University of Georgia</i>		RR100-500/3504298		105,650	105,650
<i>Pass-Through from University of Minnesota</i>		T5366216013		114,593	114,593
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5-54932		2,066	2,066
<i>Pass-Through from University of Southern California</i>		127048		14,885	14,885
<i>Pass-Through from University of Southern California</i>		157937		3,020	3,020
<i>Pass-Through from Women in Engineering Programs and Advocates Network</i>		100180_PR:EAR- 1119005		37,231	37,231
Total - CFDA 47.050			738,764	10,086,342	10,825,106
Computer and Information Science and Engineering	47.070		245,430	22,041,813	22,287,243
<i>Pass-Through from Boston University</i>		GC200686NGA_PR IME:IIS-0705749		1,224	1,224
<i>Pass-Through from Computing Research Association</i>		CIF-D-007		100,135	100,135
<i>Pass-Through from Miami Dade College</i>		WJ000864501		73,658	73,658
<i>Pass-Through from Purdue University</i>		4101-47540		25,285	25,285
<i>Pass-Through from University of Colorado - Boulder</i>		154-5189; 1000029771		92,555	92,555
Total - CFDA 47.070			245,430	22,334,670	22,580,100
Biological Sciences	47.074		787,056	13,806,658	14,593,714
<i>Pass-Through from Ch2m Hill</i>		814659		41,517	41,517
<i>Pass-Through from Michigan State University</i>		61-2075UT		638,619	638,619
<i>Pass-Through from North Carolina State University</i>		2010-1450-01		69,048	69,048
<i>Pass-Through from Penn State University</i>		3897-UTA-NSF-2373		(11,887)	(11,887)
<i>Pass-Through from Portland State University</i>		201HIL319		23,655	23,655
<i>Pass-Through from Portland State University</i>		207RUE038		(24)	(24)
<i>Pass-Through from Purdue University</i>		503651		220,379	220,379
<i>Pass-Through from Purdue University</i>		503862		61,741	61,741
<i>Pass-Through from Samuel Roberts Noble Foundation, Inc.</i>		2012-934-003		12,370	12,370
<i>Pass-Through from Stratus Consulting</i>		S087-1C-1667		159,017	159,017
<i>Pass-Through from Stratus Consulting</i>		Z200-2S-1858		25,264	25,264
<i>Pass-Through from The University of Arizona</i>		Y551899		1,174,279	1,174,279
<i>Pass-Through from University of Cal - Riverside</i>		S-0000335		141,555	141,555
<i>Pass-Through from University of Illinois - Champaign</i>		504066		21,917	21,917
<i>Pass-Through from University of Minnesota</i>		H001389101		100,961	100,961
<i>Pass-Through from US Long Term Ecological Research</i>		114267		15,056	15,056
<i>Pass-Through from Wake Forest University</i>		503756		22,267	22,267
<i>Pass-Through from Washington University</i>		WU HT 08 02		17,180	17,180
Total - CFDA 47.074			787,056	16,539,572	17,326,628
Social, Behavioral, and Economic Sciences	47.075		250,376	3,350,686	3,601,062

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Association for Institutional Research</i>		RG12-54		14,009	14,009
<i>Pass-Through from Gallaudet University</i>		0000018428; UTA10- 000365		8,714	8,714
<i>Pass-Through from North Carolina Agricultural and Technical State University</i>		2768		15,669	15,669
<i>Pass-Through from Rand Corporation</i>		9920110077		68,664	68,664
<i>Pass-Through from Resources for the Future</i>		504333		292	292
<i>Pass-Through from The University of Arizona</i>		Y502734/BCS- 0820270		65	65
<i>Pass-Through from University of Nebraska Lincoln</i>		25 0116 0089 002		36,234	36,234
<i>Pass-Through from Yale University</i>		C09D10191		22,804	22,804
Total - CFDA 47.075			250,376	3,517,137	3,767,513
<b>Education and Human Resources</b>	47.076		701,389	28,884,227	29,585,616
<i>Pass-Through from Association of American Geographers</i>		2010-11-19 ( DRL- 1049437)		65,655	65,655
<i>Pass-Through from Botanical Society of America</i>		01-TX-0733280		170,580	170,580
<i>Pass-Through from Botanical Society of America</i>		01-TX-0737669		1,209	1,209
<i>Pass-Through from Carlton College</i>		DUE-1125331		20,408	20,408
<i>Pass-Through from Council of Graduate Schools</i>		2012-30-03 ( NSF 1138814)		1,793	1,793
<i>Pass-Through from Downwinders at Risk Education Fund</i>		HRD-630388 SUB 11-004JNA		43,201	43,201
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		FAMU Contract		1,483	1,483
<i>Pass-Through from High Point University</i>		DUE 737181	54,889	1,514	56,403
<i>Pass-Through from National Council for Science and Environment</i>		DUE-0950396		54,208	54,208
<i>Pass-Through from Northwestern University</i>		SP0009801- PROJ0002725		35,001	35,001
<i>Pass-Through from Purdue University</i>		4101-31776		86,362	86,362
<i>Pass-Through from Quality Education for Minorities</i>		Fontus M-2		44,770	44,770
<i>Pass-Through from Tennessee Technological University</i>		1022934		13,138	13,138
<i>Pass-Through from University of Colorado at Boulder</i>		0832874		4,945	4,945
<i>Pass-Through from University of Illinois - Chicago</i>		2009-03942-04-00		322,798	322,798
<i>Pass-Through from University of Virginia</i>		GA10874-136594	15,000	48,584	63,584
<i>Pass-Through from Wright State University</i>		PSP06882		773	773
Total - CFDA 47.076			771,278	29,800,649	30,571,927
<b>Polar Programs</b>	47.078		19,193	1,413,908	1,433,101
<i>Pass-Through from Ch2m Hill</i>		815732		130,083	130,083
Total - CFDA 47.078			19,193	1,543,991	1,563,184
<b>International Science and Engineering (OISE)</b>	47.079		264,296	729,950	994,246
<i>Pass-Through from CRDF Global</i>		RUP1-7025-CG-11		1,674	1,674
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		B10537		178,792	178,792

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from US Civilian Research and Development Foundation</i>		RUE1-2940-TO-09		1,362	1,362
<i>Pass-Through from West Virginia University</i>		OISE-0968296		163,612	163,612
Total - CFDA 47.079			264,296	1,075,390	1,339,686
Office of Cyberinfrastructure	47.080		1,739,351	7,781,614	9,520,965
<i>Pass-Through from Carnegie Mellon University</i>		1120953-238839		45,563	45,563
<i>Pass-Through from Indiana University</i>		344546 48-124-31, 84830 OCI-0721656		16,274	16,274
<i>Pass-Through from Indiana University</i>		BL-4812459- UTHSC/OCI		29,439	29,439
<i>Pass-Through from San Diego State University</i>		55291A7802		1,335	1,335
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-37180		40,905	40,905
<i>Pass-Through from University of Chicago</i>		41994-K		823,423	823,423
<i>Pass-Through from University of Illinois at Urbana -Champaign</i>		2009-02232-04		287,202	287,202
<i>Pass-Through from University of Illinois at Urbana -Champaign</i>		2011-00318- 08;ILLINOIS GRANT CODE: A1536		3,332,686	3,332,686
<i>Pass-Through from University of Illinois at Urbana -Champaign</i>		2011-03885-03; ILLINOIS GRANT CODE:A1101		46,070	46,070
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		478455-19902		1,391	1,391
Total - CFDA 47.080			1,739,351	12,405,902	14,145,253
ARRA - Trans-NSF Recovery Act Research Support	47.082		879,692	14,492,519	15,372,211
<i>Pass-Through from Auburn University</i>		11CVM219045UTMB		94,304	94,304
<i>Pass-Through from BBN Technology Corporation</i>		9500010196		88,785	88,785
<i>Pass-Through from Carnegie Mellon University</i>		1121342-275999		40,385	40,385
<i>Pass-Through from Colorado School of Mines</i>		400029		34,338	34,338
<i>Pass-Through from Cornell University</i>		ECCS0941561		76,449	76,449
<i>Pass-Through from Indiana University</i>		IUB-4823526-UT		2,356	2,356
<i>Pass-Through from New Mexico Institute of Mining and Technology</i>		GN4002.GF4066.Sub NMI		44,087	44,087
<i>Pass-Through from Tulane University</i>		TUL-587-09/10		33,444	33,444
<i>Pass-Through from University of Florida</i>		UF12066		141,212	141,212
<i>Pass-Through from University of Louisiana at Lafayette</i>		10-0215		83,038	83,038
<i>Pass-Through from University of Minnesota</i>		D002949601		66,701	66,701
<i>Pass-Through from University of North Dakota</i>		IOS-0845741		316,921	316,921
<i>Pass-Through from University of Washington</i>		700069Z		92,642	92,642
<i>Pass-Through from Yale University</i>		C11D11060		(21)	(21)
<i>Pass-Through from ZT Solar</i>		IIP0924042		15,872	15,872
Total - CFDA 47.082			879,692	15,623,032	16,502,724
Total - National Science Foundation			7,666,349	171,610,911	179,277,260

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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			212,825	212,825
Total - Securities and Exchange Commission			0	212,825	212,825
<b>Small Business Administration</b>					
Small Business Development Centers	59.037				
<i>Pass-Through from Dallas County Community College</i>		1-603001-Z-0046-25		5,026	5,026
<i>Pass-Through from Dallas County Community College</i>		SBAHQ-12-B-0051		118,545	118,545
Total - CFDA 59.037			0	123,571	123,571
Total - Small Business Administration			0	123,571	123,571
<b>U.S. Department of Veterans Affairs</b>					
U.S. Department of Veterans Affairs	64.XXX	580-D25015		34,016	34,016
		671-D16137		(849)	(849)
		671-D26064 /		35,914	35,914
		671/151 - IPA			
		ABBOUD/IPAA/VEL		43,860	43,860
		AGAPU			
		ABBOUD/IPAA/YI		54,509	54,509
		AHUJA/IPAA/CARR		38,230	38,230
		ILLO			
		AHUJA/IPAA/CASTI		49,020	49,020
		BLAN			
		AHUJA/IPAA/CHAG		23,496	23,496
		AHUJA/IPAA/HARP		36,746	36,746
		ER			
		AHUJA/IPAA/JIMEN		54,062	54,062
		EZ			
		AHUJA/IPAA/KHA		(597)	(597)
		AHUJA/IPAA/LE		10,277	10,277
		AHUJA/IPAA/MAN		28,160	28,160
		OHARAN			
		AHUJA/IPAA/MART		49,423	49,423
		INEZ			
		AHUJA/IPAA/PHA		34,471	34,471
		BARNES/IPAA/PAT		33,733	33,733
		EL			
		BASLER/IPAA/NAN		28,979	28,979
		EZ			
		BLOCK/IPAA/FRIE		32,919	32,919
		DRICH			
		BLOCK/IPAA/KUM		29,268	29,268
		AR			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		CAVAZOS/IPAA/JAI ME		4,413	4,413
		CAVAZOS/IPAA/TO LSTYK		5,280	5,280
		CHATTERJEE/IPAA/ KIM		14,682	14,682
		CHATTERJEE/IPAA/ MIRK		26,081	26,081
		CHATTERJEE/IPAA/ SONG		87,968	87,968
		CHAUDHURI/IPAA/ PEREZ		1,684	1,684
		CHAUDHURI/IPAA/ RAMUL		(584)	(584)
		CHEN/IPAA/CHEN		857	857
		CHEN/IPAA/LU		27,800	27,800
		CHEN/IPAA/ZHAN		26,340	26,340
		CLARK/IPAA/AKO ULOUZA		3,726	3,726
		CLARK/IPAA/BIKA		10,765	10,765
		CLARK/IPAA/GAM EZ		57,014	57,014
		CLARK/IPAA/VALE NTE		16,609	16,609
		CLARKE/IPAA/VAL ENTE		41,550	41,550
		COPELAND/IPAA/ HENDRI		(189)	(189)
		CUSI/IPAA/CHANG		22,332	22,332
		DUONG/IPAA/DEL AGARZA		47,281	47,281
		DUONG/IPAA/PON TICORV		18,033	18,033
		ESPINOZA/IPAA/H ALADE		22,129	22,129
		FANTI/IPAA/ANAN DBABU		16,853	16,853
		FANTI/IPAA/CORN ELL		8,940	8,940
		FANTI/IPAA/CUNNI NGHA		33,854	33,854
		FANTI/IPAA/FOLLI		16,953	16,953
		FANTI/IPAA/GROSS		6,396	6,396
		FELDMAN/IPAA/AS MIS		11,614	11,614
		FELDMAN/IPAA/H ALANEY		21,120	21,120
		FOX/IPAA/ACHESON		11,334	11,334

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		FOX/IPAA/LAIRD		10,491	10,491
		FOX/IPAA/ZAMARR IPA		10,439	10,439
		FOX/IPAA/ZHANG		10,859	10,859
		FRAZER/IPAA/ADE NIJI		10,481	10,481
		FRAZER/IPAA/BEN MANSO		32,238	32,238
		FREEMAN/IPAA/CAO		38,399	38,399
		FREEMAN/IPAA/ZH AO		71,854	71,854
		GHOSH- CHOU/IPAA/MUTH		2,924	2,924
		GHOSH- CHOUD/IPAA/CUI		1,252	1,252
		GHOSH- CHOUDHURY/IPAA		88,266	88,266
		HABIB/IPAA/LIAN		32,366	32,366
		HABIB/IPAA/THAM EEM		4,552	4,552
		HABIB/IPAA/TIZAN		6,628	6,628
		HABIB/IPAA/YADAV		23,069	23,069
		HART/IPAA/CAO		60,993	60,993
		HART/IPAA/HOLLO WAY		32,310	32,310
		HAZUDA/IPAA/MA CCARTH		22,385	22,385
		HAZUDA/IPAA/NA KASHIM		4,419	4,419
		HAZUDA/IPAA/RUS SELL		10,984	10,984
		HAZUDA/IPAA/VEE RAPAN		(54)	(54)
		HORNSBY/IPAA/G ALVAN		3,742	3,742
		HORNSBY/IPAA/MI SHRA		28,907	28,907
		HORNSBY/IPAA/QIU		2,786	2,786
		HORNSBY/IPAA/TA RDIF		6,235	6,235
		IPAA FOR ESTHER NANE		14,492	14,492
		IPAA FOR LINDA LONG		42,913	42,913
		IPAA FOR MUKESH YADA		5,976	5,976
		IPAA FOR PAUL RIVAS		14,381	14,381
		IPAA FOR REN NA		50,266	50,266

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		JENKINSON/IPAA/ WINNI		12,661	12,661
		KASINATH/IPAA/L EE		44,102	44,102
		KASINATH/IPAA/M ARIAP		53,129	53,129
		KUMAR/IPAA/LI		53,443	53,443
		KUMAR/IPAA/RIVAS		28,859	28,859
		LI/IPAA/CHANDU		55,939	55,939
		LI/IPAA/LAI		54,772	54,772
		LI/IPAA/LAING		371	371
		LI/IPAA/ROHRABA UGH		44,349	44,349
		LI/IPAA/SANTACR UZ		(1,731)	(1,731)
		LI/IPAA/YANG		20,678	20,678
		LINDSEY/IPAA/DAI		52,299	52,299
		MARCINIAK/IPAA/ CHAVE		5,351	5,351
		PATTERSON/IPAA/ KELLY		42,788	42,788
		PUGH/IPAA/WELL		34,408	34,408
		RAN/IPAA/CHEN		38,213	38,213
		RAN/IPAA/COX		20,723	20,723
		RAN/IPAA/NA		5,563	5,563
		RESTREPO/IPAA/F OLTZ		2,050	2,050
		RICHARDSON/IPAA /SABI		45,688	45,688
		RICHARDSON/IPAA /SALM		47,193	47,193
		SAUNDERS/IPAA/G ILES		2,447	2,447
		SAUNDERS/IPAA/J OHNSO		17,625	17,625
		SHIREMAN/IPAA/P ORTER		30,024	30,024
		SHIREMAN/IPAA/W ANG		19,299	19,299
		STRONG/IPAA/KAD APAKK		69,821	69,821
		STRONG/IPAA/MAR TINEZ		20,280	20,280
		STRONG/IPAA/SOT O-PIN		452	452
		V671D10005		27,225	27,225
		VA257-12-P- 0437/VA67		9,326	9,326
		VA257-P-0380		265,120	265,120
		VA260-P-0859,		26,917	26,917

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		VA663-D16074			
		VA549P0027		37,749	37,749
		VA549-P-0027		(10,344)	(10,344)
		VANREMMEN/IPAA /RIOS		40,091	40,091
		VANREMMEN/IPAA /WALSH		23,912	23,912
		WAGNER/IPAA/TA		37,951	37,951
		WALTER/IPAA/GA RCIA		44,650	44,650
		WALTER/IPAA/HIL DRETH		44,095	44,095
		WEINER/IPAA/URI BE		42,673	42,673
		WEINER/IPAA/WING XIAO-		12,552	12,552
		DONG/IPAA/WANG		19,656	19,656
<i>Pass-Through from Altarum Institute</i>		SC-11-018 (GS-10F- 0261K/VA798-11- F0102)		76,153	76,153
<i>Pass-Through from Baylor College of Medicine</i>		1101BX001474-01A1		8,805	8,805
<i>Pass-Through from National Institute of Building Sciences</i>		VACFM05-0875		64,735	64,735
<i>Pass-Through from Veterans Affairs Medical Center East Orange</i>		561D15031		7,794	7,794
Total - CFDA 64.XXX			0	3,420,881	3,420,881
Veterans Medical Care Benefits	64.009			8,627	8,627
Veterans State Hospital Care	64.016			160,675	160,675
Sharing Specialized Medical Resources	64.018			32,248	32,248
Veterans Information and Assistance	64.115			29,562	29,562
Total - U.S. Department of Veterans Affairs			0	3,651,993	3,651,993
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	201201087		229	229
		582-11-90501		149	149
<i>Pass-Through from Canadian Wildlife Services</i>		K4E21-09-09		548	548
<i>Pass-Through from Okeanos Technologies, LLC</i>		UTA12-000359		47,799	47,799
<i>Pass-Through from Pegasus Technical Services</i>		UTX-12-001; EP-C- 11-006; WA 1-41		44,505	44,505
<i>Pass-Through from Pegasus Technical Services</i>		UTX-11-001		6,782	6,782
<i>Pass-Through from Tetra Tech, Inc.</i>		1051748		57,257	57,257
Total - CFDA 66.XXX			0	157,269	157,269

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Environmental Protection Agency (continued)</b>					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		26,714	80,842	107,556
Internships, Training and Workshops for the Office of Air and Radiation	66.037			220,733	220,733
National Clean Diesel Emissions Reduction Program <i>Pass-Through from Center for Transportation and the Environment</i>	66.039	DE-83421801		468,375 25,200	468,375 25,200
ARRA - National Clean Diesel Emissions Reduction Program				371,858	371,858
Total - CFDA 66.039			0	865,433	865,433
Congressionally Mandated Projects	66.202			505,877	505,877
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		225,043	1,485,993	1,711,036
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water <i>Pass-Through from The Cadmus Group</i>	66.424	504436		10,809	10,809
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436			6,686	6,686
Water Quality Management Planning <i>Pass-Through from Coastal Bend Bays and Estuaries</i> ARRA - Water Quality Management Planning	66.454	1202/6093800000		94,064 4,908	94,064 4,908
Total - CFDA 66.454			0	98,972	98,972
National Estuary Program	66.456			130,641	130,641
Nonpoint Source Implementation Grants	66.460		192,802	2,769,985	2,962,787
Regional Wetland Program Development Grants	66.461			(687)	(687)
Water Quality Cooperative Agreements	66.463			58,225	58,225
Capitalization Grants for Drinking Water State Revolving	66.468		158,797	98,053	256,850
Beach Monitoring and Notification Program Implementation Grants	66.472			122,709	122,709
Gulf of Mexico Program <i>Pass-Through from The University of South Florida</i>	66.475	0000001138		210,621 (110)	210,621 (110)
Total - CFDA 66.475			0	210,511	210,511
Environmental Protection Consolidated Research	66.500			5	5
Science To Achieve Results (STAR) Research Program <i>Pass-Through from Clemson University</i> <i>Pass-Through from Georgia Institute of Technology</i> <i>Pass-Through from Health Effects Institute</i> <i>Pass-Through from Syracuse University</i>	66.509	1289-7558-218- D5774-G1 CR83234701 RD-83418801-1	564,713  3,912	2,133,366 13,331 18,333 9,013 28,025	2,698,079 13,331 18,333 12,925 28,025

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Environmental Protection Agency (continued)</b>					
<i>Pass-Through from University of California - Davis</i>		07-003825-01		52,198	52,198
<i>Pass-Through from University of Georgia Research Foundation</i>		RC398 035/4689978		14,109	14,109
<i>Pass-Through from University of Maryland - College Park</i>		504463		30,953	30,953
Total - CFDA 66.509			568,625	2,299,328	2,867,953
Office of Research and Development Consolidated Research/Training/Fellowships	66.511			5,381	5,381
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513			28,018	28,018
Science To Achieve Results (STAR) Fellowship Program	66.514			21,871	21,871
P3 Award: National Student Design Competition for Sustainability	66.516		5,000	20,986	25,986
Performance Partnership Grants	66.605		52,580	328,741	381,321
Pollution Prevention Grants Program	66.708		9,900	144,131	154,031
Brownfields Assessment and Cleanup Cooperative Agreements <i>Pass-Through from City of Corpus Christi</i>	66.818	2B-96699101-0 2B- 96698801-0		921	921
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs <i>Pass-Through from Border Environment Cooperation Commission</i>	66.931	TAA12-014 PID 20198 B2012 R6 .974		10,396	10,396
<i>Pass-Through from Border Environment Cooperation Commission</i>		TAA12-034		4,700	4,700
Total - CFDA 66.931			0	15,096	15,096
Environmental Education Grants	66.951		15,381	43,258	58,639
Total - Environmental Protection Agency			1,254,842	9,729,787	10,984,629
<b>Nuclear Regulatory Commission</b>					
Nuclear Regulatory Commission	77.XXX	NRC-04-09-134		104,303	104,303
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			144,466	144,466
<i>Pass-Through from Kansas State University</i>		S12095		25,404	25,404
<i>Pass-Through from Oregon State University</i>		X0105A-B, 4		44,326	44,326
<i>Pass-Through from University of Kansas Center for Research</i>		FY2012-087		14,024	14,024
Total - CFDA 77.006			0	228,220	228,220

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Nuclear Regulatory Commission (continued)</b>					
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			178,936	178,936
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008			334,725	334,725
U.S. Nuclear Regulatory Commission Office of Research Financial Assistance Program	77.009			94,793	94,793
Total - Nuclear Regulatory Commission			<u>0</u>	<u>940,977</u>	<u>940,977</u>
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	1188556		44,336	44,336
		1197246		41,447	41,447
		1247909		28,268	28,268
		178411		149,693	149,693
		187182		205,974	205,974
		189074		36,297	36,297
		4000099939		74,269	74,269
		6984302		24,925	24,925
		980176		(66)	(66)
		998575		(9)	(9)
		DE-AC02		44,898	44,898
		DEAC0206CH11357		149,629	149,629
		DE-AC04-94AL85000		26,584	26,584
		DE-AC05-00OR22725	42,086	306,969	349,055
		DE-AC07-05ID14517	7,749	10,320	18,069
		DE-AC36-		5,269	5,269
		DE-AC52-09NA29327	103,407	67,114	170,521
		DE-FC02-08ER54961		46,623	46,623
		DE-FG02-		244	244
		03ER15406, A006			
		DE-FG02-		175,351	175,351
		04ER41321, A007			
		DE-FG02-		546	546
		04ER54754_008			
		DE-NT008022		14,223	14,223
		S009355-R	14		14
		S010813-F		29,943	29,943
<i>Pass-Through from A123 Systems, Inc.</i>		UTA10-001285		4,863	4,863
<i>Pass-Through from Addx Corp.</i>		ADDX-CEE-11-0001		59,597	59,597
<i>Pass-Through from Argonne National Laboratory</i>		0F-32721		76,590	76,590
<i>Pass-Through from Argonne National Laboratory</i>		2F 30241		23,223	23,223
<i>Pass-Through from Argonne National Laboratory</i>		2F-30621 AC02-06CH11357		18,399	18,399
<i>Pass-Through from AWS Truepower, LLC</i>		DE EE0004420 001		304,636	304,636
<i>Pass-Through from Babcock and Wilcox</i>		43000075854		63,212	63,212
<i>Pass-Through from Battelle</i>		182088		17,931	17,931
<i>Pass-Through from Battelle</i>		86303		24,284	24,284
<i>Pass-Through from Battelle</i>		DEAC0576RL01830		307,920	307,920
<i>Pass-Through from Battelle</i>		DE-AC05-		810	810

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		4000086610, 400010215,400010118		(1,605)	(1,605)
<i>Pass-Through from BWXT Pantex, LLC</i>		0000001196, 0000002666		213,971	213,971
<i>Pass-Through from Carnegie Institute of Washington</i>		4-10114-08		11,625	11,625
<i>Pass-Through from Carnegie Institute of Washington</i>		4-3253-15		27,138	27,138
<i>Pass-Through from Clemson University</i>		07-01-SR127	(14)		(14)
<i>Pass-Through from Columbia University in the City of New York</i>		5(GG0009028) PR:BNL-221654		123,303	123,303
<i>Pass-Through from Columbia University in the City of New York</i>		5(GG009028) PR:BNL-221654		55,981	55,981
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		587019; UTA09- 000809		43,642	43,642
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		587019; UTA09- 000810		40,111	40,111
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		571899		10,965	10,965
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		603887		45,621	45,621
<i>Pass-Through from Fermi Research Alliance, LLC</i>		605026		35,152	35,152
<i>Pass-Through from Houston Advanced Research Center</i>		EFDTIP-T10		11,572	11,572
<i>Pass-Through from Idaho National Engineering Laboratory</i>		114954		46,033	46,033
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6805918, PREVIOUS 6712770		125,894	125,894
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6805919		102,355	102,355
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6981059		11,728	11,728
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6995407		19,715	19,715
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6998655		122,274	122,274
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7000389		30,472	30,472
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7029302		60,036	60,036
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B593012		149,880	149,880
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B594497		21,335	21,335
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B594717		12,037	12,037
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B599218		58,784	58,784
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B600310		66,626	66,626
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B600597		24,403	24,403
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B592779 PRIME:DE-AC52- DEAC5207NA27344		5,679	5,679
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		UTA10-000285		659,611	659,611
<i>Pass-Through from Layline Petroleum, LLC</i>		153370-1		35,685	35,685
<i>Pass-Through from Los Alamos National Laboratory</i>		156611-1		143,139	143,139
<i>Pass-Through from Los Alamos National Laboratory</i>		182733-1		3,542	3,542
<i>Pass-Through from Los Alamos National Laboratory</i>		187268		36,736	36,736
<i>Pass-Through from Los Alamos National Laboratory</i>		187268		15,556	15,556
<i>Pass-Through from Los Alamos National Laboratory</i>		79506-001-10		665,170	665,170
<i>Pass-Through from Los Alamos National Laboratory</i>		84917-001-10; 152905		57,823	57,823
<i>Pass-Through from Los Alamos National Security, LLC</i>		162500-1		46,985	46,985
<i>Pass-Through from Medical University of South Carolina</i>		MUSC09-102		37,991	37,991
<i>Pass-Through from National Renewable Energy Laboratory</i>		AFT-2-22439-01		45,965	45,965
<i>Pass-Through from National Renewable Energy Laboratory</i>		AGV-2-22437-01		40,286	40,286
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEA-0-40058-01		4,491	4,491
		DE-AC36-08GO28308			

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-2-22054-01		22,300	22,300
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-9-9904201 DE- AC36-08G028308		85,934	85,934
<i>Pass-Through from Navigant Consulting, Inc.</i>		TSA-11, 2		12,343	12,343
<i>Pass-Through from Oak Ridge Associated Universities</i>		284411		5,073	5,073
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 016		35,000	35,000
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 018		166,444	166,444
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 LOA		12,435	12,435
<i>Pass-Through from Pacific Northwest National Laboratory</i>		145095		46,850	46,850
<i>Pass-Through from Pacific Northwest National Laboratory</i>		169993		32,716	32,716
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172		37,234	37,234
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172 - 4		23,023	23,023
<i>Pass-Through from Pantex</i>		DE-AC54-00AL66620		79,595	79,595
<i>Pass-Through from Petroleum Tech Transfer Council</i>		09-009		(24,056)	(24,056)
<i>Pass-Through from Portland State University</i>		200MOO210, DE- AC26-07NT42677		81,522	81,522
<i>Pass-Through from Princeton University</i>		S010943-F	20,291	69,312	89,603
<i>Pass-Through from Princeton University</i>		S010943-F; UTA11- 000783LOA		33,556	33,556
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		07122-41		203,311	203,311
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		08122-53		368,727	368,727
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		08122-55	50,208	153,843	204,051
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		08123-16	65,513	171,777	237,290
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		09122-41		92,578	92,578
<i>Pass-Through from Rice University</i>		R16873		88,288	88,288
<i>Pass-Through from Sandia National Laboratories</i>		1024157 REF MASTER AGRMT 772242		12,281	12,281
<i>Pass-Through from Sandia National Laboratories</i>		1049152		40,000	40,000
<i>Pass-Through from Sandia National Laboratories</i>		1086281		92,003	92,003
<i>Pass-Through from Sandia National Laboratories</i>		1086312		1,123	1,123
<i>Pass-Through from Sandia National Laboratories</i>		1087091		85,938	85,938
<i>Pass-Through from Sandia National Laboratories</i>		1093296		22,729	22,729
<i>Pass-Through from Sandia National Laboratories</i>		1117773,1179290,12 07123,777753,88490		118,172	118,172
<i>Pass-Through from Sandia National Laboratories</i>		1123132		4,626	4,626
<i>Pass-Through from Sandia National Laboratories</i>		1125935		2,103	2,103
<i>Pass-Through from Sandia National Laboratories</i>		1129880		6,723	6,723
<i>Pass-Through from Sandia National Laboratories</i>		1148170		43,818	43,818
<i>Pass-Through from Sandia National Laboratories</i>		1165342		45,607	45,607
<i>Pass-Through from Sandia National Laboratories</i>		1174449		110,303	110,303
<i>Pass-Through from Sandia National Laboratories</i>		1198843		19,980	19,980
<i>Pass-Through from Sandia National Laboratories</i>		1238992		47,873	47,873
<i>Pass-Through from Sandia National Laboratories</i>		1241525.0		15,707	15,707
<i>Pass-Through from Sandia National Laboratories</i>		1246323		37,280	37,280
<i>Pass-Through from Sandia National Laboratories</i>		1252537		23,728	23,728
<i>Pass-Through from Sandia National Laboratories</i>		743358		84,290	84,290

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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>		905610		131,685	131,685
<i>Pass-Through from Sandia National Laboratories</i>		948818		12,517	12,517
<i>Pass-Through from Sandia National Laboratories</i>		950818		84,976	84,976
<i>Pass-Through from Sandia National Laboratories</i>		981843		10,475	10,475
<i>Pass-Through from Sandia National Laboratories</i>		990947		40,024	40,024
<i>Pass-Through from Sandia National Laboratories</i>		999287		322,060	322,060
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		AC814370 AC09- 08SR22470		53,911	53,911
<i>Pass-Through from Siemens</i>		3580027442; DE- FC26-05NT42644- SUB27		24,524	24,524
<i>Pass-Through from Siemens</i>		UTA11-000303; DE- FC26-05NT42644- SUB27	(1)		(1)
<i>Pass-Through from Stanford University SLAC National Accelerator Laboratory</i>		107611		26,464	26,464
<i>Pass-Through from UChicago Argonne, LLC</i>		1F-32142		44,838	44,838
<i>Pass-Through from United Technologies Research Center</i>		2601220,1772858		662	662
<i>Pass-Through from Universities Research Association, Inc.</i>		11-F-16		2,420	2,420
<i>Pass-Through from University of California Livermore National Laboratory</i>		B526542 6		58,399	58,399
<i>Pass-Through from University of Wisconsin - Madison</i>		353K312		18,340	18,340
<i>Pass-Through from URS</i>		244799.US/40819273 /1087477		37,983	37,983
<i>Pass-Through from URS</i>		RES1100389		8,757	8,757
<i>Pass-Through from URS</i>		RES1100397		293	293
<i>Pass-Through from UT-Battelle, LLC</i>		4000093209		3,137	3,137
<i>Pass-Through from UT-Battelle, LLC</i>		4000113112		29,916	29,916
<i>Pass-Through from UT-Battelle, LLC</i>		DE-AC05- 00OR22725		7,727	7,727
<i>Pass-Through from Zyvex</i>		UTA08-601		23,683	23,683
ARRA - U.S. Department of Energy <i>Pass-Through from Denbury Resources</i>		DE-FE-0002314 DE- FE-0002381		175,422	175,422
<i>Pass-Through from Denbury Resources</i>		DE-FE-0002314, DE- FE-0002381		178,761	178,761
<i>Pass-Through from NRG Energy, Inc.</i>		UTA10-001000; O030411;LINE ITEM #1&2		225,961	225,961
<i>Pass-Through from NRG Energy, Inc.</i>		UTA10-001039; O121610		12,998	12,998
<i>Pass-Through from Pecan Street Project, Inc.</i>		UTA10-000960		123,602	123,602
<i>Pass-Through from Sandia National Laboratories</i>		1086665		84,186	84,186
<i>Pass-Through from Sandia National Laboratories</i>		948949,		127,661	127,661
<i>Pass-Through from Siemens</i>		UTA12-000499		65,037	65,037
Total - CFDA 81.XXX			289,254	10,200,526	10,489,780

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
Laboratory Equipment Donation Program	81.022		(31,377)	160,440	129,063
Inventions and Innovations	81.036			10,562	10,562
<i>Pass-Through from Battelle</i>		503838		5,252	5,252
Total - CFDA 81.036			0	15,814	15,814
State Energy Program	81.041			507,213	507,213
<i>Pass-Through from State of Louisiana</i>		B2920		13,276	13,276
ARRA - State Energy Program			22,000	1,978,783	2,000,783
<i>Pass-Through from Austin Independent School District</i>		C11-00801	92,581		92,581
<i>Pass-Through from Austin Independent School District</i>		C11-00801		22,826	22,826
Total - CFDA 81.041			114,581	2,522,098	2,636,679
Office of Science Financial Assistance Program	81.049		1,114,523	23,748,915	24,863,438
<i>Pass-Through from Anasys Instruments</i>		UTA12-000489		77,420	77,420
<i>Pass-Through from Argonne National Laboratory</i>		1F-32303, M000		211,635	211,635
<i>Pass-Through from Argonne National Laboratory</i>		2F-31681		18,479	18,479
<i>Pass-Through from Argonne National Laboratory</i>		9F-		40,273	40,273
<i>Pass-Through from Arizona State University</i>		31541__PRIME:DE -AC02-06CH11357			
<i>Pass-Through from Austin Energy</i>		DE-SC0002062		11,650	11,650
<i>Pass-Through from Battelle</i>		24, C05-00017		33,058	33,058
<i>Pass-Through from Battelle</i>		C12-0073	12,063		12,063
<i>Pass-Through from Battelle</i>		00090311, 02		195,247	195,247
<i>Pass-Through from Battelle</i>		00090521		202,448	202,448
<i>Pass-Through from Battelle</i>		00090581, 001		26,386	26,386
<i>Pass-Through from Battelle</i>		00090995, 002		147,675	147,675
<i>Pass-Through from Battelle</i>		00091204, 1		264,801	264,801
<i>Pass-Through from Battelle</i>		00092961		51,377	51,377
<i>Pass-Through from Battelle</i>		00095441		75,985	75,985
<i>Pass-Through from Battelle</i>		00097541, 002		8,840	8,840
<i>Pass-Through from Battelle</i>		00100897		19,360	19,360
<i>Pass-Through from Battelle</i>		00107219		29,004	29,004
<i>Pass-Through from Battelle</i>		00108462		28,784	28,784
<i>Pass-Through from Battelle</i>		00114871		5,003	5,003
<i>Pass-Through from Battelle</i>		00119754		100,442	100,442
<i>Pass-Through from Battelle</i>		00120553		54,654	54,654
<i>Pass-Through from Battelle</i>		00121203		149,982	149,982
<i>Pass-Through from Battelle</i>		00121602		193,911	193,911
<i>Pass-Through from Battelle</i>		00121934		33,467	33,467
<i>Pass-Through from Battelle</i>		B6683	67,241		67,241
<i>Pass-Through from Battelle</i>		C10-00171	13,719		13,719
<i>Pass-Through from Battelle</i>		C10-00216	144,570		144,570
<i>Pass-Through from Battelle</i>		C10-00401	22,458		22,458
<i>Pass-Through from Battelle Pacific Nw Division</i>		8000000963		125	125
<i>Pass-Through from Brookhaven Science Associates, LLC</i>		100586		42,462	42,462
<i>Pass-Through from Calnetix</i>		11-0424		60,000	60,000

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Danimer Scientific, LLC</i>		11-0704		19,332	19,332
<i>Pass-Through from Duke University</i>		08-SC-NICCR-1071		46,577	46,577
<i>Pass-Through from Duke University</i>		09-NICCR-1076		6,322	6,322
<i>Pass-Through from Duke University</i>		09-NICCR-1077		23,872	23,872
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		603817__DE-AC02-07CH11359		38,833	38,833
<i>Pass-Through from Georgia Institute of Technology</i>		E-19-ZG5-G1		(1,253)	(1,253)
<i>Pass-Through from Houston Advanced Research Center</i>		08122-35 R05		70,201	70,201
<i>Pass-Through from Houston Advanced Research Center</i>		EFD1P-T05 Q		28,517	28,517
<i>Pass-Through from Idaho State University</i>		RACL33-09-265C		26,915	26,915
<i>Pass-Through from Idaho State University</i>		RACL74-11-268A		66,612	66,612
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7006108		34,472	34,472
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6924997		203,098	203,098
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6983813		19,998	19,998
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		B593921, 1		51,669	51,669
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		B598353, B575363		3,500	3,500
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		2011-DOE306-0002		6,286	6,286
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		2011-DOE516II-0001__PRIME:DE-SC0004516		53,736	53,736
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B593502, 2		20,472	20,472
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B598353, B575363		157,198	157,198
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B599687		160,273	160,273
<i>Pass-Through from Los Alamos National Laboratory</i>		113844-1, 1		32,214	32,214
<i>Pass-Through from Los Alamos National Laboratory</i>		72198-001-09		753	753
<i>Pass-Through from Los Alamos National Security, LLC</i>		118769-1, 2		169,528	169,528
<i>Pass-Through from Los Alamos National Security, LLC</i>		136693-1, 1		36,241	36,241
<i>Pass-Through from Los Alamos National Security, LLC</i>		87536-001-11		33,668	33,668
<i>Pass-Through from Lynntech, Inc.</i>		UTA11-000959		24,544	24,544
<i>Pass-Through from Membrane Tech and Research, Inc.</i>		367-DOE6184-UT; DE-SC0006184		44,998	44,998
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000088079		167,654	167,654
<i>Pass-Through from Pacific Northwest National Laboratory</i>		151687, 2		29,602	29,602
<i>Pass-Through from Pacific Northwest National Laboratory</i>		155940		45,500	45,500
<i>Pass-Through from Pacific Northwest National Laboratory</i>		156080		321,665	321,665
<i>Pass-Through from Pacific Northwest National Laboratory</i>		186345		186	186
<i>Pass-Through from Radiabeam Technologies, LLC</i>		UTEP-1AMC-SC001		29,307	29,307
<i>Pass-Through from Regents for University of California - Lawrence Berkeley Lab</i>		6992292		30,645	30,645
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		10122-42		91,365	91,365
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		10122-43		146,828	146,828
<i>Pass-Through from Rice University</i>		R16651		103,971	103,971
<i>Pass-Through from Sandia National Laboratories</i>		1086077		8,171	8,171
<i>Pass-Through from Sandia National Laboratories</i>		1163886		253,666	253,666
<i>Pass-Through from Sandia National Laboratories</i>		1190010		40,772	40,772
<i>Pass-Through from Sandia National Laboratories</i>		1203831		95,381	95,381
<i>Pass-Through from Sandia National Laboratories</i>		783255		68,581	68,581

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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>		944909, Rev 4		1,756	1,756
<i>Pass-Through from Sandia National Laboratories</i>		944909, Rev 5		46,348	46,348
<i>Pass-Through from Sandia National Laboratories</i>		969972, Rev 7		173,539	173,539
<i>Pass-Through from Sandia National Laboratories</i>		978619		103,722	103,722
<i>Pass-Through from Shear Form</i>		12-0094		10,925	10,925
<i>Pass-Through from Shear Form</i>		C11-00989		19,666	19,666
<i>Pass-Through from Signal Processing, Inc.</i>		DE-SC0004209		5,042	5,042
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000621		147,568	147,568
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA11-000008		150,440	150,440
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		11-0457		52,887	52,887
<i>Pass-Through from Tulane University</i>		TUL-579-08/09		28,262	28,262
<i>Pass-Through from Tulane University</i>		TUL-604-10/11		15	15
<i>Pass-Through from Tulane University - Coastal NICCR</i>		TUL-580-08/09		11,158	11,158
<i>Pass-Through from University of California - San Diego</i>		504416		72,000	72,000
<i>Pass-Through from University of Delaware</i>		21115		131,714	131,714
<i>Pass-Through from University of Illinois at Urbana -Champaign</i>		2011-00313-01		24,450	24,450
<i>Pass-Through from University of Michigan</i>		3001336236		13,474	13,474
<i>Pass-Through from University of Michigan</i>		3001346237		214,790	214,790
<i>Pass-Through from University of Nevada - Reno</i>		UNR-10-32, 2		168,015	168,015
<i>Pass-Through from University of Oregon</i>		234151 PRIME:DE- FG02-05ER41383		23,242	23,242
<i>Pass-Through from University of Oregon</i>		234171F_PRIME:D E-SC0001476		70,086	70,086
<i>Pass-Through from University of Richmond</i>		DE-SC0001093		26,406	26,406
<i>Pass-Through from University of Tennessee - Battelle, LLC</i>		503920		13,951	13,951
<i>Pass-Through from University of Virginia</i>		GQ10044-133948		91,877	91,877
<i>Pass-Through from University of Wisconsin - Madison</i>		347K900, 01		6,472	6,472
<i>Pass-Through from University of Wisconsin - Madison</i>		182K512, 03		40,585	40,585
<i>Pass-Through from University of Wisconsin - Madison</i>		356K381, 01		29,884	29,884
<i>Pass-Through from UT-Battelle, LLC</i>		4000104014		63,396	63,396
<i>Pass-Through from Western Michigan University</i>		DE SC0001761	20,818	1,401,473	1,422,291
ARRA - Office of Science Financial Assistance Program				2,921,565	2,921,565
<i>Pass-Through from Austin Energy</i>		21, C05-00017		253,166	253,166
<i>Pass-Through from Columbia University</i>		3 ACCT # 5-64853		106,761	106,761
<i>Pass-Through from Oklahoma State University</i>		AA-5-32130-01		97,518	97,518
<i>Pass-Through from University of Michigan</i>		3001622596		107	107
Total - CFDA 81.049			1,395,392	35,165,513	36,560,905
University Coal Research	81.057			34,080	34,080
Office of Scientific and Technical Information	81.064		(41,703)	151,328	109,625
<i>Pass-Through from Sandia National Laboratories</i>		1156850		242,835	242,835
Total - CFDA 81.064			(41,703)	394,163	352,460
Nuclear Waste Disposal Siting	81.065				
<i>Pass-Through from Nye County Nevada</i>		10-014		10,716	10,716
Regional Biomass Energy Programs	81.079				
<i>Pass-Through from South Dakota State University</i>		503757		1,303	1,303
<i>Pass-Through from South Dakota State University</i>		503760		20,917	20,917

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from South Dakota State University</i>		503884		143,742	143,742
<i>Pass-Through from South Dakota State University</i>		504008		17,903	17,903
Total - CFDA 81.079			0	183,865	183,865
Conservation Research and Development	81.086			38,599	38,599
ARRA - Conservation Research and Development				94,333	94,333
<i>Pass-Through from General Motors</i>		GVS00492		7,373	7,373
Total - CFDA 81.086			0	140,305	140,305
Renewable Energy Research and Development	81.087		120,664	3,346,687	3,467,351
<i>Pass-Through from AGCO Corporation</i>		406141		19,099	19,099
<i>Pass-Through from Argonne National Laboratory</i>		0F-32442; UTA09-000866		69,040	69,040
<i>Pass-Through from Arkansas State University</i>		503866		564	564
<i>Pass-Through from AstroWatt</i>		UTA12-000306		47,120	47,120
<i>Pass-Through from Battelle</i>		00088120		176,647	176,647
<i>Pass-Through from Battelle</i>		A8741	112,876		112,876
<i>Pass-Through from Brookhaven Science Associates, LLC</i>		206492		244	244
<i>Pass-Through from Concepts NREC</i>		07-0637, 3		11,276	11,276
<i>Pass-Through from Consortium for Plant Biotechnology</i>		504307		54,460	54,460
<i>Pass-Through from Houston Area Research Council</i>		POG10UH		55,756	55,756
<i>Pass-Through from National Renewable Energy Laboratory</i>		AFT 2 22427 01		832,086	832,086
<i>Pass-Through from National Renewable Energy Laboratory</i>		ZGB-0-99349-01		47,591	47,591
<i>Pass-Through from Ohio University - All Campuses</i>		UT16809		58,660	58,660
<i>Pass-Through from Pacific Northwest National Laboratory</i>		165504		162,677	162,677
<i>Pass-Through from Shaw Environmental, Inc.</i>		C08-00703		19,490	19,490
<i>Pass-Through from Shaw Environmental, Inc.</i>		777276-000 OP		577	577
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		11-0457		12,907	12,907
<i>Pass-Through from University of California - San Diego</i>		10312885-SUB		(3)	(3)
<i>Pass-Through from Virginia Polytechnic Institute</i>		429303-19433		79,143	79,143
ARRA - Renewable Energy Research and Development				657,237	657,237
<i>Pass-Through from Altarock Energy, Inc.</i>		C10-00675		4,144	4,144
<i>Pass-Through from Arizona Geological Survey</i>		TX-EE0002850: BGS11TX98		168,360	168,360
<i>Pass-Through from Building Media, Inc.</i>		C11-00680		(332)	(332)
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504127		289,013	289,013
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504128		38,678	38,678
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504129		140,040	140,040
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504130		158,341	158,341
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504131		38,410	38,410
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504132		8,902	8,902
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504133		187,535	187,535
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504134		38,297	38,297
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504135		235,985	235,985
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504136		68,978	68,978
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504137		84,171	84,171
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504138		174,582	174,582

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504139		97,590	97,590
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504140		174,424	174,424
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504141		255,489	255,489
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504142		68,334	68,334
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504343		11,329	11,329
<i>Pass-Through from Donald Danforth Plant Science Center</i>		504393		363,969	363,969
<i>Pass-Through from Donald Danforth Plant Science Center</i>		570687	100,911		100,911
<i>Pass-Through from Florida International University</i>		800000313-01		13,301	13,301
<i>Pass-Through from Los Alamos National Laboratory</i>		504298		32,138	32,138
<i>Pass-Through from Southern Methodist University</i>		G001011 7540		86,108	86,108
<i>Pass-Through from Southern Methodist University</i>		G001011-7505		260,521	260,521
Total - CFDA 81.087			334,451	8,649,565	8,984,016
Fossil Energy Research and Development	81.089		382,635	5,070,160	5,452,795
<i>Pass-Through from Colorado School of Mines</i>		4-42933/16950		741	741
<i>Pass-Through from CSI Technologies, LLC</i>		10122-19		72,787	72,787
<i>Pass-Through from Gas Technology Institute</i>		S00000134		7,031	7,031
<i>Pass-Through from Gas Technology Institute</i>		S00000134; UTA09-000959		59,396	59,396
<i>Pass-Through from Gas Technology Institute</i>		S00000212		156,760	156,760
<i>Pass-Through from Gas Technology Institute</i>		UTA09-000924; S00000132		34,074	34,074
<i>Pass-Through from Houston Advanced Research Center</i>		08122-35		6,006	6,006
<i>Pass-Through from New Mexico Tech</i>		503389		(2,940)	(2,940)
<i>Pass-Through from New Mexico Tech</i>		570713		(4,550)	(4,550)
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		07122-33, 4		142,677	142,677
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		07122-38	29,750	47,822	77,572
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		07123-01, 6		93,424	93,424
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		08122-48, 1		146,408	146,408
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		09122-12_PRIME:DE-AC26-07NT42677	14,038	130,479	144,517
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		A8251	271,876		271,876
<i>Pass-Through from Rice University</i>		R15623		(117)	(117)
<i>Pass-Through from Rice University</i>		R15623 3		(410)	(410)
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		AC84133N		48,049	48,049
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB3-973-TI3BEG-TI-2008-019	291,501	978,476	1,269,977
<i>Pass-Through from University of Alaska - Fairbanks</i>		UAF 09-0039, 9		32,940	32,940
<i>Pass-Through from University of Arkansas</i>		504115		50,830	50,830
<i>Pass-Through from Urs Energy and Construction, Inc.</i>		RES1100412		42,819	42,819

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
ARRA - Fossil Energy Research and Development <i>Pass-Through from New Mexico Tech</i>		504185		105,412	105,412
Total - CFDA 81.089			989,800	7,218,274	8,208,074
Office of Environmental Waste Processing	81.104			15,110	15,110
National Industrial Competitiveness through Energy, Environment, and Economics	81.105			45,104	45,104
Epidemiology and Other Health Studies Financial Assistance Program <i>Pass-Through from Drexel University</i>	81.108	231352630		105,582	105,582
Stewardship Science Grant Program <i>Pass-Through from University of Michigan</i>	81.112	3001432022	202,339	2,331,011	2,533,350
Total - CFDA 81.112			202,339	30,063	30,063
Defense Nuclear Nonproliferation Research <i>Pass-Through from Lawrence Livermore National Security, LLC</i> <i>Pass-Through from Lawrence Livermore National Security, LLC</i> <i>Pass-Through from Sandia National Laboratories</i>	81.113	B571336 B575366, 15 1042305	22,774	411,871 387,633 274,006 (1)	434,645 387,633 274,006 (1)
Total - CFDA 81.113			22,774	1,073,509	1,096,283
University Reactor Infrastructure and Education Support <i>Pass-Through from Medical University of South Carolina</i>	81.114	MUSC09-100		26,221	26,221
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance <i>Pass-Through from Thurgood Marshall Scholarship Fund</i> <i>Pass-Through from Thurgood Marshall Scholarship Fund</i>  <i>Pass-Through from Thurgood Marshall Scholarship Fund</i>  <i>Pass-Through from Thurgood Marshall Scholarship Fund</i>	81.117	MSISF-PVAMU-LU MSI-STEM-PVAMU- BELLAM-2011 MSI-STEM-PVAMU- YANG-2011 MSI-VISITING PROF- PVAMU-BELLAM- 2012 PVAMU 2010	517,515	13,376 72,466 79,901 8,351 (763) 32	13,376 72,466 79,901 8,351 (763) 32
Total - CFDA 81.117			517,515	749,548	1,267,063
State Energy Program Special Projects	81.119		307,462	237,931	545,393
Nuclear Energy Research, Development and Demonstration <i>Pass-Through from Battelle</i>	81.121	00127371	33,370	1,043,007 14,215	1,076,377 14,215

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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>		00109479		3,122	3,122
<i>Pass-Through from Battelle</i>		00112135, 02		47,640	47,640
<i>Pass-Through from Battelle</i>		00124068		140,475	140,475
<i>Pass-Through from Battelle</i>		00124695		37,506	37,506
<i>Pass-Through from Battelle</i>		363117595		(210)	(210)
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B598646		16,831	16,831
<i>Pass-Through from Medical University of South Carolina</i>		MUSC09-100		94	94
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-007		50,643	50,643
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-008		23,111	23,111
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000105055		303,431	303,431
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000111281		27,164	27,164
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000114530		20,792	20,792
<i>Pass-Through from Pacific Northwest National Laboratory</i>		165557		52,006	52,006
<i>Pass-Through from Sandia National Laboratories</i>		1228852, 1 and 2		53,398	53,398
<i>Pass-Through from Sandia National Laboratories</i>		1248934		3,485	3,485
<i>Pass-Through from Syracuse University</i>		24958-02972-S01		31,750	31,750
Total - CFDA 81.121			33,370	1,868,460	1,901,830
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		14,418	222,460	236,878
<i>Pass-Through from ABB, Inc.</i>		DE-OE0000547		210,968	210,968
<i>Pass-Through from Electric Power Research Institute</i>		EP-P39600/C17581		110,580	110,580
<i>Pass-Through from GE Global Research</i>		400040872, 5		90,461	90,461
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis			182,744	502,850	685,594
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; PRIME		164,415	164,415
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA10-001028		103,544	103,544
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA11-000092		58,546	58,546
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA11-000807		71,184	71,184
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA11-001004		90,025	90,025
<i>Pass-Through from University of Minnesota</i>		A000211537, DE- OE000427		11,912	11,912
<i>Pass-Through from University of Minnesota</i>		AA000211565		8,887	8,887
<i>Pass-Through from University of Minnesota</i>		DE-OE000427 SUBA002115147		12,075	12,075
Total - CFDA 81.122			197,162	1,657,907	1,855,069
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123			328,702	328,702
<i>Pass-Through from Sandia National Laboratories</i>		1255732, 1270244		7,382	7,382
Total - CFDA 81.123			0	336,084	336,084
Predictive Science Academic Alliance Program	81.124		148,909	3,229,575	3,378,484

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Purdue University</i>		4105-47010, 02		283,038	283,038
<i>Pass-Through from University of Michigan</i>		3001058063		353,262	353,262
Total - CFDA 81.124			148,909	3,865,875	4,014,784
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128				
<i>Pass-Through from Austin Energy</i>		19, C05-00017		120,876	120,876
<i>Pass-Through from City of Arlington</i>		C11-00536		195,842	195,842
<i>Pass-Through from City of San Antonio, Bexar County</i>		C10-00927		255,452	255,452
<i>Pass-Through from City of San Antonio, Bexar County</i>		EE0000970		78,169	78,169
Total - CFDA 81.128			0	650,339	650,339
ARRA - Geologic Sequestration Site Characterization	81.132		62,012	2,296,251	2,358,263
<i>Pass-Through from Western Michigan University</i>		25-7013370		8,814	8,814
Total - CFDA 81.132			62,012	2,305,065	2,367,077
ARRA - Geologic Sequestration Training and Research Grant Program	81.133		54,183	600,481	654,664
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB_ED-920-TXBEG-2009-001		77,175	77,175
Total - CFDA 81.133			54,183	677,656	731,839
ARRA - Industrial Carbon Capture and Storage (CCS) Application	81.134		282,974	861,983	1,144,957
Advanced Research and Projects Agency - Energy Financial Assistance Program	81.135		392,695	1,555,331	1,948,026
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003117		87,269	87,269
<i>Pass-Through from Superpower, Inc.</i>		DE-AROOO0141		306,859	306,859
<i>Pass-Through from The University of Memphis</i>		Z713201__PRIME:D EAR0000197		51,085	51,085
ARRA - Advanced Research and Projects Agency - Energy Financial Assistance Program				118,927	118,927
<i>Pass-Through from Adma Products, Inc.</i>		C10-361		66,626	66,626
<i>Pass-Through from United Technologies Research Center</i>		2601156/1169652		282,057	282,057
Total - CFDA 81.135			392,695	2,468,154	2,860,849
Total - U.S. Department of Energy			5,271,793	84,000,961	89,272,754
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	U411C110102		232,561	232,561
<i>Pass-Through from Portsmouth School District</i>		UTA12-000713		181,842	181,842

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
<i>Pass-Through from Providence Public School District</i>		UTA12-000011; 2105697		282,494	282,494
<i>Pass-Through from University of Oregon</i>		223911B		187,214	187,214
<i>Pass-Through from Xia, LLC</i>		UTA11-001024		5,806	5,806
Total - CFDA 84.XXX			0	889,917	889,917
Adult Education - Basic Grants to States	84.002		65,125	1,894,428	1,959,553
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			2,137	2,137
International Research and Studies	84.017			67,627	67,627
Overseas Programs - Doctoral Dissertation Research Abroad	84.022			8,963	8,963
Special Education Grants to States <i>Pass-Through from Education Service Center - Region XVII</i>	84.027	200112		143 (3,488)	143 (3,488)
Total - CFDA 84.027			0	(3,345)	(3,345)
Higher Education Institutional Aid	84.031			2,523,598	2,523,598
TRIO Upward Bound	84.047			11,526	11,526
Career and Technical Education Basic Grants to States <i>Pass-Through from Education Service Center - Region XVII</i>	84.048	211553-B55039-200		652,878 160,662	652,878 160,662
Total - CFDA 84.048			0	813,540	813,540
Fund for the Improvement of Postsecondary Education <i>Pass-Through from CSU - Chico Research Foundation</i> <i>Pass-Through from Midland Independent School District</i>	84.116	S07-035 8000001437	26,238	1,083,565 2,467 39,856	1,109,803 2,467 39,856
Total - CFDA 84.116			26,238	1,125,888	1,152,126
Minority Science and Engineering Improvement	84.120			442,025	442,025
Rehabilitation Long-Term Training	84.129			138,796	138,796
Centers for Independent Living <i>Pass-Through from Memorial Hermann - TIRR</i>	84.132	H132B070002		20,548	20,548
National Institute on Disability and Rehabilitation Research <i>Pass-Through from Memorial Hermann - TIRR</i> <i>Pass-Through from Memorial Hermann - TIRR</i> <i>Pass-Through from Northeastern University</i> <i>Pass-Through from University of Wisconsin - Madison</i>	84.133	H133A060091 H133N060003 H133G100187 282K763	295,285	1,300,343 4,757 (6,020) 28,499 66,470	1,595,628 4,757 (6,020) 28,499 66,470
Total - CFDA 84.133			295,285	1,394,049	1,689,334
Business and International Education Projects	84.153			46,276	46,276
Bilingual Education Professional Development	84.195			931,092	931,092
Graduate Assistance in Areas of National Need	84.200			1,462	1,462

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Fund for the Improvement of Education	84.215		20,404	24,014	44,418
TRIO McNair Post-Baccalaureate Achievement	84.217			978,557	978,557
Assistive Technology	84.224		115,479	671,729	787,208
Comprehensive Centers	84.283				
<i>Pass-Through from RMC Research Corporation</i>		UTA05-917 YEAR 6		48,924	48,924
<i>Pass-Through from RMC Research Corporation</i>		UTA05-917 YEAR 7		259,354	259,354
Total - CFDA 84.283			0	308,278	308,278
Twenty-First Century Community Learning Centers	84.287			1,748,818	1,748,818
<i>Pass-Through from Hale Center Independent School District</i>		0869501271		11,203	11,203
Total - CFDA 84.287			0	1,760,021	1,760,021
Education Research, Development and Dissemination	84.305		1,577,671	9,102,930	10,680,601
<i>Pass-Through from Georgia State University Research Foundation</i>		8000001578		118,529	118,529
<i>Pass-Through from Harvard University</i>		108077-5025555		121,031	121,031
<i>Pass-Through from New York University</i>		F6249-02		31,088	31,088
<i>Pass-Through from Penn State University</i>		4664-UTEP-USDE-0593		13,921	13,921
<i>Pass-Through from RMC Research Corporation</i>		G104367		224,201	224,201
<i>Pass-Through from University of Leuven</i>		UTA12-000125; RDO35D110024		55,877	55,877
<i>Pass-Through from University of Nebraska</i>		24-1714-0069-002		6,921	6,921
<i>Pass-Through from University of Tennessee - Knoxville</i>		OR-A11-0221-S001.A02		82,928	82,928
<i>Pass-Through from WestEd</i>		R305A080697		17,391	17,391
Total - CFDA 84.305			1,577,671	9,774,817	11,352,488
Research in Special Education	84.324		321,572	3,157,846	3,479,418
<i>Pass-Through from Lehigh University</i>		541821-78007		147,256	147,256
<i>Pass-Through from Lehigh University</i>		542653-78001		24,466	24,466
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-39281		894	894
Total - CFDA 84.324			321,572	3,330,462	3,652,034
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		7,646	1,964,277	1,971,923
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			58,999	58,999
<i>Pass-Through from California State University - Northridge</i>		F-11-2963UTA		208,130	208,130
Total - CFDA 84.326			0	267,129	267,129
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333			267,140	267,140

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		106,616	544,589	651,205
International Education Technological Innovation and Cooperation for Foreign Information Access	84.337			35,685	35,685
Transition to Teaching <i>Pass-Through from University of Louisiana at Monroe</i>	84.350	SVK010-TAMUK-00		143,491	143,491
Reading First State Grants	84.357			93,940	93,940
Early Reading First <i>Pass-Through from RMC Research Corporation</i>	84.359	EDO1CO00550006		15,811	15,811
English Language Acquisition State Grants	84.365			906,921	906,921
Mathematics and Science Partnerships <i>Pass-Through from O'Donnell Independent School District</i>	84.366	116944057110007		1,894,565 439,755	1,894,565 439,755
Total - CFDA 84.366			0	2,334,320	2,334,320
Improving Teacher Quality State Grants	84.367			32,816	32,816
Striving Readers <i>Pass-Through from Miko Group, Inc.</i>	84.371	ED-ESE-11-C-0057		1,436,961 249,822	1,436,961 249,822
Total - CFDA 84.371			0	1,686,783	1,686,783
College Access Challenge Grant Program	84.378		102,124	2,510,724	2,612,848
ARRA - Education Technology State Grants, Recovery Act <i>Pass-Through from Irving Independent School District</i>	84.386	GN3739		162	162
ARRA - State Fiscal Stabilization Fund (SFSF) – Race to the Top Incentive Grants, Recovery Act <i>Pass-Through from Florida Department of Education</i>	84.395	12-661	214,108	524,191	738,299
ARRA - Investing in Innovation (i3) Fund <i>Pass-Through from The Ohio State University</i>	84.396	U396A100027	479,673	370,361	850,034
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act <i>Pass-Through from Research Corp University of Hawaii</i>	84.397	Z973573		581,641 (3)	581,641 (3)
Total - CFDA 84.397			0	581,638	581,638
Total - U.S. Department of Education			3,331,941	39,436,383	42,768,324
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003			17,962	17,962
Total - National Archives and Records Administration			0	17,962	17,962

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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>United States Institute of Peace</b>					
United States Institute of Peace	91.XXX	USIP-219-11F		14,210	14,210
Total - United States Institute of Peace			0	14,210	14,210
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	1 R01 CA163587 01 A1		30,000	30,000
		1 R15 GM086833-01 11-C-200		44,179	44,179
		131996/131834		149	149
		150407/132024		6,787	6,787
		150414/131193		21,471	21,471
		151963/151707		27,727	27,727
		151965/151432		11,492	11,492
		152289/152287		335,579	335,579
		152289/152287		9,300	9,300
		152289/152287		214,380	214,380
		152289/152287		1,226	1,226
		200-1999-00095		11,363	11,363
		200-2001-00084		5,086	5,086
		200-2001-00084 TO25	5,086	1,981	1,981
		200-2001-00084/0032		32,339	32,339
		200-2001-00084/TO1		7,086	7,086
		200-2005-14736		17,008	17,008
		200-2006-15812		406,849	406,849
		200-2009-32594	406,849	471,677	878,526
		200-2011-39475		78,981	78,981
		200-2011-41271		59,395	59,395
		200-2011-41440		149,120	149,120
		200-2012-M-51191		911	911
		254 2009 M 31878,		5,714	5,714
		254 2010 M 36735			
		263-MJ-611296		(5,599)	(5,599)
		2r01mh07296606a1		436,248	436,248
		5 R01 AG026613- 01A1,02,03,04		1,291	1,291
		5 R01 CA095548- 01A2,2,3,4,05		2,265	2,265
		5 R01 CA116813- 01A1,02,03,04,05		3,186	3,186
		5 R01 DK089224- 01A1,02		284,098	284,098
		5 R01 NS049091- 01A2,02,03,04,05		66,689	66,689
		5 R24 HD042849- 06,07,08,09,10		453,086	453,086
		5 R24 HD042849-11 5U50DP001708-02		62,024	62,024
				462	462

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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>					
		66402		35,165	35,165
		901015		529,591	529,591
		BRCSC04086	23,428	359,271	382,699
		D34195D		(1,902)	(1,902)
		GMO-111205		123,336	123,336
		HHSF223201110109A	14,254	8,339	22,593
		HHSF223201111595		36,508	36,508
		HSH234200737001 C 04		1,517,916	1,517,916
		HSH250201000011C		442,150	442,150
		HHSN260200500007C		278	278
		HHSN261201000029 I 01		139,776	139,776
		HHSN261201000032 I 01		108,892	108,892
		HHSN261201000142 C 03		284,910	284,910
		HHSN261201200210P		7,560	7,560
		HHSN263200700021 C 05		346,390	346,390
		HHSN263200700021 C 06		31,287	31,287
		HHSN263201000054 I 01		(36,456)	(36,456)
		HHSN266200400076C		196,877	196,877
		HHSN267200700006C	144,934	2,277,814	2,422,748
		HHSN268200900039 C 02	58,122	433,399	491,521
		HHSN268201000036C	178,946	1,884,213	2,063,159
		HHSN268201100036C		831,665	831,665
		HHSN268201200019C		20,789	20,789
		HHSN2700788601C/ ROAC		67,541	67,541
		HHSN271200100019 4P		2,837	2,837
		HHSN271201100416P	19,000	129,233	148,233
		HHSN271201200132P		5,055	5,055
		HHSN27220080004		68,824	68,824
		HHSN272200800048C		1,348,152	1,348,152
		HHSN272200900041C	180,976	322,093	503,069
		HHSN272201000038 I 02		10,097	10,097
		HHSN272201000038I	592,329	893,093	1,485,422
		HHSN2722010000401		1,564,589	1,564,589
		HHSN272201000040I		1,038,254	1,038,254
		HHSN272201100018I		19,024	19,024
		HHSN27220110002 W/000		21,174	21,174

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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>					
		HHSN275200403380I		71,918	71,918
		HHSN275200503407C		(980)	(980)
		HHSN275200800035C	1,724,686	189,524	1,914,210
		HHSN275200800035 C/GMO901016		140,661	140,661
		HHSN275200900084U		150,108	150,108
		HHSN27620100694P /578P, 2225347		119,492	119,492
		HHSN276201100007C		13,748	13,748
		HHSN276201100473P		1,860	1,860
		N01 AR062279	26,186	130,375	156,561
		N01 CM-2011-00039 01		232,373	232,373
		N01 CM-52204 03		22,624	22,624
		N01 CM-62202 07		36,192	36,192
		N01 CM-62202 09		350,459	350,459
		N01 CN-095040 04		5,059	5,059
		N01 CN-85186 4	130,226		130,226
		N01AI25488-07	99,510	64,206	163,716
		N01AI25489		(358)	(358)
		N01AI30027		(358)	(358)
		N01-AI-30041		(7,054)	(7,054)
		N01-AI-30065	104,896	1,144,826	1,249,722
		N01-CN-035159 07	219,156	1,224,488	1,443,644
		N01DA-7-8872		1,105,963	1,105,963
		N01HB07159	86,423	51,455	137,878
		N01HV00245		2,369,909	2,369,909
		N01-HV-00245		57,299	57,299
		N01HV028185	154,084	21,799	175,883
		N01HV28184		(3,965)	(3,965)
		N01MH090003		2,609	2,609
		SAIC 29XS143 03	207,829		207,829
		USAMRMC/TATRC V688P-2994	222,402	55,965	55,965
		RTOG-0825 01		318,724	318,724
		ACOSOG Z6051 01		262,241	262,241
		ACOSOG Z6051 01		2,631	2,631
		ACOSOG-Z1041		41,482	41,482
		ACOSOGZ1072 01		6,038	6,038
		201005160002		369,737	369,737
		J5021		66,870	66,870
		HHSN26620100041C /N01-HC-05265		67,766	67,766
		101543329		41,465	41,465
		101543329 PBS		148,864	148,864
		101543329 ULNAR		548,091	548,091
		HHSA29020010015C 02		(18,651)	(18,651)
		HHSA29020010015C 03		41,070	41,070
		<i>Pass-Through from American College of Radiology</i>			
		<i>Pass-Through from American College of Surgeons</i>			
		<i>Pass-Through from American College of Surgeons</i>			
		<i>Pass-Through from American College of Surgeons</i>			
		<i>Pass-Through from American Type Culture Collection</i>			
		<i>Pass-Through from Association of Schools of Public Health</i>			
		<i>Pass-Through from Battelle</i>			
		<i>Pass-Through from Baylor College of Medicine</i>			
		<i>Pass-Through from Baylor College of Medicine</i>			
		<i>Pass-Through from Baylor College of Medicine</i>			
		<i>Pass-Through from Baylor College of Medicine</i>			

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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>		HHSA290200810015 C 04		228,153	228,153
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C		4,146	4,146
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020 C 01		1,125	1,125
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020 C 05		2,700	2,700
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020 C/N01-HD-80020		131,125	131,125
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-80002		21,810	21,810
<i>Pass-Through from Baylor College of Medicine</i>		N01HD80020		1,790	1,790
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-30039		(839)	(839)
<i>Pass-Through from Bioqual Incorporated</i>		HHSN2722010000061		83,321	83,321
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		1435-04-04-CT-73980		5,070	5,070
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		94164NBS23		14,394	14,394
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		HHSN263999900046 1 01		4,116	4,116
<i>Pass-Through from Caracal, Inc.</i>		HHSN261200800050 C 01		642	642
<i>Pass-Through from Carter Consulting, Inc.</i>		200200928537		10,717	10,717
<i>Pass-Through from Case Western Reserve University</i>		N01DK62203		(34,883)	(34,883)
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		HHSN272200800006C		338,649	338,649
<i>Pass-Through from City of Houston Health and Human Services</i>		4600011359		115,654	115,654
<i>Pass-Through from Community Action, Inc.</i>		UTA10-001284		153,009	153,009
<i>Pass-Through from Cornell University</i>		57713-9800		65,214	65,214
<i>Pass-Through from Duke University</i>		HHSN272201000053C		60,829	60,829
<i>Pass-Through from Dynavax Technologies</i>		HHSN272200800038C		79,361	79,361
<i>Pass-Through from Eastern Cooperative Oncology Group</i>		ECOG 5202		62	62
<i>Pass-Through from Feinstein Institute for Medical Research</i>		HHSN271200900019C		128,084	128,084
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		0000593423		(3,453)	(3,453)
<i>Pass-Through from Houston Academy of Medicine</i>		HHSN276201100007C		2,333	2,333
<i>Pass-Through from Houston Academy of Medicine</i>		UTA11-001116		7,933	7,933
<i>Pass-Through from ICF Consulting Group, Inc.</i>		029833.2.004.03.008		3,788	3,788
<i>Pass-Through from Integrated Biotherapeutics Incorporated</i>		HHSN272200800005 5C		191,024	191,024
<i>Pass-Through from La Jolla Institute for Allergy and Immunology</i>		25059-10-384		132,555	132,555
<i>Pass-Through from Lewin Group, Inc.</i>		TLG08-70-5035.01.01 1		160,988	160,988
<i>Pass-Through from Massachusetts General Hospital</i>		1 C06 CA059267 01		523,194	523,194
<i>Pass-Through from Massachusetts General Hospital</i>		HHSN2612007440C		7,355	7,355
<i>Pass-Through from Massachusetts General Hospital</i>		SG		(7,677)	(7,677)
<i>Pass-Through from Medical University of South Carolina</i>		HHSN261200744000C N01-HV-28181 04		(18,184)	(18,184)
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		HHSN26120080043C 03		75,937	75,937
<i>Pass-Through from Minotaur Technologies, LLC</i>		RSC100215396-02		16,742	16,742
<i>Pass-Through from Myelorex, LLC</i>		HHSN261200900061 C 01		25,275	25,275
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		UTA11-000039		3,557	3,557
<i>Pass-Through from National Association of State Mental</i>		SC-1035-UTA-01		16,527	16,527

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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>Health Program Directors</i>					
<i>Pass-Through from National Council on Aging</i>		AGREEMENT DATED 02/09/2012		49,062	49,062
<i>Pass-Through from National Marrow Donor Program- DHHS-NIH</i>		T00008		2,000	2,000
<i>Pass-Through from New England Research Institutes</i>		N01HC45207		785	785
<i>Pass-Through from Northrop Grumman</i>		7500075538, UTA10- 000522		2,296	2,296
<i>Pass-Through from Northwestern University</i>		HHSN272200700058C		284,912	284,912
<i>Pass-Through from Northwestern University</i>		NU		8,835	8,835
<i>Pass-Through from Omega Optics</i>		UTA10-001214		(264)	(264)
<i>Pass-Through from Oregon Health and Science University</i>		HHSN266200500027C		(63)	(63)
<i>Pass-Through from Professional and Scientific Association, Inc</i>		201103689		54,637	54,637
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG 0525 01		112,883	112,883
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG0525 01		13,831	13,831
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG0539 01		3,362	3,362
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG0625 01		13,207	13,207
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG0627 01		6,190	6,190
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG-0825 01		(49,442)	(49,442)
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG-0929 01		22,582	22,582
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG1014 01		4,394	4,394
<i>Pass-Through from Radiological Society of North America</i>		HHSN268201000050 C 01		15,257	15,257
<i>Pass-Through from Research Triangle Institute</i>		200-2010-37370		52,747	52,747
<i>Pass-Through from RTI International</i>		HHSF223201000044 C 01		868	868
<i>Pass-Through from SAIC-Frederick, Inc.</i>		28XS099 01		(3,348)	(3,348)
<i>Pass-Through from SAIC-Frederick, Inc.</i>		HHSN261200800001E		78,531	78,531
<i>Pass-Through from SAIC-Frederick, Inc.</i>		HHSN261200800001 E 01		31,930	31,930
<i>Pass-Through from SAIC-Frederick, Inc.</i>		S07-060 02		(1,897)	(1,897)
<i>Pass-Through from SAIC-Frederick, Inc.</i>		SAIC 29XS143 03		760,016	760,016
<i>Pass-Through from Science Applications International Corporation</i>		11XS187		53,478	53,478
<i>Pass-Through from Science Applications International Corporation</i>		12XS348/HHSN2612 0080		67,734	67,734
<i>Pass-Through from Scripps Research Institute</i>		5-20097		71,272	71,272
<i>Pass-Through from Southwest Oncology Group</i>		SWOG		(88,354)	(88,354)
<i>Pass-Through from Southwest Oncology Group</i>		SWOG-S0722 01		56	56
<i>Pass-Through from Stony Brook University</i>		1098908-2-59329		54,412	54,412
<i>Pass-Through from Sun Nuclear Corporation</i>		N43 CM-52214 02		(48)	(48)
<i>Pass-Through from The University of Alabama -Birmingham</i>		N01AI30025		13,112	13,112
<i>Pass-Through from The University of South Florida</i>		18677		7,852	7,852
<i>Pass-Through from Tulane University Medical Center</i>		HHSN272200900049C		339,320	339,320
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-35131, UTA11- 000657		24,599	24,599
<i>Pass-Through from University of California - Los Angeles</i>		2000-S-KT145		(655)	(655)
<i>Pass-Through from University of California - San Diego</i>		HHSN271201000027C		196,300	196,300

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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>		N01 AI-15416 02		86,259	86,259
<i>Pass-Through from University of California - San Francisco</i>		N01AI15416		47,862	47,862
<i>Pass-Through from University of Colorado - Denver</i>		FY11.001.006		27,185	27,185
		FY12.001.011			
<i>Pass-Through from University of Georgia</i>		RU211-355/4892866		38,526	38,526
<i>Pass-Through from University of New Mexico Health Science Center</i>		UNM #53		2,413	2,413
<i>Pass-Through from University of New Mexico Health Science Center</i>		UNM #54		39,391	39,391
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5 N01 CN-53300 02		137,180	137,180
<i>Pass-Through from University of Pennsylvania</i>		HHSN268200800003C		76,509	76,509
<i>Pass-Through from University of Wisconsin - Madison</i>		N01AI90052		878,666	878,666
<i>Pass-Through from Utah State University</i>		HHSN2720011000191		5,000	5,000
<i>Pass-Through from Washington University - St. Louis</i>		HHSN268201000046C		170,108	170,108
<i>Pass-Through from Westat Corporation</i>		8821S001		61,929	61,929
<i>Pass-Through from Yale New Haven Health Sciences Corporation</i>		HHSA290200600015		7,076	7,076
<i>Pass-Through from Yale New Haven Health System</i>		i 01 UTHSCSA/YNHH- CHS		15,256	15,256
ARRA - U.S. Department of Health and Human Services					
<i>Pass-Through from Feinstein Institute for Medical Research</i>		HHSN271200900019C		82,030	82,030
Total - CFDA 93.XXX			4,599,322	33,785,796	38,385,118
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004			80,785	80,785
<i>Pass-Through from Morehouse School of Medicine</i>		US2MP02001-03-4		(10,963)	(10,963)
<i>Pass-Through from National Hispanic Medical Association</i>		NHMA-OMH-6-10		102,515	102,515
<i>Pass-Through from The American Legacy Foundation</i>		7008-TEXAS CONTRACT		53,491	53,491
Total - CFDA 93.004			0	225,828	225,828
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006			171,889	171,889
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018			1,520	1,520
Innovations in Applied Public Health Research	93.061		93,122	372,754	465,876
<i>Pass-Through from Positive Motion, LLC</i>		1R43DP003339		37,320	37,320
<i>Pass-Through from The University of South Florida</i>		5810-1018-02-E		368	368
Total - CFDA 93.061			93,122	410,442	503,564
Global AIDS	93.067				
<i>Pass-Through from Muhimbili University of Health and Allied Sciences</i>		U2GPS000951		120,870	120,870
Chronic Diseases: Research, Control, and Prevention	93.068			367,973	367,973
Public Health Emergency Preparedness	93.069			332,742	332,742

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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>					
Healthy Marriage Promotion and Responsible Fatherhood <i>Pass-Through from Alliance for North Texas Healthy and Effective Marriages</i>	93.086	90FE0072-04	500	531,291 801	531,791 801
Total - CFDA 93.086			500	532,092	532,592
Affordable Care Act (ACA) Personal Responsibility Education Program <i>Pass-Through from Inter Tribal Council of Arizona, Inc.</i>	93.092	UTSPH-12-00   90AT0013		48,192	48,192
Food and Drug Administration Research <i>Pass-Through from Children's Hospital Boston</i> <i>Pass-Through from University of Kansas Medical Center</i> <i>Pass-Through from University of Kansas Medical Center</i>	93.103	HHSF223200810034 1R01FD00353802 QB847050/R01FD00 3538		342,993 2,656 1,261 2,081	342,993 2,656 1,261 2,081
<i>Pass-Through from Virtually Better, Inc.</i>		5R 42 AA14312-4		179,065	179,065
Total - CFDA 93.103			0	528,056	528,056
Maternal and Child Health Federal Consolidated Programs <i>Pass-Through from Georgia State University Research Foundation</i>	93.110	SP00010519	93,217	802,149 3,674	895,366 3,674
Total - CFDA 93.110			93,217	805,823	899,040
Adolescent Family Life Research Grants <i>Pass-Through from University of Washington</i>	93.111	688851		49,987	49,987
Environmental Health <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Duke University</i> <i>Pass-Through from Intelligent Optical Systems, Inc.</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 The EMMES Corporation</i> <i>Pass-Through from Tulane University</i> <i>Pass-Through from University North Carolina at Chapel Hill</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 Pennsylvania</i>	93.113	5R01ES01968902 5 R01 ES016772 02 IOS#3217--UTA 5 R01 ES017777 02 1R01ES01776701 5R01ES01776703 B6460 5U19ES020677-02 5-31826 5P01ES016732 5 R01 ES015826 05 550097 PO#2593144 R01-ES-016626-03	624,832	8,419,558 23,287 (2,286) 15,612 11,158 (292) 92,432 67,448 30,461 32,831 99,959 26,575 6,757	9,044,390 23,287 (2,286) 15,612 11,158 (292) 92,432 67,448 30,461 32,831 99,959 26,575 6,757
<i>Pass-Through from University of Rochester</i> <i>Pass-Through from Washington State University</i>		5R01ES01725002 1014496002612		19,145 50,978	19,145 50,978
Total - CFDA 93.113			624,832	8,893,623	9,518,455
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			21,808	21,808

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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>					
Preventive Medicine and Public Health Residency Training Program, Integrative Medicine Program, and National Coordinating Center for Integrative Medicine	93.117			219	219
Oral Diseases and Disorders Research <i>Pass-Through from Aquilus Pharmaceuticals, Inc.</i>	93.121	AQ- 1362/IR43DE022207	715,538	8,299,796 19,606	9,015,334 19,606
<i>Pass-Through from Baylor College of Medicine</i>		R01DE012324-15		9,621	9,621
<i>Pass-Through from Meharry Medical College</i>		110630HX142		4,763	4,763
<i>Pass-Through from President and Fellows of Harvard</i>		5R01DE021051-02		199,486	199,486
<i>Pass-Through from Research Foundation of Stony Brook</i>		58291-2-1096644		350,267	350,267
<i>Pass-Through from Research Foundation of SUNY</i>		1073219-150810		630,731	630,731
<i>Pass-Through from Rice University</i>		R2173D/3U01DE017 793		24,312	24,312
<i>Pass-Through from Rice University</i>		R22091		11,190	11,190
<i>Pass-Through from Seattle Biomedical Research Institute</i>		UT-1700/DE017541		4,324	4,324
<i>Pass-Through from Selenium Technologies, Ltd.</i>		R42DE018260		227,441	227,441
<i>Pass-Through from The University of Alabama -Birmingham</i>		000412838- 005/1U19DE		72,093	72,093
<i>Pass-Through from University of Iowa</i>		1000555741/U OF IOWA		172,792	172,792
<i>Pass-Through from University of Miami</i>		1R56DE021862-01		20,681	20,681
<i>Pass-Through from University of Michigan</i>		1 K23 DE020197 01		211	211
<i>Pass-Through from University of North Carolina - Chapel</i>		COCHRAN:S/G DE014577		702	702
<i>Pass-Through from University of Pittsburgh</i>		5R01DE016148-07		151,786	151,786
<i>Pass-Through from University of Pittsburgh</i>		5U01DE020078-03		195,057	195,057
<i>Pass-Through from University of South Dakota</i>		USD0810/R01DE018 707		35,418	35,418
<i>Pass-Through from University of South Dakota</i>		USD1105/1R01DE02 1084		110,085	110,085
<i>Pass-Through from University of Washington</i>		698122		17,337	17,337
Total - CFDA 93.121			715,538	10,557,699	11,273,237
Emergency Medical Services for Children <i>Pass-Through from Baylor College of Medicine</i>	93.127	1H34MC193470100	16,951	(5,838) 29,606	11,113 29,606
Total - CFDA 93.127			16,951	23,768	40,719
Grants to Increase Organ Donations <i>Pass-Through from University Medicine and Dentistry of New Jersey</i>	93.134	1R38OT22184-01-00	15,814	50,135 58,976	65,949 58,976
Total - CFDA 93.134			15,814	109,111	124,925
Centers for Research and Demonstration for Health Promotion and Disease Prevention <i>Pass-Through from American Institutes for Research</i>	93.135	200-2007-20026	187,302	1,319,126 142,312	1,506,428 142,312
Total - CFDA 93.135			187,302	1,461,438	1,648,740

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Injury Prevention and Control Research and State and Community Based Programs	93.136				
<i>Pass-Through from Medical College of Wisconsin</i>		5 R01 CE001835-02		47,516	47,516
<i>Pass-Through from Medical College of Wisconsin Research Foundation</i>		1R01CE00183501		8,462	8,462
<i>Pass-Through from University of California - San Francisco</i>		R01CE001589		6,017	6,017
Total - CFDA 93.136			0	61,995	61,995
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		158,440	96,940	255,380
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143		9,520	170,768	180,288
<i>Pass-Through from University of Missouri - Rolla</i>		00015594-1		25,408	25,408
Total - CFDA 93.143			9,520	196,176	205,696
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			12,062	12,062
<i>Pass-Through from Resource Group</i>		12UTP00RWD		8,147	8,147
Total - CFDA 93.153			0	20,209	20,209
Centers of Excellence	93.157			50,853	50,853
Human Genome Research	93.172		26,805	1,668,196	1,695,001
<i>Pass-Through from Baylor College of Medicine</i>		1 U54 HG006348 01		32,405	32,405
<i>Pass-Through from Baylor College of Medicine</i>		5600728206		51,127	51,127
		/U54HG003273-09			
<i>Pass-Through from Courtesy Associates</i>		CON18706		10,000	10,000
<i>Pass-Through from Duke University</i>		203-0255 04		(849)	(849)
<i>Pass-Through from Duke University</i>		203-1626		360,660	360,660
<i>Pass-Through from Electronic Biosciences</i>		019-NH-1C PO 2311		2,269	2,269
		1R011HG005095			
<i>Pass-Through from Johns Hopkins University</i>		2001505187//1U54H		7,674	7,674
		G006542-01			
<i>Pass-Through from Research Foundation of SUNY</i>		07-35/HG004571		(48,527)	(48,527)
<i>Pass-Through from Seralogix, Inc.</i>		UT-SLX 01-2010		77,899	77,899
<i>Pass-Through from Stanford University</i>		7 R01 HG005855 02		83,747	83,747
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5U01HG004803-04		752,349	752,349
<i>Pass-Through from University of Chicago</i>		5 U01 HG005773 02		9,993	9,993
<i>Pass-Through from University of Michigan</i>		1 R01 HG005855 01		(867)	(867)
<i>Pass-Through from University of Southern California</i>		159433/1R01HG006		129,352	129,352
		015			
<i>Pass-Through from University of Washington</i>		737675		2,512	2,512
Total - CFDA 93.172			26,805	3,137,940	3,164,745
Research Related to Deafness and Communication Disorders	93.173		807,535	6,097,109	6,904,644
<i>Pass-Through from Case Western Reserve University</i>		1 R01 DC010816-01		7,146	7,146

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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 Feinstein Institute for Medical Research</i>		5 U01 DC007946 05		3,068	3,068
<i>Pass-Through from McGill University</i>		5R01DC00578808		99,095	99,095
<i>Pass-Through from Nationwide Children's Hospital</i>		1 R01 DC011312-01A1		8,238	8,238
<i>Pass-Through from Northwestern University</i>		3R01DC006243		1,331	1,331
<i>Pass-Through from Northwestern University</i>		SP0003688/DC006243		242,040	242,040
<i>Pass-Through from Selenium Technologies, Ltd.</i>		R410C010963		29,868	29,868
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000483		27,113	27,113
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000693		34,677	34,677
<i>Pass-Through from The University of Alabama -Birmingham</i>		HHSN260200500008C		87,798	87,798
<i>Pass-Through from University of California - Santa Barbara</i>		KK6121		(1,519)	(1,519)
<i>Pass-Through from University of Colorado - Boulder</i>		1544294/R01DC0011 50		156,240	156,240
Total - CFDA 93.173			807,535	6,792,204	7,599,739
Disabilities Prevention	93.184			20,871	20,871
<i>Pass-Through from Special Olympics</i>		1U01DD000302		504	504
Total - CFDA 93.184			0	21,375	21,375
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program	93.191			359,005	359,005
Research and Training in Complementary and Alternative Medicine	93.213		245,452	3,140,629	3,386,081
<i>Pass-Through from Baylor College of Medicine</i>		5600596858		7,012	7,012
<i>Pass-Through from Baylor College of Medicine</i>		5R21AT004673- 03REV NCE		57,353	57,353
<i>Pass-Through from Medical College of Wisconsin</i>		7R01AT003203-04		46,932	46,932
Total - CFDA 93.213			245,452	3,251,926	3,497,378
National Research Service Awards Health Services Research Training	93.225		40,529	200,992	241,521
Research on Healthcare Costs, Quality and Outcomes	93.226		321,304	1,027,369	1,348,673
<i>Pass-Through from Baylor College of Medicine</i>		5R18HS017820- 04REV		10,884	10,884
<i>Pass-Through from Baylor College of Medicine</i>		5R18HS017889-03		42,219	42,219
<i>Pass-Through from Baylor Research Institute</i>		R01 HS017718		22,038	22,038
<i>Pass-Through from Brigham and Women's Hospital</i>		HHSA290200810010		32,774	32,774
<i>Pass-Through from University of Chicago</i>		7 R01 HS018535 03		17,427	17,427
<i>Pass-Through from University of Pennsylvania</i>		5 U18 HS017991 02		(2,665)	(2,665)
Total - CFDA 93.226			321,304	1,150,046	1,471,350
National Center on Sleep Disorders Research	93.233		7,231	2,147,603	2,154,834
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 HL079533 04		320	320
Total - CFDA 93.233			7,231	2,147,923	2,155,154
Affordable Care Act (ACA) Abstinence Education Program	93.235			236,806	236,806
Mental Health Research Grants	93.242		1,698,381	25,452,156	27,150,537

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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 Agnes Scott College</i>		1 R01 MH092923 01 A1		66,575	66,575
<i>Pass-Through from Baylor College of Medicine</i>		101505653		210,871	210,871
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 MH085527 03		7,145	7,145
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 MH087692 03		101,472	101,472
<i>Pass-Through from Baylor College of Medicine</i>		5600586642		487	487
<i>Pass-Through from Baylor College of Medicine</i>		5600698319		15,876	15,876
<i>Pass-Through from Biomedical Development Corporation</i>		STTR/R41MH091997		66,588	66,588
<i>Pass-Through from Brandeis University</i>		1R01MH086518		64,367	64,367
<i>Pass-Through from Columbia University</i>		5 R01 MH084029 02		628	628
<i>Pass-Through from Columbia University</i>		5R01MH08110704		71,720	71,720
<i>Pass-Through from Duke University Medical Center</i>		R01MH081234		77,503	77,503
<i>Pass-Through from East Carolina University</i>		2010-2011UHT		29,777	29,777
<i>Pass-Through from Feinstein Institute for Medical Research</i>		500414-UTHSCSA-		44,908	44,908
<i>Pass-Through from Georgia State University</i>		1 R01 MH092923 01 A1		27,288	27,288
<i>Pass-Through from Hartford Hospital</i>		A07077M08A00728		547	547
<i>Pass-Through from Johns Hopkins University</i>		1R01MH093665-01A1		55,619	55,619
<i>Pass-Through from Johns Hopkins University</i>		P01MH070306		14,160	14,160
<i>Pass-Through from Johns Hopkins University</i>		R01MH087233		11,367	11,367
<i>Pass-Through from Medical University of South Carolina</i>		UTHSCSA/1R01MH0 83928		24,821	24,821
<i>Pass-Through from Mount Sinai School of Medicine</i>		5 P50 MH066172-10		107,170	107,170
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH06617210		347,118	347,118
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH066172-10		68,877	68,877
<i>Pass-Through from Oregon Research Institute</i>		R01 MH086582		137,697	137,697
<i>Pass-Through from Polaris Health Directions, Inc.</i>		5 R42 MH078432 04		35,468	35,468
<i>Pass-Through from Purdue University</i>		R01MH060397		29,914	29,914
<i>Pass-Through from Research Foundation of SUNY</i>		47509/1073358		161,256	161,256
<i>Pass-Through from Rutgers University</i>		4459		47,373	47,373
<i>Pass-Through from The University of South Florida</i>		HHSN26720080001		88,691	88,691
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5R01MH069774-04		(12)	(12)
<i>Pass-Through from University of California - San Diego</i>		10297621		12,019	12,019
<i>Pass-Through from University of Maryland - Baltimore</i>		R01 MH080066		67,315	67,315
<i>Pass-Through from University of Pittsburgh</i>		0005383, 114365-1		55,414	55,414
<i>Pass-Through from University of Southern California</i>		R01MH085548		16,638	16,638
<i>Pass-Through from University of Washington</i>		586844		38,455	38,455
<i>Pass-Through from University of Washington</i>		671626		22,862	22,862
<i>Pass-Through from Wake Forest University Health Sciences</i>		1R01MH092932		27,371	27,371
<i>Pass-Through from Washington University</i>		4R33MH081281-04		67,235	67,235
<i>Pass-Through from Yale University</i>		A07474		189,376	189,376
Total - CFDA 93.242			1,698,381	27,864,112	29,562,493
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		68,905	260,734	329,639

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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 BCFS Health and Human Services</i>		22603		44,907	44,907
<i>Pass-Through from Mercer University</i>		420622-UT-02		3,278	3,278
<i>Pass-Through from Mercer University</i>		420635-UT-03		9,240	9,240
<i>Pass-Through from University of Georgia</i>		5R01MH08548504		196,880	196,880
<i>Pass-Through from University of Missouri - Kansas City</i>		0030770/00030382		2,201	2,201
Total - CFDA 93.243			68,905	517,240	586,145
Advanced Nursing Education Grant Program	93.247			(180,221)	(180,221)
Geriatric Academic Career Awards	93.250			220,583	220,583
Universal Newborn Hearing Screening	93.251			67,781	67,781
Infant Adoption Awareness Training	93.254				
<i>Pass-Through from Adoption Exchange Association</i>		UTA10-001082		63,083	63,083
<i>Pass-Through from Adoption Exchange Association</i>		UTA11-001022		306,881	306,881
Total - CFDA 93.254			0	369,964	369,964
Occupational Safety and Health Program	93.262		497,883	861,829	1,359,712
<i>Pass-Through from Colorado State University</i>		2U54OH008085-08		115,260	115,260
<i>Pass-Through from Colorado State University</i>		5U50OH008085-07		23,245	23,245
<i>Pass-Through from Colorado State University</i>		846000545		334	334
<i>Pass-Through from Old Dominion University</i>		12-174-395071		3,586	3,586
<i>Pass-Through from University of Iowa</i>		203851		10,363	10,363
Total - CFDA 93.262			497,883	1,014,617	1,512,500
Comprehensive Geriatric Education Program (CGEP)	93.265			69,732	69,732
Immunization Cooperative Agreements	93.268			11,788	11,788
Alcohol Research Programs	93.273		456,338	9,519,229	9,975,567
<i>Pass-Through from Alcohol Research Group</i>		1015639		42,580	42,580
<i>Pass-Through from Baylor College of Medicine</i>		101343174; 5600599523		(117)	(117)
<i>Pass-Through from Phase 5, Inc/Signature Science, LLC</i>		2R42AA016990-02		87,494	87,494
<i>Pass-Through from Portland State University</i>		R01AA020063		13,660	13,660
<i>Pass-Through from Public Health Institute</i>		R01AA018119		724,590	724,590
<i>Pass-Through from University of Oklahoma Health Science Center</i>		UTHSCSA/1R01AA0 19691		89,488	89,488
<i>Pass-Through from University of Virginia</i>		5 R01 AA019720 02		221,972	221,972
<i>Pass-Through from University of Washington</i>		674621		13,087	13,087
<i>Pass-Through from University of Washington</i>		695854		3,227	3,227
<i>Pass-Through from University of Washington</i>		709508		16,867	16,867
ARRA - Alcohol Research Programs			16,773	69,148	85,921
Total - CFDA 93.273			473,111	10,801,225	11,274,336
Drug Abuse and Addiction Research Programs	93.279		1,265,936	23,497,668	24,763,604
<i>Pass-Through from Algomedix</i>		1R43DA031516		62,254	62,254
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 DA011723 10		5,657	5,657
<i>Pass-Through from Columbia University in the City of New York</i>		5R01DA02746003		246,604	246,604

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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 Florida International University</i>		7R21DA026326		8,435	8,435
<i>Pass-Through from Louisiana State University</i>		60962		30,530	30,530
<i>Pass-Through from Majestek Bioscience, LLC</i>		1R43DA02337401A1		4,960	4,960
<i>Pass-Through from Massachusetts General Hospital</i>		218378		20,380	20,380
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA00822720		347,874	347,874
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA008227-21		41,005	41,005
<i>Pass-Through from Southern Methodist University</i>		G000986-7520		42,034	42,034
<i>Pass-Through from Southern Research Institute</i>		1R01DA024675-01A2		101,161	101,161
<i>Pass-Through from Stanford University</i>		60043335-51013- B/R01		11,930	11,930
<i>Pass-Through from Temple University</i>		5 R01 DA025566-03		150,618	150,618
<i>Pass-Through from Texas Christian University</i>		696-TC-12-15-C127		35,286	35,286
<i>Pass-Through from The Miriam Hospital</i>		5R01DA03077803		35,477	35,477
<i>Pass-Through from The University of South Florida</i>		5810-1012-01-A		5,260	5,260
<i>Pass-Through from University of California - San Diego</i>		5R01DA026452		82,829	82,829
<i>Pass-Through from University of Illinois - Champaign</i>		5 P30 DA018310 05		(4,228)	(4,228)
<i>Pass-Through from University of Illinois - Chicago</i>		5R01DA02231703		78,759	78,759
<i>Pass-Through from University of Pennsylvania</i>		5 U01 DA020830 07		365,108	365,108
<i>Pass-Through from University of Pittsburgh</i>		0008871/DA026222		4,217	4,217
<i>Pass-Through from University of Southern California</i>		8000001813	2,800	30,593	33,393
<i>Pass-Through from University of Washington</i>		738948		21,994	21,994
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5 R01 DA011723 12		36,580	36,580
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5 R33 DA026086 05		35,793	35,793
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5 R01 DA011723-12		9,891	9,891
<i>Pass-Through from Washington University</i>		WU11- 3;1R01DA029840		72,377	72,377
Total - CFDA 93.279			1,268,736	25,381,046	26,649,782
Mental Health Research Career/Scientist Development	93.281			528,782	528,782
<i>Pass-Through from Johns Hopkins University</i>		R01MH085554		20,724	20,724
Total - CFDA 93.281			0	549,506	549,506
Mental Health National Research Service Awards for Research Training	93.282			415,308	415,308
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		271,340	1,027,408	1,298,748
<i>Pass-Through from Association of Schools of Public Health</i>		S3933-28-28		24,292	24,292
<i>Pass-Through from Caracal, Inc.</i>		200-2011-M-41083		35,755	35,755
<i>Pass-Through from City of Houston Health and Human Services</i>		REG 65-10		508	508
<i>Pass-Through from Community Council of Greater Dallas</i>		2011-038162		1,833	1,833
<i>Pass-Through from Edinburg Independent School District</i>		2011-038171		4,200	4,200
<i>Pass-Through from Massachusetts Department of Public Health</i>		UTA10-001134		101,458	101,458
<i>Pass-Through from Mid - Rio Grande Border Area Health Education Center</i>		420273		7,328	7,328

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For the Year Ended August 31, 2012

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 Triangle Institute</i>		12-312-0208633		(748)	(748)
<i>Pass-Through from Stanford University</i>		27159540-50754-A		38,832	38,832
<i>Pass-Through from Stanford University</i>		27159540-50754-A, 1		67,917	67,917
<i>Pass-Through from Tarrant County Public Health</i>		110744		10,000	10,000
Total - CFDA 93.283			271,340	1,318,783	1,590,123
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		790,171	8,455,246	9,245,417
<i>Pass-Through from Baylor College of Medicine</i>		101482562		26,218	26,218
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		1023214		17,861	17,861
<i>Pass-Through from Omega Optics</i>		UTA11-000031		2,014	2,014
<i>Pass-Through from OMM Scientific, Inc.</i>		1 R41 EB008614-01A1		3,920	3,920
<i>Pass-Through from Penn State Hershey College of Medicine</i>		UHO014641		15,062	15,062
<i>Pass-Through from Purdue University</i>		4102- 34837__PRIME:R01 EB008388		44,422	44,422
<i>Pass-Through from Purdue University</i>		7R01EB00838803		21,172	21,172
<i>Pass-Through from University of California - Santa</i>		KK8148		30,403	30,403
<i>Pass-Through from University of Cincinnati</i>		5U54EB00795405		104,624	104,624
<i>Pass-Through from University of Maryland - Baltimore</i>		7 R01 EB004416-04		(7,804)	(7,804)
<i>Pass-Through from University of New Mexico</i>		3R58B		(412)	(412)
<i>Pass-Through from University of Oklahoma</i>		1R21 EB008512-01A1		343	343
<i>Pass-Through from Vanderbilt University Medical Center</i>		5R01EB00046109		24,316	24,316
Total - CFDA 93.286			790,171	8,737,385	9,527,556
Teenage Pregnancy Prevention Program	93.297		1,393,955	2,140,707	3,534,662
Small Rural Hospital Improvement Grant Program	93.301			305,236	305,236
Minority Health and Health Disparities Research	93.307		171,595	6,501,703	6,673,298
<i>Pass-Through from Florida International University</i>		5 R24MD001779		11,399	11,399
<i>Pass-Through from Florida International University</i>		5R24MD001779		44,239	44,239
<i>Pass-Through from Regents of the University of Minnesota</i>		5 P60 MD003422 02		30,770	30,770
<i>Pass-Through from University of Minnesota</i>		1 U24 MD006970 01		73,786	73,786
Total - CFDA 93.307			171,595	6,661,897	6,833,492
Trans-NIH Research Support	93.310		271,299	6,756,820	7,028,119
<i>Pass-Through from Baylor College of Medicine</i>		5R01GM090310-03		192,029	192,029
<i>Pass-Through from Baylor College of Medicine</i>		5R01HG004853-03		128,868	128,868
<i>Pass-Through from Cornell University</i>		11040740		153,500	153,500
<i>Pass-Through from Cornell University</i>		12101477; 4100154821		35,036	35,036
<i>Pass-Through from Indiana University - Purdue University</i>		IN4624490UNTX		107,187	107,187
<i>Pass-Through from Stanford University</i>		5 R21 DA025800 02		1,016	1,016
<i>Pass-Through from University of Michigan</i>		5U01NS056975-02		8,732	8,732
<i>Pass-Through from University of Michigan</i>		5U10NS058930-04		116,708	116,708
Total - CFDA 93.310			271,299	7,499,896	7,771,195

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
National Center for Advancing Translational Sciences	93.350			1,485,213	1,485,213
Research Infrastructure Programs	93.351			925,013	925,013
Advanced Education Nursing Traineeships	93.358			70,184	70,184
Biomedical Advanced Research and Development Authority (BARDA), Biodefense Medical Countermeasure Development	93.360			225,290	225,290
Nursing Research	93.361		465,198	3,067,148	3,532,346
<i>Pass-Through from Boston College</i>		5001301-2; 0000050577		9,964	9,964
<i>Pass-Through from Florida International University</i>		1R01NR013378-01		1,687	1,687
<i>Pass-Through from Kent State University</i>		443169-UNT		188,971	188,971
<i>Pass-Through from University of Arkansas</i>		R01NR010235-06		51,132	51,132
<i>Pass-Through from University of Maryland - Baltimore</i>		8000001272		9,822	9,822
Total - CFDA 93.361			465,198	3,328,724	3,793,922
National Center for Research Resources	93.389		611,169	34,522,494	35,133,663
<i>Pass-Through from Harvard Medical School</i>		3UL1TR000170-05S1		19,595	19,595
<i>Pass-Through from Johns Hopkins University</i>		5U54RR02083908		159,144	159,144
<i>Pass-Through from Texas Biomedical Research Institute</i>		12-3500.086/8 P51 OD011133-14		11,514	11,514
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR/NIH-09- 2504.004		17,260	17,260
<i>Pass-Through from University of Cincinnati</i>		3 UL1 RR026314 03 S1		48,567	48,567
<i>Pass-Through from University of Cincinnati</i>		3UL1RR026314-03S1		9,315	9,315
<i>Pass-Through from University of Oregon</i>		8000001721		30,363	30,363
Total - CFDA 93.389			611,169	34,818,252	35,429,421
Academic Research Enhancement Award	93.390			146,612	146,612
Cancer Cause and Prevention Research	93.393		4,441,626	27,588,058	32,029,684
<i>Pass-Through from Baylor College of Medicine</i>		100474383		10,443	10,443
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 CA138836 02		15,710	15,710
<i>Pass-Through from Baylor College of Medicine</i>		5 R21 CA150977 02 01		16,115	16,115
<i>Pass-Through from Baylor College of Medicine</i>		7 R01 CA127219 01 S1		89,001	89,001
<i>Pass-Through from Baylor College of Medicine</i>		7 R01 CA139020 02		466,871	466,871
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5 R01 CA5662-NCE2 06		(24,470)	(24,470)
<i>Pass-Through from City of Hope National Medical Center and Beckman Research Institute</i>		22109.914987.6697; PO B005639		12,410	12,410
<i>Pass-Through from Digital Science Technologies, LLC</i>		4 R42 CA139822 01 A1		1,139	1,139
<i>Pass-Through from Digital Science Technologies, LLC</i>		4R42CA139822-03 / 0007874		1,286	1,286

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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 Digital Science Technologies, LLC</i>		5 R42 CA123932 04		87,885	87,885
<i>Pass-Through from Digital Science Technologies, LLC</i>		5 R42 CA139822 03		197,304	197,304
<i>Pass-Through from Duke University</i>		203-1437		10,962	10,962
<i>Pass-Through from Emory University</i>		5 R56 CA114456 04		(6,516)	(6,516)
<i>Pass-Through from Emory University</i>		U101CA154282-01 / S713745		71,441	71,441
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5R01CA114467-05		814	814
<i>Pass-Through from Georgetown University</i>		5 R01 CA137625 02		94,756	94,756
<i>Pass-Through from Georgetown University Medical Center</i>		5 U01 CA152958 02		199,464	199,464
<i>Pass-Through from Group Health Research Institute</i>		2011120747		17,073	17,073
<i>Pass-Through from Indiana University</i>		R01CA136940-03		57,924	57,924
<i>Pass-Through from Johns Hopkins University</i>		5 R01 CA154823 02		19,139	19,139
<i>Pass-Through from Kaiser Foundation Research Institute</i>		1 R01 CA140377 01 A2		9,460	9,460
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6815123		(33,479)	(33,479)
<i>Pass-Through from Massachusetts General Hospital</i>		3 U01 CA078285 S2		15,567	15,567
<i>Pass-Through from Mayo Clinic</i>		1 R01 CA154537 01 A1		9,814	9,814
<i>Pass-Through from Mayo Clinic</i>		2 U01 CA118444 06		88,749	88,749
<i>Pass-Through from Mayo Clinic</i>		5 R01 CA097075 08		(4,182)	(4,182)
<i>Pass-Through from Mayo Clinic</i>		5 U01 CA118444 05		(199)	(199)
<i>Pass-Through from Mayo Medical School</i>		5R01CA09063609		23,017	23,017
<i>Pass-Through from Medical College of Wisconsin</i>		5 R01 CA134682 04		43,689	43,689
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		1 R01 CA151899 01 A1		35,256	35,256
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		5 R01 CA129639 04		49,142	49,142
<i>Pass-Through from Northshore University Healthsystem</i>		11101077/98010486; 36399-200		69,410	69,410
<i>Pass-Through from Northwestern University</i>		5 R01 CA118890 05		11,717	11,717
<i>Pass-Through from Portland State University</i>		200ROB235		16,886	16,886
<i>Pass-Through from Radiant Creative Group</i>		5 R42 CA126453 03		96,403	96,403
<i>Pass-Through from Regents of the University of Minnesota</i>		1 R01 CA157458 01 A1		16,260	16,260
<i>Pass-Through from Rice University</i>		5 R01 CA138640 03		48,863	48,863
<i>Pass-Through from St. Jude Children's Research Hospital</i>		1 R01 CA157838 01 A1		12,172	12,172
<i>Pass-Through from The University of Alabama -Birmingham</i>		5 R01 CA131653 03		27,347	27,347
<i>Pass-Through from The University of Arizona</i>		1 R01 CA151708 01 A1		18,120	18,120
<i>Pass-Through from The University of Arizona</i>		Y480655		589	589
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5 R01 CA098286 09		167,190	167,190
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-31110		5,191	5,191
<i>Pass-Through from University of California - Berkeley</i>		2P01CA09258411		35,841	35,841
<i>Pass-Through from University of California - Berkeley lab</i>		2P01CA09258411		56,337	56,337
<i>Pass-Through from University of California - Berkeley lab</i>		5P01CA09258410		1,621	1,621
<i>Pass-Through from University of California - San Diego</i>		5 R01 CA069375 10		(1,875)	(1,875)
<i>Pass-Through from University of Iowa</i>		5 R01 CA140933 04		122,902	122,902
<i>Pass-Through from University of Louisville Research Foundation, Inc.</i>		5 R01 CA138688 03		83,430	83,430
<i>Pass-Through from University of Michigan</i>		1 R01 CA152192 01 A1		745	745

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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>		R01CA151284		11,505	11,505
<i>Pass-Through from University of Rochester</i>		1 R01 CA152093 01 A1		27,537	27,537
<i>Pass-Through from University of Rochester</i>		5 R01 CA098954 04		197	197
<i>Pass-Through from University of Southern California</i>		5 R01 CA134786 03		79,236	79,236
<i>Pass-Through from University of Southern California</i>		5 U01 CA 136792 03		94,845	94,845
<i>Pass-Through from University of Southern California</i>		H50670		23,521	23,521
<i>Pass-Through from University of Southern California</i>		H51489/R01CA1326 37-5		50,643	50,643
Total - CFDA 93.393			4,441,626	30,240,276	34,681,902
Cancer Detection and Diagnosis Research	93.394		4,666,121	12,739,277	17,405,398
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 13		68,491	68,491
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 14 CA80098		12,153	12,153
<i>Pass-Through from American College of Radiology</i>		4490/5U01CA08009 8-10		7,088	7,088
<i>Pass-Through from American College of Radiology Imaging</i>		4490/5U01CA08009 8-10		6,857	6,857
<i>Pass-Through from American College of Radiology Imaging</i>		SG/CA080098		4,351	4,351
<i>Pass-Through from Baylor College of Medicine</i>		1 R01 CA163103 01		85,049	85,049
<i>Pass-Through from Brigham and Women's Hospital</i>		5 U24 CA144025 04		29,756	29,756
<i>Pass-Through from C4 Imaging, LLC</i>		1 R43 CA150320 01 A1		(1,544)	(1,544)
<i>Pass-Through from CDG Therapeutics, Inc.</i>		504456		30,845	30,845
<i>Pass-Through from Drexel University</i>		2 P01 CA082710 10		99,352	99,352
<i>Pass-Through from Drexel University</i>		2P01CA082710-10		15,798	15,798
<i>Pass-Through from Drexel University</i>		5P01CA082710-09		234,493	234,493
<i>Pass-Through from Duke University</i>		5 U10 CA076001 14		1,433	1,433
<i>Pass-Through from GE Global Research</i>		1r01CA154433		65,444	65,444
<i>Pass-Through from Institute for Systems Biology</i>		5 U24 CA143835 03		420,957	420,957
<i>Pass-Through from Methodist Hospital Research Institute</i>		6759 / 7R01CA128797-05		90,134	90,134
<i>Pass-Through from Nanomaterials and Nanofabrications Labs, LLC</i>		1 R43 CA141817 01		4,231	4,231
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		5 R01 CA151372 02		57,286	57,286
<i>Pass-Through from Rice University</i>		2 R01 CA103830 06 A1		91,062	91,062
<i>Pass-Through from Rice University</i>		2R01CA103830-06A1		16,584	16,584
<i>Pass-Through from Rice University</i>		5 U01 CA151886 02		178,441	178,441
<i>Pass-Through from Rice University</i>		R22083		98,588	98,588
<i>Pass-Through from Roswell Park Cancer Institute</i>		1 R21 CA162218 01		3,634	3,634
<i>Pass-Through from Stanford University</i>		1 R01 CA152923 01 A1		36,542	36,542
<i>Pass-Through from The Broad Institute</i>		5 U24 CA143845 04		138,773	138,773
<i>Pass-Through from The Methodist Hospital Research</i>		7 R33 CA122864 05		22,851	22,851
<i>Pass-Through from University of California - San Diego</i>		4 R44 CA097686 02		(22,487)	(22,487)
<i>Pass-Through from University of California - San Francisco</i>		5 U24 CA114734 05		2,684	2,684
<i>Pass-Through from University of California - San Francisco</i>		5 U24 CA126477 05		154,217	154,217
<i>Pass-Through from University of Maryland - Baltimore</i>		5 U24 CA115091 07		186,221	186,221

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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>		2 U01 CA086400 11		28,747	28,747
<i>Pass-Through from University of Michigan</i>		5 U01 CA086400 12		168,763	168,763
<i>Pass-Through from University of Pittsburgh</i>		5 R01 CA108990 08		113,192	113,192
<i>Pass-Through from Vanderbilt University</i>		5 U24 CA126479 05		1,419	1,419
<i>Pass-Through from Vanderbilt University</i>		5 U01 CA114771 06		(26,742)	(26,742)
<i>Pass-Through from Washington University</i>		5 U01 CA114722 05		1,230	1,230
<i>Pass-Through from Washington University</i>		7 R01 CA106728 04		2,793	2,793
<i>Pass-Through from Yale University</i>		1 R01 CA155196 01 A1		406,808	406,808
Total - CFDA 93.394			4,666,121	15,574,771	20,240,892
Cancer Treatment Research	93.395		1,900,395	39,021,902	40,922,297
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 06		293,241	293,241
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 08		(14,123)	(14,123)
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 27		30,870	30,870
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 35		13,479	13,479
<i>Pass-Through from American College of Radiology</i>		U10 CA021661 36		10,860	10,860
<i>Pass-Through from American College of Radiology</i>		U10CA021661		(1,057)	(1,057)
<i>Pass-Through from American College of Radiology</i>		U10CA21661		45,073	45,073
<i>Pass-Through from American College of Radiology Imaging</i>		U10 CA021661		1,546	1,546
<i>Pass-Through from American College of Surgeons</i>		7 U10 CA076001 13		39,831	39,831
<i>Pass-Through from Arizona State University</i>		09-023		11,739	11,739
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA14067401A1		65,536	65,536
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 CA132899 02		213	213
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA13289903		34	34
<i>Pass-Through from Brigham and Women's Hospital</i>		5R01CA10716404		173	173
<i>Pass-Through from Brigham and Women's Hospital</i>		7 U10 076001 16		3,789	3,789
<i>Pass-Through from Brigham and Women's Hospital</i>		7 U10 CA076001 16		8,726	8,726
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA98543		10,878	10,878
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		5R01CA11916205		90,811	90,811
<i>Pass-Through from Curesearch - National Childhood Cancer Foundation</i>		U10CA98543		81,746	81,746
<i>Pass-Through from Curesearch for Children's Cancer</i>		5 U10 CA098543-09		48,978	48,978
<i>Pass-Through from Curesearch for Children's Cancer</i>		5 U10 CA98543-09		49,700	49,700
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5R01CA10637007		87,764	87,764
<i>Pass-Through from Duke Clinical Research Institute</i>		5U10CA07600113		4,153	4,153
<i>Pass-Through from Duke Clinical Research Institute</i>		5U10CA07600115		76,023	76,023
<i>Pass-Through from Duke University</i>		2 U10 CA076001 09		12,745	12,745
<i>Pass-Through from Duke University</i>		2 U10 CA076001 15		1,948	1,948
<i>Pass-Through from Duke University</i>		2U10CA076001-5		5,724	5,724
<i>Pass-Through from Duke University</i>		3 U10 CA076001 15 S1		2,671	2,671
<i>Pass-Through from Duke University</i>		5 P01 CA078673 03		(2,383)	(2,383)
<i>Pass-Through from Duke University</i>		5 R01 CA092461		3,990	3,990
<i>Pass-Through from Duke University</i>		5 R01 CA100835 09		20,820	20,820
<i>Pass-Through from Duke University</i>		5 U10 CA033601 29		(1,258)	(1,258)
<i>Pass-Through from Duke University</i>		5 U10 CA033601 31		(96)	(96)
<i>Pass-Through from Duke University</i>		5 U10 CA076001 14		9,417	9,417
<i>Pass-Through from Duquesne University</i>		CO650239		31,050	31,050

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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 Duquesne University</i>		G1100079/R01CA14 2868		152,677	152,677
<i>Pass-Through from Eastern Cooperative Oncology Group Coord Center</i>		5U10CA0211505		87,192	87,192
<i>Pass-Through from Emory University</i>		R01CA116804		30,791	30,791
<i>Pass-Through from Foundation for the Children's Oncology Group</i>		U01CA9745207		3,892	3,892
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5 R21 CA115044 02		(443)	(443)
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		3 U10 CA086802 13 S1		11,636	11,636
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5 U10 CA021115 38		10,996	10,996
<i>Pass-Through from Gynecologic Oncology Group</i>		27469		13,814	13,814
<i>Pass-Through from Gynecologic Oncology Group</i>		5 U10 CA027469 23		161,234	161,234
<i>Pass-Through from Indiana University</i>		IN-4679194-UTHSC		16,451	16,451
<i>Pass-Through from Introgen Research Institute, Inc.</i>		1 R43 CA 114924 01 A2		(75)	(75)
<i>Pass-Through from Introgen Therapeutics</i>		5 R42 CA089778 04		(49,439)	(49,439)
<i>Pass-Through from Isotherapeutics Group, LLC</i>		1 R43 CA150601 01- A1		1,040	1,040
<i>Pass-Through from John Wayne Cancer Institute</i>		5 P01 CA012582 35		3,225	3,225
<i>Pass-Through from Johns Hopkins University</i>		1 U01 CA137443 01		22,442	22,442
<i>Pass-Through from Massachusetts General Hospital</i>		5 P01 CA021239 32		1,508,120	1,508,120
<i>Pass-Through from Mayo Clinic</i>		5 U10 CA033601 34		41,704	41,704
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		HHSN261201000063 C 02		50,693	50,693
<i>Pass-Through from Michigan Critical Care Consultants, Inc</i>		1R41CA120616-01A2		(340)	(340)
<i>Pass-Through from Mount Sinai School of Medicine</i>		5 P01 CA108671 02		(10,769)	(10,769)
<i>Pass-Through from National Childhood Cancer Foundation</i>		021586/U10CA9854 3-09		9,988	9,988
<i>Pass-Through from National Childhood Cancer Foundation</i>		18977/CA098543		11,346	11,346
<i>Pass-Through from National Childhood Cancer Foundation</i>		2U10CA09854306		61,472	61,472
<i>Pass-Through from National Childhood Cancer Foundation</i>		5 U01 CA097452 09		26,261	26,261
<i>Pass-Through from National Childhood Cancer Foundation</i>		5 U10 CA098543 09		34,960	34,960
<i>Pass-Through from National Childhood Cancer Foundation</i>		5 U10 CA98543 09		11,986	11,986
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA09854309		3,782	3,782
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA98543-09S2		160,996	160,996
<i>Pass-Through from National Childhood Cancer Foundation</i>		98543-121 7/CA098543	11	29,591	29,602
<i>Pass-Through from National Surgical Adjuvant Breast and Bowel Project</i>		TFED 36,37,38,39		18,405	18,405
<i>Pass-Through from Northwestern University</i>		3 R01 CA085915 08 S1		(1,387)	(1,387)
<i>Pass-Through from NSABP</i>		1 U10 CA012027 01		1,099	1,099
<i>Pass-Through from NSABP</i>		3 U10 CA012027 38 S1		29,051	29,051
<i>Pass-Through from NSABP</i>		5 U10 CA012027 37		8,902	8,902
<i>Pass-Through from NSABP</i>		5 U10 CA012027 41		38,206	38,206
<i>Pass-Through from Purdue University</i>		5 U01 CA060548 17		1,435	1,435
<i>Pass-Through from Radiation Therapy Oncology Group</i>		5 U10 CA021661		4,496	4,496

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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 Radiation Therapy Oncology Group</i>		5 U10 CA021661 34		4,258	4,258
<i>Pass-Through from Radiation Therapy Oncology Group</i>		5 U10 CA021661 35		4,393	4,393
<i>Pass-Through from Radiation Therapy Oncology Group</i>		RTOG0920 01		11,299	11,299
<i>Pass-Through from Radiation Therapy Oncology Group</i>		U10 CA021661 36		5,880	5,880
<i>Pass-Through from Rice University</i>		5 R01 CA103830 05		(51,191)	(51,191)
<i>Pass-Through from Southwest Oncology Group</i>		2 U10 CA105409 08		214,018	214,018
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA032102 29		(9,639)	(9,639)
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA032102 30		(1,710)	(1,710)
<i>Pass-Through from Southwest Oncology Group</i>		ECOG E2108 01		132	132
<i>Pass-Through from Southwest Oncology Group - U of Michigan</i>		CON19612		738	738
<i>Pass-Through from St. Jude Children's Research Hospital</i>		2 U24 CA055727 18		156,669	156,669
<i>Pass-Through from St. Jude Children's Research Hospital</i>		2 U24CA055727-18		2,505	2,505
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 R01 CA129384 03		27,120	27,120
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 U24 CA055727 17		54,313	54,313
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5U24CA05572716		7,454	7,454
<i>Pass-Through from Standard Imaging, Inc.</i>		1 R43 CA153824 01		(44,304)	(44,304)
<i>Pass-Through from Tetralogic Pharma</i>		11-2-00070 01		13,278	13,278
<i>Pass-Through from The Research Institute at Nationwide Children's Hospital</i>		HHSN261201000001C		148,628	148,628
<i>Pass-Through from The University of Arizona</i>		5 P01 CA017094 32		336,996	336,996
<i>Pass-Through from Translational Genomics Research</i>		5 P01 CA109552 05		546	546
<i>Pass-Through from Transpire, Inc.</i>		5 R44 CA105806 03		(12,855)	(12,855)
<i>Pass-Through from University of California - Irvine</i>		1 R01 CA158383 01 A1		1,598	1,598
<i>Pass-Through from University of California - San Diego</i>		5 P01 CA081534 06		(9,449)	(9,449)
<i>Pass-Through from University of California - San Diego</i>		5 P01 CA081534 10		106	106
<i>Pass-Through from University of California - San Diego</i>		5 P01 CA081534 11		84,249	84,249
<i>Pass-Through from University of California - San Francisco</i>		5 U01 CA062399 14		(2,920)	(2,920)
<i>Pass-Through from University of Iowa</i>		5 R01 CA109208 04		60,087	60,087
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5 R21 CA131611 03		94,978	94,978
<i>Pass-Through from University of Michigan</i>		2 U10 CA032102 32		183,163	183,163
<i>Pass-Through from University of Michigan</i>		5 U10 CA032102 30		10,828	10,828
<i>Pass-Through from University of Michigan</i>		5 U10 CA032102 33		44,384	44,384
<i>Pass-Through from University of Michigan</i>		5 U10 CA032402 32		20,525	20,525
<i>Pass-Through from University of Michigan</i>		CA32102		49,655	49,655
<i>Pass-Through from University of Michigan</i>		F205216/2		69,494	69,494
<i>Pass-Through from University of Michigan</i>		U10CA32102			
<i>Pass-Through from University of Michigan</i>		SWOG/CTEP,CA321 02		44,165	44,165
<i>Pass-Through from University of Michigan</i>		U10 CA032102 32		6,121	6,121
<i>Pass-Through from University of Pennsylvania</i>		552660		30,912	30,912
<i>Pass-Through from University of Pittsburgh</i>		0010723		37,896	37,896
<i>Pass-Through from University of Tennessee - Memphis</i>		5 R01 CA092160 10		(18,880)	(18,880)
<i>Pass-Through from Vanderbilt University</i>		5 R01 CA011556 05		15,717	15,717
<i>Pass-Through from Washington University</i>		5 U24 CA081647 08		(837)	(837)
<i>Pass-Through from Washington University</i>		5 U24 CA081647 13		74,692	74,692
<i>Pass-Through from Wayne State University</i>		R01CA140314		6,821	6,821
Total - CFDA 93.395			1,900,406	44,243,776	46,144,182
Cancer Biology Research	93.396		2,088,294	26,453,490	28,541,784

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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>		5 U01 CA105352 05		(1,060)	(1,060)
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA105491 03		(248,245)	(248,245)
<i>Pass-Through from Baylor College of Medicine</i>		5U01CA141497-03		15,589	15,589
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5 P01 CA089021 10		59,792	59,792
<i>Pass-Through from Boston University</i>		4500000043		87,749	87,749
		FORMERLY GC208072NGC			
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5U56CA11864105		103	103
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5 U01 CA084296 10		(333)	(333)
<i>Pass-Through from H. Lee Moffitt Cancer Center and Research</i>		1U01CA151924-01A1		153,380	153,380
<i>Pass-Through from Mayo Clinic</i>		5 P50 CA116201 05		(7,806)	(7,806)
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA13854604		120,959	120,959
<i>Pass-Through from Oregon Health and Science University</i>		APED10507_9006561		13,350	13,350
<i>Pass-Through from PharmaSeq, Inc.</i>		2R44CA132547-03		67,351	67,351
<i>Pass-Through from Rice University</i>		5 R21 CA147912 02		28,841	28,841
<i>Pass-Through from Tufts University</i>		5R01CA12503303		27,382	27,382
<i>Pass-Through from University of Pennsylvania</i>		2 R01 CA089202 11		24,275	24,275
<i>Pass-Through from Vanderbilt University</i>		2P01CA040035-18A1		123	123
Total - CFDA 93.396			2,088,294	26,794,940	28,883,234
Cancer Centers Support Grants	93.397		3,960,441	35,562,341	39,522,782
<i>Pass-Through from Baylor College of Medicine</i>		3P30CA125123-03S2		12,200	12,200
<i>Pass-Through from Baylor College of Medicine</i>		5 P50 CA558183 17		16,203	16,203
<i>Pass-Through from Baylor College of Medicine</i>		5600704478		20,042	20,042
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5 P50 CA101942 08		(25,151)	(25,151)
<i>Pass-Through from Case Western Reserve University</i>		RES506452		98,266	98,266
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5U54CA15673202		70,676	70,676
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		5 U54 CA112970 07		273,444	273,444
<i>Pass-Through from Methodist Hospital</i>		7 U54 CA143837 05		2,905	2,905
<i>Pass-Through from Oregon Health and Science University</i>		7 U54 CA112970 07		221,860	221,860
<i>Pass-Through from Princeton University</i>		0000201	7,702	17,202	24,904
<i>Pass-Through from The Methodist Hospital Research</i>		6754		67,497	67,497
<i>Pass-Through from The Methodist Hospital Research</i>		7 U54 CA143837 04		764,662	764,662
<i>Pass-Through from The University of Arizona</i>		5 P50 CA095060 09		115,862	115,862
<i>Pass-Through from University of Nebraska Medical Center</i>		5P50CA12729704		109,897	109,897
<i>Pass-Through from Washington University</i>		5 P50 CA134254 03		26,765	26,765
<i>Pass-Through from Washington University - St. Louis</i>		5P50CA13425403		8,111	8,111
<i>Pass-Through from Washington University - St. Louis</i>		WU-12- 227/5P50CA1342		149,929	149,929
Total - CFDA 93.397			3,968,143	37,512,711	41,480,854
Cancer Research Manpower	93.398		6,924	6,319,640	6,326,564
<i>Pass-Through from American Academy of Hospice and Palliative Medicine</i>		R25CA6677104		419	419
<i>Pass-Through from Baylor College of Medicine</i>		1 R25 CA160078 01		38,112	38,112
<i>Pass-Through from Mount Sinai School of Medicine</i>		5 K07 CA124668 05		25,924	25,924
Total - CFDA 93.398			6,924	6,384,095	6,391,019

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Cancer Control	93.399		857,141	5,244,646	6,101,787
<i>Pass-Through from Baylor College of Medicine</i>		5 U19 CA086809 06		(60)	(60)
<i>Pass-Through from Black Hills Center for American Indian Health</i>		1 P50 CA148110 02		154,069	154,069
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10 CA95861-11		8,544	8,544
<i>Pass-Through from Duke University</i>		5 R21 CA122143 02		1,774	1,774
<i>Pass-Through from Eastern Cooperative Oncology Group</i>		5 MDA520SH05-00		146	146
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5 U10 CA037403 26		24,569	24,569
<i>Pass-Through from Hope Foundation</i>		UTHSCASWOG CA37429		130	130
<i>Pass-Through from Mayo Clinic</i>		1 U10 CA149950 01 A1		16,356	16,356
<i>Pass-Through from National Childhood Cancer Foundation</i>		18001/CA95861		27,047	27,047
<i>Pass-Through from NSABP</i>		2 U10 CA037377 01		105,279	105,279
<i>Pass-Through from NSABP</i>		2 U10 CA037377 22		78,158	78,158
<i>Pass-Through from NSABP</i>		5 U10 CA037377 22		32,996	32,996
<i>Pass-Through from NSABP</i>		5 U10 CA037377 26		395,519	395,519
<i>Pass-Through from NSABP Foundation</i>		NSABP PFED23A- TXS-01		10,161	10,161
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA037429 16		(8,449)	(8,449)
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA037429 23		(57,386)	(57,386)
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA037429 24		396	396
<i>Pass-Through from Southwest Oncology Group</i>		CA37429		5,037	5,037
<i>Pass-Through from Southwest Oncology Group</i>		SWOG		(19,384)	(19,384)
<i>Pass-Through from University of Michigan</i>		5 U01 CA086400 10		(30,270)	(30,270)
<i>Pass-Through from University of Michigan</i>		5 U10 CA037429 27		41,976	41,976
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 05		(7,802)	(7,802)
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 09		171,407	171,407
<i>Pass-Through from Washington University - St. Louis</i>		WU-12-83, 1		29,142	29,142
Total - CFDA 93.399			857,141	6,224,001	7,081,142
ARRA - State Primary Care Offices	93.414			(1,165)	(1,165)
Ruminant Feed Ban Support Project	93.449			248,667	248,667
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520			54,331	54,331
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531		68,000	135,311	203,311
<i>Pass-Through from City of Austin</i>		201200943		271	271
<i>Pass-Through from City of Austin</i>		NA120000100		41,780	41,780
<i>Pass-Through from City of Houston Health and Human Services</i>		4500160060-1		13,443	13,443
Total - CFDA 93.531			68,000	190,805	258,805
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535		106,399	805,337	911,736

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Temporary Assistance for Needy Families	93.558			24,150	24,150
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		66,959	66,959
Head Start	93.600			22,269	22,269
<i>Pass-Through from City of San Antonio</i>		46000012222		45,381	45,381
<i>Pass-Through from Harris County Department of Education</i>		CATCH UP		21,199	21,199
Total - CFDA 93.600			0	88,849	88,849
Health Care Innovation Awards (HCIA)	93.610			103,560	103,560
Developmental Disabilities Basic Support and Advocacy	93.630		22,189	453,499	475,688
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		33,330	886,106	919,436
<i>Pass-Through from University of Kansas Center for Research</i>		FY2011-075		(986)	(986)
<i>Pass-Through from University of Kansas Center for Research</i>		FY2012-052		3,024	3,024
Total - CFDA 93.632			33,330	888,144	921,474
Social Services Research and Demonstration	93.647				
<i>Pass-Through from Northwestern University</i>		SP0016134/PROJ0004608		102,508	102,508
Adoption Opportunities	93.652		382,509	1,713,931	2,096,440
Foster Care Title IV-E	93.658			181,171	181,171
Trans-NIH Recovery Act Research Support	93.701			706,830	706,830
<i>Pass-Through from Rice University</i>		R22041		99,359	99,359
<i>Pass-Through from Seton Hospital</i>		6058SC_UTAUS001		29,230	29,230
<i>Pass-Through from University of Pittsburgh</i>		008749, 119484-2		22,248	22,248
ARRA - Trans-NIH Recovery Act Research Support			13,902,515	30,093,011	43,995,526
<i>Pass-Through from Allen Institute for Brain Science</i>		1 RC2 MH089921-01		21,773	21,773
<i>Pass-Through from American College of Radiology</i>		5 RC2 CA148190 02		188,551	188,551
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-09S1		(6,720)	(6,720)
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 05		317	317
<i>Pass-Through from Baylor College of Medicine</i>		5600720176		23,907	23,907
<i>Pass-Through from Baylor College of Medicine</i>		5P30HL101255-02		(33)	(33)
<i>Pass-Through from Baylor College of Medicine</i>		5R01GM08880302		24,488	24,488
<i>Pass-Through from Baylor College of Medicine</i>		5R21NS065937-02		(4,158)	(4,158)
<i>Pass-Through from Boston University</i>		REV 4500000672		16,933	16,933
<i>Pass-Through from Charles Drew University of Medicine</i>		5RC2GM092602-02 10-11-KN- GR020000-UTEP-RAM		5,280	5,280
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3U01DK066174-0851		(3,112)	(3,112)
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3U01DK066174-0852		(1,237)	(1,237)

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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 Children's Oncology Group</i>		3 U10 CA098543 07 S6		3,301	3,301
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		5 U01 CA139275 02		1,254	1,254
<i>Pass-Through from Columbia University</i>		2 5-38328	122,833	35,502	158,335
<i>Pass-Through from Drew University</i>		ARRA10-11-KN- GR02000		6,334	6,334
<i>Pass-Through from Emory University</i>		5RC1MD004563-02		2,259	2,259
<i>Pass-Through from George Washington University</i>		10- D31/U01DK061230- 3U24DK07616904S2		2,912	2,912
<i>Pass-Through from Georgia Health Sciences University</i>		J3976-01		36,939	36,939
<i>Pass-Through from Georgia State University</i>		5 RC2 CA148577 02		21,813	21,813
<i>Pass-Through from Group Health Cooperative</i>		BL-4612415-UNT		555	555
<i>Pass-Through from Indiana University School of Medicine</i>		5 P01 CA029605 29		2,900	2,900
<i>Pass-Through from John Wayne Cancer Institute</i>		5 RC4 CA156551 02		89	89
<i>Pass-Through from Massachusetts General Hospital</i>		2R01NS041558-07		228,019	228,019
<i>Pass-Through from Mayo Clinic</i>		MUSC10-094		17,398	17,398
<i>Pass-Through from Medical University of South Carolina</i>		RC2GM092599-03		16,271	16,271
<i>Pass-Through from Methodist Hospital Research Institute</i>		19225		33,552	33,552
<i>Pass-Through from National Childhood Cancer Foundation</i>		R21HL096357		22,187	22,187
<i>Pass-Through from Nova Southeastern University</i>		5RC2AR05895902		60,272	60,272
<i>Pass-Through from Oklahoma Medical Research</i>		5R42AI051050-05		127,234	127,234
<i>Pass-Through from PharmaReview Corporation</i>		5 RC2 MD004797 02		7,499	7,499
<i>Pass-Through from Regents of the University of Minnesota</i>		52186/1083278		108,872	108,872
<i>Pass-Through from Research Foundation of the State University of New York</i>		R2Z942		279	279
<i>Pass-Through from Rice University</i>		RC2DE020785		160,022	160,022
<i>Pass-Through from Rice University</i>		5RC1HD06415902		88,679	88,679
<i>Pass-Through from Sanford - Burnham Medical Research Institute</i>		1R56DC01064		67,787	67,787
<i>Pass-Through from Stanford University</i>		26346910-50316-C		57,570	57,570
<i>Pass-Through from Stanford University</i>		5R01NS0392505		37,998	37,998
<i>Pass-Through from Stanford University</i>		5P30DE020742-02		1,702	1,702
<i>Pass-Through from Texas Engineering Experiment Station</i>		SUB#99-S120034		3,140	3,140
<i>Pass-Through from Texas Heart Institute</i>		919-UH		83,650	83,650
<i>Pass-Through from The Methodist Hospital Research</i>		5 RC2 GM092599 03		343,770	343,770
<i>Pass-Through from The Ohio State University</i>		60017856		2,608	2,608
<i>Pass-Through from The University of Alabama - Birmingham</i>		7 R01 CA133053 02		(2,580)	(2,580)
<i>Pass-Through from The University of Alabama - Birmingham</i>		ARRA-000348386- 002/R		3,974	3,974
<i>Pass-Through from The University of Arizona</i>		Y562126		87,366	87,366
<i>Pass-Through from Trustees of Indiana University</i>		5RC1DK08655802		(6)	(6)
<i>Pass-Through from Tufts University</i>		C10-00750, 1		319	319
<i>Pass-Through from UC Davis School of Medicine Office of Research</i>		0900229-01/CA131386		60,334	60,334
<i>Pass-Through from University North Carolina at Chapel Hill</i>		3R01ES01268905S2		789	789
<i>Pass-Through from University North Carolina at Chapel Hill</i>		3U01HG004803-		262,780	262,780
<i>Pass-Through from University of Akron</i>		3R01GM08689502S1		5,771	5,771
<i>Pass-Through from University of California - Davis</i>		09002161-01		16,794	16,794

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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 Diego</i>		1RC2AG03653501		38,351	38,351
<i>Pass-Through from University of Chicago</i>		RC2DEC077901		(5,358)	(5,358)
<i>Pass-Through from University of Chicago</i>		1 RC1 CA145799 01		63,612	63,612
<i>Pass-Through from University of Chicago</i>		42508		(125)	(125)
<i>Pass-Through from University of Colorado - Denver</i>		5 RC1 HL100849 02		(8,067)	(8,067)
<i>Pass-Through from University of Colorado - Denver</i>		5 RC2 CA148394 02		135,710	135,710
<i>Pass-Through from University of Colorado Denver Cancer Center</i>		5RC2CA14839402		10,525	10,525
<i>Pass-Through from University of Florida</i>		UF12065		17,950	17,950
<i>Pass-Through from University of Georgia</i>		RU2113554892		6,610	6,610
<i>Pass-Through from University of Georgia</i>		5 P01 AI076514 02		(521)	(521)
<i>Pass-Through from University of Georgia</i>		7U01AI08210303		57,005	57,005
<i>Pass-Through from University of Iowa</i>		5R21AI08240902		(61)	(61)
<i>Pass-Through from University of Maryland - Baltimore</i>		3 R01AG031535-01A2S1		20,297	20,297
<i>Pass-Through from University of Michigan</i>		5R01CA14027202		11,766	11,766
<i>Pass-Through from University of Michigan</i>		U01NS062835		48,491	48,491
<i>Pass-Through from University of Missouri - Rolla</i>		00028139-1		447	447
<i>Pass-Through from University of Pennsylvania</i>		5 R01 CA089202 10		(2,838)	(2,838)
<i>Pass-Through from University of Pennsylvania</i>		5R01EY01947302		59,239	59,239
<i>Pass-Through from University of Pittsburgh</i>		008749		26,380	26,380
<i>Pass-Through from University of Pittsburgh</i>		11861		5,117	5,117
<i>Pass-Through from University of Pittsburgh</i>		5R21AI07689403		97	97
<i>Pass-Through from University of Southern California</i>		5 RC2 AA019392 02		20,333	20,333
<i>Pass-Through from University of Utah</i>		HHSN268200900046C		134,320	134,320
<i>Pass-Through from University of Vermont</i>		5 RC2 MH089995 02		86,990	86,990
<i>Pass-Through from University of Virginia</i>		ZC10075-139367		23,582	23,582
<i>Pass-Through from Vanderbilt University</i>		R01DA014684		(2,389)	(2,389)
<i>Pass-Through from Virginia Commonwealth University</i>		5 RC2 CA148431 02		49,587	49,587
<i>Pass-Through from Washington University - St. Louis</i>		3U19AI07048904S2		3,238	3,238
<i>Pass-Through from Yale University</i>		1U19AI089992-1		(22,384)	(22,384)
Total - CFDA 93.701			14,025,348	34,012,479	48,037,827
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			653,667	653,667
ARRA - Head Start	93.708		106,729	58,777	165,506
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715		29,281	539,622	568,903
<i>Pass-Through from Massachusetts General Hospital</i>		217197/1R01HS01		240,835	240,835
<i>Pass-Through from New York University School of Medicine</i>		1R01HS01921801		38,253	38,253
<i>Pass-Through from University of California - San Francisco</i>		6522SC / R01HS019312		187,701	187,701
<i>Pass-Through from Vanderbilt University</i>		5 R01 HS019356 02		17,113	17,113
Total - CFDA 93.715			29,281	1,023,524	1,052,805
ARRA - Health Information Technology Professionals in Health Care	93.721			1,144,527	1,144,527

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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 Westat, Inc.</i>		HHSP23320095655 WC		88,751	88,751
Total - CFDA 93.721			0	1,233,278	1,233,278
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723			247,601	247,601
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		38,091	38,091
<i>Pass-Through from City of San Antonio</i>		1U58DP002453-01		169,783	169,783
<i>Pass-Through from City of San Antonio</i>		ARRA-CPPW		30,000	30,000
<i>Pass-Through from City of San Antonio</i>		Food Security Analysis		37,789	37,789
Total - CFDA 93.724			0	275,663	275,663
ARRA - Strategic Health IT Advanced Research Projects (SHARP)	93.728		1,489,684	2,282,006	3,771,690
<i>Pass-Through from President and Fellows of Harvard</i>		90TR0001/01		70,418	70,418
Total - CFDA 93.728			1,489,684	2,352,424	3,842,108
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			17,980	17,980
Cardiovascular Diseases Research	93.837		5,369,389	39,521,824	44,891,213
<i>Pass-Through from Baylor College of Medicine</i>		101548679	18,981	70,060	89,041
<i>Pass-Through from Baylor College of Medicine</i>		3R01HL078589-05S1		14,682	14,682
<i>Pass-Through from Baylor College of Medicine</i>		5600481502		153,910	153,910
<i>Pass-Through from Baylor College of Medicine</i>		5N01HC55016-39		(18,175)	(18,175)
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL09051403R		29,094	29,094
<i>Pass-Through from Baylor College of Medicine</i>		5U01HL084890-05/SC#100844739		138	138
<i>Pass-Through from Baylor College of Medicine</i>		5U01HL08490404		2,703	2,703
<i>Pass-Through from Baylor College of Medicine</i>		N01-HC-05268		367,488	367,488
<i>Pass-Through from Case Western Reserve University</i>		R01HL086718-04		23,079	23,079
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U01HL098153		138,203	138,203
<i>Pass-Through from Clemson University</i>		1607-209-2006921		25,418	25,418
<i>Pass-Through from Columbia University</i>		R01-HL-48159		65	65
<i>Pass-Through from Georgia Health Sciences University</i>		24039-1/PO1		49,959	49,959
		HL095499			
<i>Pass-Through from Georgia Health Sciences University</i>		24039-2/1 P01		277,275	277,275
<i>Pass-Through from Johns Hopkins University</i>		200138085		19,253	19,253
<i>Pass-Through from Medarray, Inc.</i>		2R44HL68375		933	933
<i>Pass-Through from Medical College of Wisconsin</i>		1R01HL111392-01		1,280	1,280
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL07292009		13,128	13,128

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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>		5R37HL07431409		20,435	20,435
<i>Pass-Through from Medical College of Wisconsin</i>		5R37HL074314-10		3,083	3,083
<i>Pass-Through from Medical University of Ohio</i>		NS 2006-048		26,359	26,359
<i>Pass-Through from Medical University of South Carolina</i>		5 R21 HL090598 02		8,969	8,969
<i>Pass-Through from Medical University of South Carolina</i>		5R21HL088654-02		596	596
<i>Pass-Through from New England Research Institutes</i>		5 U10 HL068270 11		64,043	64,043
<i>Pass-Through from New York Medical College</i>		2P01HL034300-		143,137	143,137
<i>Pass-Through from New York Medical College</i>		5P01HL034300-27		43,558	43,558
<i>Pass-Through from Research Foundation of SUNY</i>		55684-		81,923	81,923
		1091124/R01HL0			
<i>Pass-Through from Research Triangle Institute</i>		5-312-		177,202	177,202
		0212746/HHSN2682			
<i>Pass-Through from Sanford - Burnham Medical Research Institute</i>		56774-11849-UH-01		3,634	3,634
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		R01HL095132		3,015	3,015
<i>Pass-Through from Stanford University</i>		28021790-45528-D;		37,875	37,875
		UTA11-000800			
<i>Pass-Through from Texas Heart Institute</i>		5U01HL087318-04		27,162	27,162
<i>Pass-Through from The University of Alabama -Birmingham</i>		000418799-002		17,948	17,948
<i>Pass-Through from Thoratec, LLC</i>		MST AGR BA 11-097,		18,438	18,438
		TO 2			
<i>Pass-Through from Tulane University School of Public Health and Tropical Medicine</i>		5R01HL090682-04		103,139	103,139
<i>Pass-Through from University of Florida</i>		UF09056		78,928	78,928
<i>Pass-Through from University of Iowa</i>		1000994995		25,238	25,238
<i>Pass-Through from University of Iowa</i>		BAZALDUA/R01HL		10,170	10,170
		091841			
<i>Pass-Through from University of Iowa</i>		R01HL091841		71,513	71,513
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		1 R01 HL106788 02		13,700	13,700
<i>Pass-Through from University of Michigan</i>		3002038921/U01HL		15,053	15,053
		0943			
<i>Pass-Through from University of Michigan</i>		5R01HL096498-02		(4,113)	(4,113)
<i>Pass-Through from University of Michigan</i>		U01HL094345		14,229	14,229
<i>Pass-Through from University of Mississippi Medical Center</i>		67481-		133,171	133,171
		UTH02/U01HL0969			
		17-02			
<i>Pass-Through from University of Missouri - Columbia</i>		C00026480-1, 2		21,467	21,467
<i>Pass-Through from University of the Incarnate Word</i>		UTHSCSA/SC2HL10		6,010	6,010
		4639			
<i>Pass-Through from University of Toledo</i>		942536-03		17,716	17,716
<i>Pass-Through from University of Toledo</i>		U01HL071556		9,478	9,478
<i>Pass-Through from University of Washington</i>		3U01HL07786306S1		213,667	213,667
<i>Pass-Through from University of Washington</i>		5R01HL103612-02		22,679	22,679
<i>Pass-Through from University of Washington</i>		5R01HL105756-02		16,967	16,967
<i>Pass-Through from University of Washington</i>		5U01HL07786307	47,396	288,068	335,464
<i>Pass-Through from University of Washington</i>		681784/R01HL093146		98,455	98,455
<i>Pass-Through from University of Washington</i>		N01-HC-95159		12,724	12,724

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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 Washington University - St. Louis</i>		WU-11- 102/1R34HL1054		24,286	24,286
<i>Pass-Through from Yale University</i>		R01HL081153		1,801	1,801
Total - CFDA 93.837			5,435,766	42,562,040	47,997,806
<b>Lung Diseases Research</b>	93.838		71,743	5,489,158	5,560,901
<i>Pass-Through from Baylor College of Medicine</i>		1R01HL110883-01A1		3,138	3,138
<i>Pass-Through from Collagenex Pharmaceuticals, Inc.</i>		2 R42 HL065030-02A1		780	780
<i>Pass-Through from Duke Clinical Research Institute</i>		1U10HL08041301		52,964	52,964
<i>Pass-Through from George Washington University</i>		U01HL098354		51,710	51,710
<i>Pass-Through from Indiana University - Purdue University</i>		IN4685554UNT		93,637	93,637
<i>Pass-Through from Michigan Critical Care Consultants, Inc</i>		A-AVCO2R		2,567	2,567
<i>Pass-Through from National Jewish Health</i>		24021001/HL089897		33,529	33,529
<i>Pass-Through from The University of Alabama - Birmingham</i>		063690705		12,058	12,058
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5 R01 HL097000 03		214,549	214,549
<i>Pass-Through from University of California - Los Angeles</i>		R01HL089901		89,314	89,314
<i>Pass-Through from University of California - Los Angeles</i>		R01HL089901-03		25,081	25,081
<i>Pass-Through from University of California - San Francisco</i>		5U01HL094338-03		32,747	32,747
<i>Pass-Through from University of California - San Francisco</i>		U01HL101798		25,222	25,222
<i>Pass-Through from University of Minnesota</i>		5 R01 HL094183 03		85,676	85,676
<i>Pass-Through from University of Pennsylvania</i>		5U01HL08662204		27,962	27,962
<i>Pass-Through from University of Pittsburgh</i>		9007482		29,098	29,098
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P01HL088594-04		103,828	103,828
<i>Pass-Through from University of Wisconsin - Madison</i>		5P01HL088594-05		143,239	143,239
Total - CFDA 93.838			71,743	6,516,257	6,588,000
<b>Blood Diseases and Resources Research</b>	93.839		27,640	2,548,714	2,576,354
<i>Pass-Through from Baylor College of Medicine</i>		7 R01HL095647 03		22,248	22,248
<i>Pass-Through from Blood Center of Wisconsin</i>		1R01HL10580901		10,988	10,988
<i>Pass-Through from Blood Center of Wisconsin</i>		5R01HL10580902		21,162	21,162
<i>Pass-Through from Emory University</i>		R01HL082808		11,107	11,107
<i>Pass-Through from National Childhood Cancer Foundation</i>		1U01HL06925401		1,762	1,762
<i>Pass-Through from National Marrow Donor Program</i>		BMTCTN0102		14,864	14,864
<i>Pass-Through from National Marrow Donor Program</i>		R01HL085707		5,405	5,405
<i>Pass-Through from National Marrow Donor Program- DHHS-NIH</i>		2 U01 HL069334 06		26,097	26,097
<i>Pass-Through from New England Research Institutes</i>		1U01HL065238		393	393
<i>Pass-Through from New England Research Institutes</i>		U01HL072268		22,206	22,206
<i>Pass-Through from Noninvasix Incorporated</i>		1R41HL10309501		18,306	18,306
<i>Pass-Through from Southwest Research Institute</i>		B99057LM/R21HL10 2775		36,339	36,339
<i>Pass-Through from The University of Alabama - Birmingham</i>		N01-HC-95095		132,816	132,816
<i>Pass-Through from University of Miami</i>		5 R01 HL091749 04		94,656	94,656
<i>Pass-Through from Virginia Commonwealth University</i>		5P01HL10715202		434,482	434,482
Total - CFDA 93.839			27,640	3,401,545	3,429,185
<b>Arthritis, Musculoskeletal and Skin Diseases Research</b>	93.846		857,498	10,006,241	10,863,739
<i>Pass-Through from Baylor College of Medicine</i>		5R01AR047858-05		367	367
<i>Pass-Through from BioChemAnalysis Corporation</i>		1R43AR05499301A1		(727)	(727)
<i>Pass-Through from Cooper Institute</i>		1 R01 AR052459-01A1		27,900	27,900

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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 Drexel University</i>		232486 / 2R01AR04790		9,210	9,210
<i>Pass-Through from Duke University</i>		N01-AI-05419		4,396	4,396
<i>Pass-Through from Feinstein Institute for Medical Research</i>		5 R01 AR044422 13		103,507	103,507
<i>Pass-Through from Johns Hopkins University</i>		5R01AR04372712		4,769	4,769
<i>Pass-Through from Livionex Incorporated</i>		1R43AR06241901		11,247	11,247
<i>Pass-Through from Maine Medical Center</i>		0852-001		12,602	12,602
<i>Pass-Through from Maine Medical Center</i>		2R01AR045433		16,650	16,650
<i>Pass-Through from Northwestern University</i>		5 R21 AR057579 02		31,760	31,760
<i>Pass-Through from The University of Alabama - Birmingham</i>		0031024- 008/AR049084		53,439	53,439
<i>Pass-Through from The University of Alabama - Birmingham</i>		5P01AR049084-10		17,897	17,897
<i>Pass-Through from University of California - Irvine</i>		5R01AR05643902		97,780	97,780
<i>Pass-Through from University of Missouri - Kansas City</i>		19057/00025154		5,429	5,429
<i>Pass-Through from University of Missouri - Kansas City</i>		8054 - P01		295	295
<i>Pass-Through from University of Missouri - Kansas City</i>		UMKC 8058		(2,128)	(2,128)
Total - CFDA 93.846			857,498	10,400,634	11,258,132
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		2,588,944	40,708,741	43,297,685
<i>Pass-Through from Agennix, Inc.</i>		2R42DK5537402A1		875	875
<i>Pass-Through from Baylor College of Medicine</i>		101524931		29,800	29,800
<i>Pass-Through from Baylor College of Medicine</i>		1 R01 DK081557 01		(298)	(298)
<i>Pass-Through from Baylor College of Medicine</i>		5 P30 DK056338 09		(2,892)	(2,892)
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-09		20,923	20,923
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-10		11,442	11,442
<i>Pass-Through from Baylor College of Medicine</i>		5R01DK081553-04		63,401	63,401
<i>Pass-Through from Baylor College of Medicine</i>		5U19DK06243410		414,742	414,742
<i>Pass-Through from Baylor College of Medicine</i>		P30DK07963803		28,294	28,294
<i>Pass-Through from Case Western Reserve University</i>		2 U01 DK094157		17,539	17,539
<i>Pass-Through from Case Western Reserve University</i>		U01DK094157		253,153	253,153
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U01DK066174		91,874	91,874
<i>Pass-Through from Children's Hospital of Pittsburgh</i>		2U01DK07214606		14,805	14,805
<i>Pass-Through from Children's Hospital of Pittsburgh</i>		5 U01 DK072146-07		1,714	1,714
<i>Pass-Through from Crinetics Pharmaceuticals, Inc.</i>		1R43DK088501-01		54,184	54,184
<i>Pass-Through from Duke Clinical Research Institute</i>		U01DK083023		1,970	1,970
<i>Pass-Through from Duke University Medical Center</i>		2P01DK058398-11A1		21,406	21,406
<i>Pass-Through from Duke University Medical Center</i>		5P01DK05839810		23,827	23,827
<i>Pass-Through from Emory University School of Medicine</i>		S624241		14,523	14,523
<i>Pass-Through from George Washington University</i>		09-D15		252,945	252,945
<i>Pass-Through from George Washington University</i>		SG/5U01DK061230-07		7,379	7,379
<i>Pass-Through from Georgia Health Sciences University</i>		5U24DK07616905		204,205	204,205
<i>Pass-Through from Georgia Institute of Technology</i>		RA982-G1		119,362	119,362
<i>Pass-Through from Indiana University</i>		IN4685565UTHSC/R 01DK		14,415	14,415
<i>Pass-Through from Joslin Diabetes Center</i>		5U01DK07455603		2,846	2,846
<i>Pass-Through from Louisiana State University Health Sciences Center</i>		P01DK047385		15,625	15,625
<i>Pass-Through from Mayo Clinic Rochester</i>		1R01DK083745-01A1		38,690	38,690
<i>Pass-Through from Medical University of South Carolina</i>		5 R01 DK080234 03		2,192	2,192

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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 Mount Sinai School of Medicine</i>		0255-3507-4609		72,258	72,258
<i>Pass-Through from Mount Sinai School of Medicine</i>		5U54DK08390902		4,661	4,661
<i>Pass-Through from Mount Sinai School of Medicine</i>		5U54DK08390903		195,692	195,692
<i>Pass-Through from New England Research Institutes</i>		U01 DK058229-10		23,563	23,563
<i>Pass-Through from New England Research Institutes</i>		U01DK58234		34,641	34,641
<i>Pass-Through from New England Research Institutes</i>		UITN / U01DK58229		32,533	32,533
<i>Pass-Through from Pennington Biomedical Research Center</i>		DK092587-50338-S01		1,097	1,097
<i>Pass-Through from Pennsylvania State University</i>		R25DK078381		480	480
<i>Pass-Through from Probetex, Inc.</i>		R42 DK077436		89,061	89,061
<i>Pass-Through from Profusa, Inc.</i>		B5690		104,090	104,090
<i>Pass-Through from Spectros</i>		1R56DK09053		13,335	13,335
<i>Pass-Through from Texas Biomedical Research Institute</i>		11-4318.002		33,854	33,854
<i>Pass-Through from Texas Biomedical Research Institute</i>		12-		64,346	64,346
		4116.002/5R01DK05			
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR 09-4193.002		127,200	127,200
<i>Pass-Through from University of California - Davis</i>		1 R01 DK091823 01		10,837	10,837
		A1			
<i>Pass-Through from University of California - Davis</i>		5 R01 DK056839 10		52,612	52,612
<i>Pass-Through from University of Cincinnati</i>		5R01DK1784432		12,261	12,261
<i>Pass-Through from University of Manchester</i>		5 R01 DK071066-04		624	624
<i>Pass-Through from University of Pittsburgh</i>		0006436, 115965-5		20,462	20,462
<i>Pass-Through from University of Southern California</i>		H51496 UTA12-		18,057	18,057
		000628			
<i>Pass-Through from University of Utah</i>		5 R01 DK091374 02		6,249	6,249
<i>Pass-Through from University of Utah</i>		5R01DK09293902		201,169	201,169
<i>Pass-Through from Vanderbilt University Medical Center</i>		2U01DK07247306		53,751	53,751
<i>Pass-Through from Vanderbilt University Medical Center</i>		2U01DK08952307		183,550	183,550
<i>Pass-Through from Vanderbilt University Medical Center</i>		5P01DK03822624		41,360	41,360
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01DK08957003		343,408	343,408
<i>Pass-Through from Vanderbilt University Medical Center</i>		U01DK07247304		180	180
<i>Pass-Through from Virginia Technologies, Inc.</i>		2R44DK08121702A1		130,454	130,454
<i>Pass-Through from Wake Forest University Health Sciences</i>		7R01DK071100-05		9,946	9,946
<i>Pass-Through from Washington University - St. Louis</i>		5U01DK082315-04		6,273	6,273
<i>Pass-Through from Wayne State University</i>		WSU10071 A1		21,086	21,086
<i>Pass-Through from Wellesley College</i>		2R01DK06193505		18,131	18,131
				<u>2,588,944</u>	<u>44,354,903</u>
Total - CFDA 93.847				44,354,903	46,943,847
Digestive Diseases and Nutrition Research	93.848			3,619	3,619
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-10		114,575	114,575
<i>Pass-Through from University of Chicago</i>		5 U01 GM061393 05		893	893
				<u>0</u>	<u>119,087</u>
Total - CFDA 93.848				119,087	119,087
Kidney Diseases, Urology and Hematology Research	93.849			1,017,135	1,017,135
<i>Pass-Through from Johns Hopkins University</i>		5U01DK066174-05		6,132	6,132
<i>Pass-Through from New England Research Institutes</i>		E-TOMUS/DK058229		14,502	14,502
<i>Pass-Through from New England Research Institutes</i>		SG/DK058229		10,331	10,331
<i>Pass-Through from New England Research Institutes</i>		VALUE		31,106	31,106
		STUDY/DK058229			
				<u>0</u>	<u>1,079,206</u>
Total - CFDA 93.849				1,079,206	1,079,206

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		1,751,890	34,731,184	36,483,074
<i>Pass-Through from Agnes Scott College</i>		1 R01 NS073134 01 A1		34,251	34,251
<i>Pass-Through from ALA Scientific Instruments, Inc.</i>		061620052		20,932	20,932
<i>Pass-Through from Amprion, Inc.</i>		1R42NS079060-01		5,579	5,579
<i>Pass-Through from APT Therapeutics, Inc.</i>		1R43NS071655-01		72,097	72,097
<i>Pass-Through from APT Therapeutics, Inc.</i>		2R44NS060175-02		254,778	254,778
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-10S1		53,372	53,372
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS038660-10S1		134,219	134,219
<i>Pass-Through from Baylor College of Medicine</i>		5600358500		92,915	92,915
<i>Pass-Through from Baylor College of Medicine</i>		5600593229		86,003	86,003
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS038660-10		13,823	13,823
<i>Pass-Through from Baylor College of Medicine</i>		5R01 NS021889-28		3,949	3,949
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS02188927		1,497	1,497
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS021889-27		17,859	17,859
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS021889-28		8,509	8,509
<i>Pass-Through from Cedars - Sinai Research Institute</i>		5R21DK08455402		7,514	7,514
<i>Pass-Through from Christopher and Dana Reeve</i>		CTN2-2009 (DC)		(6,733)	(6,733)
<i>Pass-Through from Christopher and Dana Reeve</i>		CTN4-2011 (DC)		39,100	39,100
<i>Pass-Through from Christopher and Dana Reeve</i>		CTN5-2012(DC)		16,240	16,240
<i>Pass-Through from Cleveland Clinic Foundation</i>		1R01NS070896-01		37,977	37,977
<i>Pass-Through from Columbia University</i>		5-30224		94,469	94,469
<i>Pass-Through from Columbia University MDA/ALS Research Center</i>		5R01NS04529403		152	152
<i>Pass-Through from Emory University</i>		1 R01 NS076775-01		45,074	45,074
<i>Pass-Through from Georgia Health Sciences University</i>		23497-1/R01NS050730		74,692	74,692
<i>Pass-Through from Georgia State University</i>		1 R01 NS073134 01 A1		7,003	7,003
<i>Pass-Through from Hospital Physicians in Clinical</i>		U01N5062778-01		12,420	12,420
<i>Pass-Through from Johns Hopkins University</i>		2000725876		52,594	52,594
<i>Pass-Through from Johns Hopkins University</i>		2000794694		31,106	31,106
<i>Pass-Through from Johns Hopkins University</i>		5R01NS046309-06, 07		25,178	25,178
<i>Pass-Through from Johns Hopkins University</i>		5U01NS06285103		334	334
<i>Pass-Through from Johns Hopkins University</i>		5U01NS062851-03		14,649	14,649
<i>Pass-Through from Johns Hopkins University</i>		R01NS055648		1,116,689	1,116,689
<i>Pass-Through from Massachusetts General Hospital</i>		5U01NS05259205		14,666	14,666
<i>Pass-Through from Maxwell Sensors</i>		2R44NS058066-02		(139)	(139)
<i>Pass-Through from Medical University of South Carolina</i>		5U01NS05872804		39,608	39,608
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-045		34,728	34,728
<i>Pass-Through from Michigan State University</i>		rc100223UTSMC		7,997	7,997
<i>Pass-Through from Mount Sinai Medical Center</i>		1U01NS045719		111,327	111,327
<i>Pass-Through from Mount Sinai Medical Center</i>		5U01NS045719-09		268,372	268,372
<i>Pass-Through from Northwestern University</i>		0600 370 J005 U TEXAS AUSTIN 00		12,387	12,387
<i>Pass-Through from Northwestern University</i>		0600370S554		(28,955)	(28,955)
<i>Pass-Through from Northwestern University</i>		0600370S555/60021 274		192,143	192,143
<i>Pass-Through from Provid Pharmaceuticals</i>		3R34NS04873-01S1		60,389	60,389

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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 RTI International</i>		U10HD057753		247,487	247,487
<i>Pass-Through from St. Joseph's Hospital and Medical</i>		5U01NS05247804		1,470	1,470
<i>Pass-Through from Stanford University</i>		26737110-45526D		19,455	19,455
<i>Pass-Through from The University of Alabama - Birmingham</i>		SG/U01NS042685		610	610
<i>Pass-Through from The University of Arizona</i>		2R01NS00039951-09A1		71,916	71,916
<i>Pass-Through from University Medicine and Dentistry of New Jersey</i>		R01NS38384		12,284	12,284
<i>Pass-Through from University of British Columbia</i>		2U01NS03852909		24,688	24,688
<i>Pass-Through from University of British Columbia</i>		F09-05407/U01NS03852		105,785	105,785
<i>Pass-Through from University of British Columbia</i>		F09-05964		23,729	23,729
<i>Pass-Through from University of British Columbia</i>		F09-05964/U01NS03852		148,101	148,101
<i>Pass-Through from University of British Columbia</i>		SPS3-10-10/U01NS0385		35,077	35,077
<i>Pass-Through from University of California - Los Angeles</i>		1653GNA008		20,329	20,329
<i>Pass-Through from University of California - Los Angeles</i>		P50NS044378-06		18,929	18,929
<i>Pass-Through from University of California - San Diego</i>		10321756/1029264703U01NS058030-06SI		34,295	34,295
<i>Pass-Through from University of California - San Diego</i>		5P50NS044148-04		801	801
<i>Pass-Through from University of California - San Francisco</i>		5 R01 NS06280-03		188	188
<i>Pass-Through from University of California - San Francisco</i>		U01NS053998		33,945	33,945
<i>Pass-Through from University of Cincinnati</i>		1U01NS069763-01		47,618	47,618
<i>Pass-Through from University of Cincinnati</i>		5R01NS047603-08		127,254	127,254
<i>Pass-Through from University of Cincinnati</i>		5U01NS052220-02		10,091	10,091
<i>Pass-Through from University of Cincinnati</i>		5U01NS06976302		139,852	139,852
<i>Pass-Through from University of Cincinnati</i>		5U01NS069763-02		293,629	293,629
<i>Pass-Through from University of Cincinnati</i>		6883/1U01NS069763-03		175,704	175,704
<i>Pass-Through from University of Florida</i>		UF10144		2,952	2,952
<i>Pass-Through from University of Florida</i>		UF11071/R01NS073346	(7,861)	18,611	10,750
<i>Pass-Through from University of Iowa</i>		5R01NS040068-11		3,322	3,322
<i>Pass-Through from University of Maryland - Baltimore</i>		1U01NS069208-01		9,068	9,068
<i>Pass-Through from University of Maryland - Baltimore</i>		5 R01 NS055126 05		18,677	18,677
<i>Pass-Through from University of Maryland - Baltimore</i>		5U01NS069208-02		40,602	40,602
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01NS03838406		21,578	21,578
<i>Pass-Through from University of Michigan</i>		1U0NS062778-01		172,911	172,911
<i>Pass-Through from University of Michigan</i>		3000911237		136,066	136,066
<i>Pass-Through from University of Michigan</i>		R01NS071867		30	30
<i>Pass-Through from University of Michigan</i>		U01NS040406		41,084	41,084
<i>Pass-Through from University of Michigan</i>		U01NS069498		2,016	2,016
<i>Pass-Through from University of Missouri - St. Louis</i>		00016197-6/5R01NS052		72,744	72,744
<i>Pass-Through from University of North Carolina - Chapel</i>		5U01NS042167		11,360	11,360
<i>Pass-Through from University of Pittsburgh</i>		1U01NS05247801A2		201	201
<i>Pass-Through from University of Rochester</i>		5R01NS04568605		2,428	2,428
<i>Pass-Through from University of Virginia</i>		1R21NS079986-01		9,047	9,047

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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 Virginia</i>		1U01NS06949801A1		147,003	147,003
<i>Pass-Through from University of Virginia</i>		5R01NS037666-07		16,073	16,073
<i>Pass-Through from Vanderbilt University Medical Center</i>		3U54NS06573602S1		587	587
<i>Pass-Through from Washington University</i>		5U01NS032228-12		2,170	2,170
<i>Pass-Through from Washington University - St. Louis</i>		3P50NS05597703S1		198,979	198,979
<i>Pass-Through from Washington University - St. Louis</i>		5P01NS03263615		3,041	3,041
<i>Pass-Through from Washington University - St. Louis</i>		5U01NS04280407		2,515	2,515
<i>Pass-Through from Wayne State University</i>		5U01NS06126404		84,608	84,608
<i>Pass-Through from Yale University School of Medicine</i>		5U01NS04487607		11,170	11,170
Total - CFDA 93.853			1,744,029	40,434,028	42,178,057
Allergy, Immunology and Transplantation Research	93.855		8,643,369	74,593,576	83,236,945
<i>Pass-Through from Albert Einstein College of Medicine</i>		5U19AI09117502		16,498	16,498
<i>Pass-Through from Altravax Incorporated</i>		5R43AI09134202		44,695	44,695
<i>Pass-Through from Altravax Incorporated</i>		6R43AI08001103		28,360	28,360
<i>Pass-Through from Baylor College of Medicine</i>		1 U01 AI095050 01		14,247	14,247
<i>Pass-Through from Baylor College of Medicine</i>		5 P30 AI036211 17		7,548	7,548
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211-17		189,652	189,652
<i>Pass-Through from Baylor College of Medicine</i>		5R21AI088329-02		64,839	64,839
<i>Pass-Through from Baylor College of Medicine</i>		5U19AI070973-05		77,822	77,822
		REV-NCE			
<i>Pass-Through from Baylor College of Medicine</i>		7R21AI090256-02		49,516	49,516
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-800002		101,031	101,031
<i>Pass-Through from Baylor College of Medicine</i>		R01AI091816		23,187	23,187
<i>Pass-Through from Biotex, Inc.</i>		NIH 2R44AI066425-		17,603	17,603
<i>Pass-Through from Brandeis University</i>		4-01862		37,750	37,750
<i>Pass-Through from Brigham and Women's Hospital</i>		ACTG PROTOCOL A5295		2,971	2,971
<i>Pass-Through from Catholic University of America</i>		5U01AI082086		113,551	113,551
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		HHSN272200800006C		163,111	163,111
<i>Pass-Through from Colorado State University</i>		5R01AI08048604		227,439	227,439
<i>Pass-Through from Columbia University</i>		5R25AI08056602		33,066	33,066
<i>Pass-Through from Covalent Bioscience Inc.</i>		1R41AI093261-01		99,145	99,145
<i>Pass-Through from Covalent Immunology Products, Inc.</i>		1R41AI087527-01		594	594
<i>Pass-Through from Duke University</i>		5-R01-AI068804-05		19,708	19,708
<i>Pass-Through from Duke University Medical Center</i>		5U19AI05636307		7,969	7,969
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5U01AI06861405		415	415
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5UM1AI068614-06		735,009	735,009
<i>Pass-Through from George Washington University</i>		5UM1AI069503-06		540,901	540,901
<i>Pass-Through from Harvard University</i>		2U54AI05715908		21,565	21,565
<i>Pass-Through from Hawaii Biotech Incorporated</i>		5R44AI05522505		173,715	173,715
<i>Pass-Through from Health Research, Inc.</i>		003706-01		17,415	17,415
<i>Pass-Through from Indiana University</i>		EP-391212		103,299	103,299
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		U01-AI068641		15,105	15,105
<i>Pass-Through from Integrated Biotherapeutics Incorporated</i>		1R43AI09482901		20,214	20,214
<i>Pass-Through from Johns Hopkins University</i>		2001012790		16,656	16,656
<i>Pass-Through from KJ Biosciences, LLC</i>		504351		53,626	53,626

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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 Louisiana State University Health Sciences Center</i>		5R01AI07232705		4,923	4,923
<i>Pass-Through from Lucigen Corporation</i>		1R21AI10018201		389	389
<i>Pass-Through from Luminex Corporation</i>		R01AI096228-01- UTA YR1,UTA12- 000148		183,819	183,819
<i>Pass-Through from Massachusetts General Hospital</i>		1U01AI067693-02		3,320	3,320
<i>Pass-Through from Mayo Clinic</i>		1 R01 AI096967 01 A1		5,382	5,382
<i>Pass-Through from Mayo Clinic Rochester</i>		4U01AI089859-02		160,069	160,069
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559403		259	259
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559405		197,698	197,698
<i>Pass-Through from Mount Sinai School of Medicine</i>		0255-4431-4609		177,061	177,061
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01AI05953607		87,096	87,096
<i>Pass-Through from Nanotherapeutics, Inc.</i>		504241		64,731	64,731
<i>Pass-Through from Oklahoma State University</i>		AB-5-81170.UTHSCSA		88,563	88,563
<i>Pass-Through from Pan Thera Biopharma, LLC</i>		5U01AI07806705		60,773	60,773
<i>Pass-Through from Penn State University</i>		5 R01 AI090113 02		33,678	33,678
<i>Pass-Through from Planet Biotech Ltd</i>		5U01AI08216102		43,434	43,434
<i>Pass-Through from Profectus Biosciences Incorporated</i>		1R01AI09876001		2,125	2,125
<i>Pass-Through from Profectus Biosciences Incorporated</i>		1R01AI09881701		389	389
<i>Pass-Through from Pulmotect, LLC</i>		1 R43 AI092904 01		46,827	46,827
<i>Pass-Through from Radix Therapeutics</i>		1R41AI09303201A1		153,053	153,053
<i>Pass-Through from Radix Therapeutics</i>		1R43AI08613501		4,808	4,808
<i>Pass-Through from Rice University</i>		R21732		16,141	16,141
<i>Pass-Through from Scripps Research Institute</i>		HHSN272200700038C		2,283,858	2,283,858
<i>Pass-Through from Seattle Biomedical Research Institute</i>		5R01AI07896203		240,096	240,096
<i>Pass-Through from Signum Biosciences, Inc.</i>		1 R43 AI062034 01 A2		(3,669)	(3,669)
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		ACTG PROTOCOL A5272		10,891	10,891
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		PROTOCOL A5257		2,124	2,124
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		UMIAI068636-06		3,850	3,850
<i>Pass-Through from Texas Biomedical Research Institute</i>		11-4332.002/IRO1AI09		109,278	109,278
<i>Pass-Through from Texas Biomedical Research Institute</i>		1R21AI096277-01A1		5,143	5,143
<i>Pass-Through from Texas Biomedical Research Institute</i>		4017		2,169	2,169
<i>Pass-Through from The University of Alabama - Birmingham</i>		5 K23 AI064613 03		(2,179)	(2,179)
<i>Pass-Through from The University of Alabama - Birmingham</i>		5R01AI073521-05		43,259	43,259
<i>Pass-Through from University of California - Berkeley</i>		SA5641- 11595/PO1309195		107,387	107,387
<i>Pass-Through from University of California - Davis</i>		503943		261,685	261,685
<i>Pass-Through from University of California - Irvine</i>		461141		6,706	6,706
<i>Pass-Through from University of California - Irvine</i>		5U01AI078214		40,779	40,779
<i>Pass-Through from University of California - Los Angeles</i>		5U01AI08210004		161,217	161,217
<i>Pass-Through from University of California - San Diego</i>		SG: 1P01AI074621-01		59,281	59,281
<i>Pass-Through from University of California - San Francisco</i>		4943SC/1P01AI0717		60,182	60,182
<i>Pass-Through from University of Cincinnati</i>		5R01AI07204005		41,785	41,785
<i>Pass-Through from University of Colorado - Denver</i>		U19AI050864		116,266	116,266
<i>Pass-Through from University of Florida</i>		R01AI058150		6,582	6,582
<i>Pass-Through from University of Maryland - Baltimore</i>		5U19AI090873-02		96,434	96,434
<i>Pass-Through from University of Massachusetts Worcester</i>		P01A1046629		90,678	90,678
<i>Pass-Through from University of Minnesota</i>		1R01AI081690-01A2		31,046	31,046

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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 Oklahoma Health Sciences Center</i>		R01A1090672		119,333	119,333
<i>Pass-Through from University of Pittsburgh</i>		1R01AI09543601A1		7,811	7,811
<i>Pass-Through from University of Pittsburgh</i>		1R21AI08108401A2		61,984	61,984
<i>Pass-Through from University of Pittsburgh</i>		5R01AI08188602		54,264	54,264
<i>Pass-Through from University of Pittsburgh</i>		U19AI082623		27,989	27,989
<i>Pass-Through from University of Rochester</i>		1 U19 AI067733 01		(21,534)	(21,534)
<i>Pass-Through from University of Washington</i>		5U54A105716008		(7,200)	(7,200)
<i>Pass-Through from Vaxart Incorporated</i>		5R43AI07725402		16,803	16,803
<i>Pass-Through from Vical Incorporated</i>		5R42AI06501503		(454)	(454)
<i>Pass-Through from Wake Forest University</i>		1R03AI10167501		2,387	2,387
<i>Pass-Through from Washington University - St. Louis</i>		5U01AI07037405		353	353
<i>Pass-Through from Washington University - St. Louis</i>		5U54A105716008		61,094	61,094
<i>Pass-Through from Washington University - St. Louis</i>		5U54AI05716007		(643)	(643)
<i>Pass-Through from Washington University - St. Louis</i>		5U54AI05716009		40,956	40,956
<i>Pass-Through from Yale University</i>		4U19AI089992-02		60,220	60,220
Total - CFDA 93.855			8,643,369	83,164,547	91,807,916
Microbiology and Infectious Diseases Research	93.856			764,953	764,953
<i>Pass-Through from Battelle</i>		HHSN2722007000161		851	851
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211-17		27,764	27,764
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		K12HD000850		79,081	79,081
<i>Pass-Through from Hawaii Biotech Incorporated</i>		1R43AI5522501A2		(1,685)	(1,685)
<i>Pass-Through from Indiana University School of Medicine</i>		IN-4685522-UNT		11,025	11,025
<i>Pass-Through from Molecular Express, Inc.</i>		5R43AI06662103		52,975	52,975
<i>Pass-Through from SIGA Technologies, Inc.</i>		5 R44 AI056525-04		2,086	2,086
<i>Pass-Through from Starpharma Pty. Ltd.</i>		1U19AI6059801		4,324	4,324
Total - CFDA 93.856			0	941,374	941,374
Biomedical Research and Research Training	93.859		1,502,883	54,868,590	56,371,473
<i>Pass-Through from AM Biotechnologies, LLC</i>		5 R44 GM084552 04		113,235	113,235
<i>Pass-Through from Atactic Technologies, Inc.</i>		2R44GM076941-03-UH		388,752	388,752
<i>Pass-Through from Baylor College of Medicine</i>		101134694		267	267
<i>Pass-Through from Baylor College of Medicine</i>		2 T32 GM008280 21 A1		(837)	(837)
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 04		41,954	41,954
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 05		231,934	231,934
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 05 04		106,483	106,483
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828022		11,670	11,670
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828023		17,410	17,410
<i>Pass-Through from Baylor College of Medicine</i>		5T36GM095343-02		47,209	47,209
<i>Pass-Through from California Institute of Technology</i>		U54GM094610		318,582	318,582
<i>Pass-Through from Cornell University</i>		49238 8402		10,266	10,266
<i>Pass-Through from Cornell University</i>		55038-9031		77,070	77,070
<i>Pass-Through from Emory University</i>		5R01GM084175-05		23,576	23,576

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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 EP Pharma</i>		26351150		37,250	37,250
<i>Pass-Through from Indiana University</i>		567583__PRIME:2 RO1GM065414- 05A1		147,458	147,458
<i>Pass-Through from Indiana University</i>		853832	6,242	359,016	365,258
<i>Pass-Through from Iowa State University</i>		4304603A		14,245	14,245
<i>Pass-Through from Johns Hopkins University</i>		2R01GM075305-06A1		67,407	67,407
<i>Pass-Through from Massachusetts General Hospital</i>		5U54GM06211910		5,470	5,470
<i>Pass-Through from Mayo Clinic</i>		5 U01 GM061388 10		3,289	3,289
<i>Pass-Through from Mayo Clinic</i>		5 U19 GM061388 12		17,970	17,970
<i>Pass-Through from Michigan State University</i>		61- 0822UT__PRIME:R		59,494	59,494
<i>Pass-Through from Michigan State University</i>		61- 0822UT__PRIME:R0		101,374	101,374
<i>Pass-Through from Monterey Bay Aquarium Research</i>		0911094		87,158	87,158
<i>Pass-Through from New York Structural Biology Center</i>		1U54GM094598-02		165,183	165,183
<i>Pass-Through from Pennsylvania State University</i>		B7850		18,752	18,752
<i>Pass-Through from PharmaReview Corporation</i>		5R42GM079810-04		257,052	257,052
<i>Pass-Through from Princeton University</i>		1985		29,718	29,718
<i>Pass-Through from Radikal Therapeutics Incorporated</i>		1R43GM09647501		72,193	72,193
<i>Pass-Through from Research Foundation of CUNY, Hunter College</i>		5 R01 GM088530 03		111,626	111,626
<i>Pass-Through from Research Foundation of the State University of New York</i>		1098763-2-59265		47,911	47,911
<i>Pass-Through from Rice University</i>		5 R01 GM094816 02		43,834	43,834
<i>Pass-Through from Rice University</i>		5 R01 GM096189 02		12,945	12,945
<i>Pass-Through from Rice University</i>		5R01GM086885		114,831	114,831
<i>Pass-Through from Rice University</i>		R22151		11,067	11,067
<i>Pass-Through from Rockefeller University</i>		1U01GM09825601		120,811	120,811
<i>Pass-Through from Scripps Research Institute</i>		5U24AI08265704		81,258	81,258
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 U01 GM092666 03		117,351	117,351
<i>Pass-Through from Sunnybrook Health Sciences Centre</i>		5R01GM08728502		26,480	26,480
<i>Pass-Through from The University of Arizona</i>		5 R01 GM070890 04		383	383
<i>Pass-Through from Tufts University</i>		B1130		68,113	68,113
<i>Pass-Through from University North Carolina - Chapel Hill</i>		5- 32101/2R01GM0703		14,415	14,415
<i>Pass-Through from University of Akron</i>		R01 GM086895		13,873	13,873
<i>Pass-Through from University of California - San Diego</i>		5U54GM06933809		719,203	719,203
<i>Pass-Through from University of Florida</i>		U01GM074492		276,884	276,884
<i>Pass-Through from University of Massachusetts Medical School</i>		7 R01 GM074977 05		55,369	55,369
<i>Pass-Through from University of Michigan</i>		5P50GM065509-10		593,093	593,093
<i>Pass-Through from University of Minnesota</i>		1R01GM09551601		131,387	131,387
<i>Pass-Through from University of Nebraska - Lincoln</i>		503898		159,531	159,531
<i>Pass-Through from University of New Mexico</i>		5 R01 GM079381 04		17,710	17,710
<i>Pass-Through from University of Utah</i>		10004657-01		27,335	27,335
<i>Pass-Through from University of Virginia</i>		GC11617-132051		155	155
<i>Pass-Through from University of Washington</i>		5R01GM04272520		175,699	175,699
<i>Pass-Through from Washington University - St. Louis</i>		503496		(405)	(405)
<i>Pass-Through from Washington University - St. Louis</i>		5R01GM08059104		54,030	54,030
<i>Pass-Through from Wayne State University</i>		WSU11055		34,429	34,429
<i>Pass-Through from Yale University</i>		A07883 M09A10314		973	973
<i>Pass-Through from Yale University</i>		A08322 M09A10314, 5	14,656	170,700	185,356

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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>		M09A10314 A08323		121,443	121,443
ARRA - Biomedical Research and Research Training					
<i>Pass-Through from Rice University</i>		R2Z98G		7,118	7,118
Total - CFDA 93.859			1,523,781	61,028,742	62,552,523
Cellular and Molecular Basis of Disease Research	93.863				
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS056202-04		14,064	14,064
Population Research	93.864				
<i>Pass-Through from Research Triangle Institute</i>		2-312-0211545		271,376	271,376
<i>Pass-Through from Yale University</i>		A07751/U10HD0559 25		430,495	430,495
Total - CFDA 93.864			0	701,871	701,871
Child Health and Human Development Extramural Research	93.865		3,480,516	24,014,549	27,495,065
<i>Pass-Through from Agnes Scott College</i>		5 R01 HD056232 05		49,238	49,238
<i>Pass-Through from Baylor College of Medicine</i>		101261444		22,342	22,342
<i>Pass-Through from Baylor College of Medicine</i>		101318513; 5600601479		40,135	40,135
<i>Pass-Through from Baylor College of Medicine</i>		5600450000		21,883	21,883
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD044609-05		2,613	2,613
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD051437-04		12,773	12,773
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C		13,604	13,604
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020 C/NO1-HD-80020		32,597	32,597
<i>Pass-Through from Baylor College of Medicine</i>		N01-HD-80020		55,445	55,445
<i>Pass-Through from Boston Biomedical Research Institute</i>		U54HD06084805		147,652	147,652
<i>Pass-Through from Boston University</i>		5R01HD051804-05		(5)	(5)
<i>Pass-Through from Boston University Medical Center</i>		5U10HD059207-03		18,164	18,164
<i>Pass-Through from Center for Applied Linguistics</i>		5P01 HD039530		277,811	277,811
<i>Pass-Through from Children's Hospital Boston</i>		1R01HD06133601A1		4,320	4,320
<i>Pass-Through from Children's Hospital of Philadelphia</i>		1P01HD070454-01		34,728	34,728
<i>Pass-Through from Duke Clinical Research Institute</i>		1R01HD05795601		413	413
<i>Pass-Through from Duke University</i>		1R01HD05795601		27,472	27,472
<i>Pass-Through from Duke University</i>		1R01HD057956-01 / SITE 121		2,944	2,944
<i>Pass-Through from Geisinger Medical Center</i>		7R03HD068691; UTA12-000347		12,404	12,404
<i>Pass-Through from George Washington University</i>		11-UHTX-12		22,468	22,468
<i>Pass-Through from George Washington University</i>		5U10HD03680113		14,184	14,184
<i>Pass-Through from George Washington University</i>		5U10HD03680114		33,410	33,410
<i>Pass-Through from George Washington University</i>		U10HD036801		532,915	532,915
<i>Pass-Through from George Washington University</i>		U10HD036801/U01- HL098354		446,176	446,176
<i>Pass-Through from Georgia State University</i>		5 R01 HD056232 05		10,630	10,630
<i>Pass-Through from Kansas State University</i>		FY2011 028	64,871	47,865	112,736
<i>Pass-Through from Max Mobility, LLC</i>		1 R01HD053732-01A1		19,125	19,125
<i>Pass-Through from Oregon Research Institute</i>		R01HD064870		30,928	30,928
<i>Pass-Through from PLX Pharma, Inc.</i>		2R44HD061132-02		50,489	50,489

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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 Purdue University</i>		5P01HD05211204		20,365	20,365
<i>Pass-Through from Rehabilitation Institute of Chicago</i>		R24HD050821-08		12,968	12,968
<i>Pass-Through from Research Triangle Institute</i>		RFA-HD-04-010		88,504	88,504
<i>Pass-Through from Rhode Island Hospital</i>		R01HD072693		957,779	957,779
<i>Pass-Through from RTI International</i>		2U10HD04068911		73,949	73,949
<i>Pass-Through from RTI International</i>		U10HD054241		11,184	11,184
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 R21 HD061296 02		24,855	24,855
<i>Pass-Through from Synthecon, Inc.</i>		R44HD058391		54,086	54,086
<i>Pass-Through from The EMMES Corporation</i>		HHSN267200603425C		29,563	29,563
<i>Pass-Through from The University of Alabama - Birmingham</i>		5U01HD04053312		80,460	80,460
<i>Pass-Through from University of Alabama</i>		5R01HD06472902		119,289	119,289
<i>Pass-Through from University of Alabama</i>		5U01HD039939-05		91,843	91,843
<i>Pass-Through from University of California - Los Angeles</i>		5R01HD05176404		27,999	27,999
<i>Pass-Through from University of California - San Francisco</i>		2 K12 HD000849 02		(1,841)	(1,841)
<i>Pass-Through from University of Colorado - Denver</i>		7R03HD057507-03		(1)	(1)
<i>Pass-Through from University of Illinois Dept of Psychiatry-Inst for Juvenile Research</i>		5 P50 HD055751-05		272,613	272,613
<i>Pass-Through from University of Kansas Center for Pass-Through from University of Kansas Medical Center Research Institute, Inc.</i>		5R01HD048628-05 5R21HD062874-02		5,441 1,291	5,441 1,291
<i>Pass-Through from University of Maryland - College Park</i>		Z030701		31,611	31,611
<i>Pass-Through from University of Michigan</i>		5U01HD04124908		145,167	145,167
<i>Pass-Through from University of Nevada - Reno</i>		1R01HD060858-01A2		100,663	100,663
<i>Pass-Through from University of New Mexico</i>		5 R01 HD064655 03		80,633	80,633
<i>Pass-Through from University of the Incarnate Word</i>		SG / G11HD052388		2,128	2,128
<i>Pass-Through from University of Utah</i>		10019598		3,073	3,073
<i>Pass-Through from Vanderbilt University</i>		R01HD059179		23,545	23,545
<i>Pass-Through from Weill Cornell Medical College</i>		11030423-02		261,114	261,114
<i>Pass-Through from Weill Cornell Medical College</i>		12101553-02, 4100154335		468	468
Total - CFDA 93.865			3,545,387	28,518,021	32,063,408
<b>Aging Research</b>	93.866		1,800,713	21,435,925	23,236,638
<i>Pass-Through from Boston University</i>		5R01AG033193-03		51,459	51,459
<i>Pass-Through from Case Western Reserve University</i>		P01AG014359		308,356	308,356
<i>Pass-Through from Case Western Reserve University</i>		RES503597		7,353	7,353
<i>Pass-Through from Einstein Med College - Yeshiva University</i>		9-526-3726		313,972	313,972
<i>Pass-Through from Mayo Clinic</i>		1P01AG041122- 1/COREB		10,772	10,772
<i>Pass-Through from Mayo Clinic</i>		1P01AG041122- 1/PROJ1		2,046	2,046
<i>Pass-Through from Minneapolis Medical Research</i>		1U01AG02982401A		80,649	80,649
<i>Pass-Through from Minneapolis Medical Research</i>		ASPREE/U01AG029 824		86,459	86,459
<i>Pass-Through from Minneapolis Medical Research</i>		ASPRESS/U01 AG029824		83,804	83,804
<i>Pass-Through from Minneapolis Medical Research</i>		U01 AG029824		11,778	11,778
<i>Pass-Through from Minneapolis Medical Research</i>		U01AG029824		3,834	3,834
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9891-4609		256,148	256,148
<i>Pass-Through from Mount Sinai School of Medicine</i>		5 R01 AG030141 04		15,725	15,725
<i>Pass-Through from National Bureau of Economic Research</i>		33 4112 TTU 1		(1)	(1)

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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 Rush University Medical Center</i>		1R01AG040039-01A1		37,510	37,510
<i>Pass-Through from Scripps Research Institute</i>		5U54GM06211610	19,400	25,251	44,651
<i>Pass-Through from Southern Illinois University School of Medicine</i>		520317		250,037	250,037
<i>Pass-Through from University of California - San Diego</i>		2U01AG02490406		79,647	79,647
<i>Pass-Through from University of California - San Diego</i>		5U01AG01048321		2,810	2,810
<i>Pass-Through from University of Maryland - Baltimore</i>		1 R01 AG031535-01A2		191,099	191,099
<i>Pass-Through from University of Maryland - Baltimore</i>		5 R21 AG033791 02		3,085	3,085
<i>Pass-Through from University of Maryland - College Park</i>		1R21AG031387-01A2		21,554	21,554
<i>Pass-Through from University of Michigan</i>		3001000435		507,763	507,763
<i>Pass-Through from University of Oklahoma Health Science Center</i>		SG/1R01AG038747-01		25,585	25,585
<i>Pass-Through from University of Washington</i>		5U01AG01697613		24,129	24,129
Total - CFDA 93.866			1,820,113	23,836,749	25,656,862
Vision Research	93.867		455,359	19,473,978	19,929,337
<i>Pass-Through from Baylor College of Medicine</i>		5 PN2 EY016525 06		(43,442)	(43,442)
<i>Pass-Through from Baylor College of Medicine</i>		5 PN2 EY016525 08		536,130	536,130
<i>Pass-Through from Baylor College of Medicine</i>		5 T32 EY007102 18		30,150	30,150
<i>Pass-Through from Children's Hospital of Philadelphia</i>		950858RSUB/1U10EY017		31,799	31,799
<i>Pass-Through from Emory University</i>		5U10EY01327208		17,450	17,450
<i>Pass-Through from JAEB Center for Health Research</i>		U10 EY14231		2,214	2,214
<i>Pass-Through from JAEB Center for Health Research</i>		U10EY12358		36	36
<i>Pass-Through from NORDIC</i>		1 U10 EY017281-01A1		6,326	6,326
<i>Pass-Through from St. Luke's Roosevelt Institute For Health Sciences</i>		U10EY017281		3,673	3,673
<i>Pass-Through from The EMMES Corporation</i>		HHS-N-260-2007-00001-C		567,202	567,202
<i>Pass-Through from University of Miami</i>		M125759		31,697	31,697
<i>Pass-Through from University of Rochester</i>		UR #5-24978		12,343	12,343
<i>Pass-Through from University of Utah</i>		2R01EY002576-		58,097	58,097
<i>Pass-Through from Vital Art and Science, Inc.</i>		1R43EY02001601		28,258	28,258
Total - CFDA 93.867			455,359	20,755,911	21,211,270
Medical Library Assistance	93.879		126,750	902,473	1,029,223
<i>Pass-Through from Kaiser Foundation Research Institute</i>		5R21LM009728-02		3,124	3,124
<i>Pass-Through from Rice University</i>		5T15LM07093		60,653	60,653
<i>Pass-Through from University of Wisconsin System</i>		370K204		25,691	25,691
ARRA - Medical Library Assistance					
<i>Pass-Through from Arizona State University</i>		HHSN276201000031C		10,115	10,115
Total - CFDA 93.879			126,750	1,002,056	1,128,806
Health Care and Other Facilities	93.887			305,306	305,306

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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>					
Specially Selected Health Projects	93.888			120,384	120,384
<i>Pass-Through from University of Kentucky Research</i>		1D1BRH20410-01-00		74,909	74,909
Total - CFDA 93.888			0	195,293	195,293
Grants to States for Operation of Offices of Rural Health	93.913				
<i>Pass-Through from Medical College of Wisconsin</i>		5R01AT005522	80,716	129,898	210,614
HIV Care Formula Grants	93.917			(89)	(89)
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924			1,759	1,759
Special Projects of National Significance	93.928				
<i>Pass-Through from Special Health Resources of Texas, Inc.</i>		200801		20,389	20,389
<i>Pass-Through from Special Health Resources of Texas, Inc.</i>		201801		42,619	42,619
Total - CFDA 93.928			0	63,008	63,008
HIV Prevention Activities Health Department Based	93.940			658,105	658,105
<i>Pass-Through from CHT Resource Group</i>		HHPMP1101013-01- 00 SUB 1082010		31,281	31,281
<i>Pass-Through from City of Houston Health and Human Svcs</i>		U62/CCU606238		245,359	245,359
Total - CFDA 93.940			0	934,745	934,745
HIV Demonstration, Research, Public and Professional Education Projects	93.941				
<i>Pass-Through from City of Houston Health and Human Svcs</i>		B12-001-5 / 4600008431		102,951	102,951
<i>Pass-Through from University North Carolina - Chapel Hill</i>		5- 53073/1UR6PS000670		2,158	2,158
<i>Pass-Through from University of California - San Francisco</i>		3UR6PS00033404S2		97,152	97,152
<i>Pass-Through from University of California - San Francisco</i>		444918-29945		120,613	120,613
<i>Pass-Through from University of California - San Francisco</i>		5R30PS00025605		14,661	14,661
<i>Pass-Through from University of North Carolina - Charlotte</i>		20110387-02-UTX		3,899	3,899
Total - CFDA 93.941			0	341,434	341,434
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			139,213	139,213
Block Grants for Community Mental Health Services	93.958			304,075	304,075
Block Grants for Prevention and Treatment of Substance Abuse	93.959			86,198	86,198
Coal Miners Respiratory Impairment Treatment Clinics and Services	93.965			82,423	82,423
Geriatric Education Centers	93.969			19,167	19,167
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		31,258	40,059	71,317
International Research and Research Training	93.989				
<i>Pass-Through from HRIDAY</i>		5R01TW007933-05	14,385	348,781	363,166
Total - CFDA 93.989			14,385	475,881	490,266

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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>					
Maternal and Child Health Services Block Grant to the States	93.994			190,130	190,130
Adolescent Family Life Demonstration Projects <i>Pass-Through from Baylor College of Medicine</i>	93.995	6APHPA006069-02-01		13,852	13,852
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	1,339,894	926,689 1,770,663	1,339,894 926,689 1,770,663
Total - CFDA 93.999			1,339,894	2,697,352	4,037,246
Total - U.S. Department of Health and Human Services			78,443,913	797,560,587	876,004,500
<b>Corporation for National and Community Service</b>					
AmeriCorps <i>Pass-Through from OneStar Foundation</i> <i>Pass-Through from OneStar Foundation</i> <i>Pass-Through from OneStar Foundation</i>	94.006	11AC123941 12ACHTX0010005 UTA10-000890		(58,651) 802,046 2,015 90,706	(58,651) 802,046 2,015 90,706
Total - CFDA 94.006			0	836,116	836,116
Total - Corporation for National and Community Service			0	836,116	836,116
<b>Social Security Administration</b>					
Social Security Administration <i>Pass-Through from Dartmouth College</i>	96.XXX	5-37206.570		1,019	1,019
Total - CFDA 96.XXX			0	1,019	1,019
Total - Social Security Administration			0	1,019	1,019
<b>U.S. Department of Homeland Security</b>					
Homeland Security Preparedness Technical Assistance Program	97.007			(65,551)	(65,551)
Hazard Mitigation Grant	97.039			11,549	11,549
Assistance to Firefighters Grant <i>Pass-Through from Fire Protection Research Foundation</i> <i>Pass-Through from National Development and Research Institute</i>	97.044	UTA12-000223 EMW-2009-FP-01971	105,782	407,497 73,893 87,041	513,279 73,893 87,041
Total - CFDA 97.044			105,782	568,431	674,213
Centers for Homeland Security <i>Pass-Through from Northeastern University</i> <i>Pass-Through from Purdue University</i> <i>Pass-Through from Rutgers University</i>	97.061	504928PO0902311 14 4112-31809 2009-ST-0061- CCI1002	1,143,672	2,898,629 149,541 71,357 4,393	4,042,301 149,541 71,357 4,393

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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 Homeland Security (continued)</b>					
<i>Pass-Through from University of North Carolina - Chapel</i>		UNC-CH 5-36456		34,672	34,672
Total - CFDA 97.061			1,143,672	3,158,592	4,302,264
Scientific Leadership Awards	97.062			77,900	77,900
Homeland Security Advanced Research Projects Agency	97.065			380,493	380,493
<i>Pass-Through from Abraxas Energy Consulting, LLC</i>		C11-00784, 1		6,150	6,150
<i>Pass-Through from Synkera Technologies, Inc.</i>		C10-00115		19,805	19,805
Total - CFDA 97.065			0	406,448	406,448
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066			2,842,402	2,842,402
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077		92,356	2,166,337	2,258,693
<i>Pass-Through from University of Tennessee - Knoxville</i>		A11-0121-S001, A02		5,068	5,068
Total - CFDA 97.077			92,356	2,171,405	2,263,761
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080		4,200	874,305	878,505
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104		114,896	121,126	236,022
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108		23,341	358,906	382,247
Total - U.S. Department of Homeland Security			1,484,247	10,525,513	12,009,760
<b>U. S. Agency for International Development</b>					
U. S. Agency for International Development	98.XXX				
<i>Pass-Through from World Education, Inc.</i>		EGRA+QIM Mozambique		1,372	1,372
Total - CFDA 98.XXX			0	1,372	1,372
USAID Foreign Assistance for Programs Overseas	98.001		357,968	6,801,895	7,159,863
<i>Pass-Through from AECOM International Development, Inc.</i>		503921		6,001	6,001
<i>Pass-Through from Colorado State University</i>		504218		313,317	313,317
<i>Pass-Through from Colorado State University</i>		570684	121,823		121,823
<i>Pass-Through from Colorado State University</i>		570688	63,271		63,271
<i>Pass-Through from Colorado State University</i>		570689	14,174	741	14,915
<i>Pass-Through from Colorado State University</i>		570690	74,703		74,703
<i>Pass-Through from Colorado State University</i>		570691	62,002	(10,738)	51,264
<i>Pass-Through from Colorado State University</i>		570692	124,745		124,745
<i>Pass-Through from Development Alternatives, Inc.</i>		504402		13,304	13,304
<i>Pass-Through from International Resources Group, Ltd</i>		45000.5010.002.004- UTA-001;5010-FP1- UTA		107,423	107,423

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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. Agency for International Development (continued)</b>					
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503589		242,855	242,855
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503686		115,526	115,526
<i>Pass-Through from University of Nebraska - Lincoln</i>		EPP-A-00-06-00016-00		88,661	88,661
Total - CFDA 98.001			818,686	7,678,985	8,497,671
USAID Development Partnerships for University Cooperation and Development	98.012		124,710	45,966	170,676
<i>Pass-Through from American Council on Education</i>		523-A-00-06-00009- 00: UTAA8-057		2,185	2,185
<i>Pass-Through from Higher Education for Development</i>		HED064-9730-MEX- 11-01		452,194	452,194
<i>Pass-Through from University of California - San Diego</i>		10311918-001		8,230	8,230
<i>Pass-Through from University of Georgia</i>		RC7100253842248		(480)	(480)
Total - CFDA 98.012			124,710	508,095	632,805
Total - U. S. Agency for International Development			943,396	8,188,452	9,131,848
<b>Miscellaneous</b>					
Miscellaneous	99.XXX	2012-0260		6,006	6,006
Total - CFDA 99.XXX			0	6,006	6,006
Total - Miscellaneous			0	6,006	6,006
<b>Total Research and Development Cluster</b>			122,841,144	1,472,555,424	1,595,396,568
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	84.007			15,522,207	15,522,207
Federal Family Education Loans	84.032			(17,383)	(17,383)
Federal Work-Study Program	84.033			20,520,994	20,520,994
ARRA - Federal Work-Study Program				833	833
Total - CFDA 84.033			0	20,521,827	20,521,827
Federal Perkins Loan Program Federal Capital Contributions	84.038			19,114,670	19,114,670
Federal Pell Grant Program	84.063			824,924,552	824,924,552

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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>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education (continued)</b>					
Federal Direct Student Loans	84.268			3,118,020,892	3,118,020,892
Academic Competitiveness Grants	84.375			(11,608)	(11,608)
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376			22,000	22,000
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			7,535,120	7,535,120
Postsecondary Education Scholarships for Veteran's	84.408			13,850	13,850
Total - U.S. Department of Education			<u>0</u>	<u>4,005,646,127</u>	<u>4,005,646,127</u>
<b>U.S. Department of Health and Human Services</b>					
Nurse Faculty Loan Program (NFLP)	93.264			433,268	433,268
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			1,850,122	1,850,122
Nursing Student Loans	93.364			615,315	615,315
ARRA - Scholarships for Disadvantaged Students	93.407			(503)	(503)
ARRA - Nurse Faculty Loan Program	93.408			120,803	120,803
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			4,522,169	4,522,169
ARRA - Scholarships for Health Professions Students from Disadvantaged Backgrounds				31,246	31,246
Total - CFDA 93.925			<u>0</u>	<u>4,553,415</u>	<u>4,553,415</u>
Total - U.S. Department of Health and Human Services			<u>0</u>	<u>7,572,420</u>	<u>7,572,420</u>
<b>Total Student Financial Assistance Cluster</b>			<u>0</u>	<u>4,013,218,547</u>	<u>4,013,218,547</u>
<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		27,345,048	491,022	27,836,070
Special Programs for the Aging Title III, Part C Nutrition Services	93.045		38,308,304	685,821	38,994,125
Nutrition Services Incentive Program	93.053		10,431,196	4,615,281	15,046,477
Total - U.S. Department of Health and Human Services			<u>76,084,548</u>	<u>5,792,124</u>	<u>81,876,672</u>
<b>Total Aging Cluster</b>			<u>76,084,548</u>	<u>5,792,124</u>	<u>81,876,672</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>CCDF CLUSTER</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Child Care and Development Block Grant	93.575		200,658,322	42,552,953	243,211,275
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		223,612,203	8,901,076	232,513,279
<i>Pass-Through from Upper Rio Grande Workforce Development Board</i>		10040C04		31,266	31,266
Total - CFDA 93.596			<u>223,612,203</u>	<u>8,932,342</u>	<u>232,544,545</u>
Total - U.S. Department of Health and Human Services			<u>424,270,525</u>	<u>51,485,295</u>	<u>475,755,820</u>
<b>Total CCDF Cluster</b>			<u>424,270,525</u>	<u>51,485,295</u>	<u>475,755,820</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		520,321,390	12,313,526	532,634,916
ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	14.255		1,785,898	147,774	1,933,672
Total - U.S. Department of Housing and Urban Development			<u>522,107,288</u>	<u>12,461,300</u>	<u>534,568,588</u>
<b>Total CDBG - State-Administered CDBG Cluster</b>			<u>522,107,288</u>	<u>12,461,300</u>	<u>534,568,588</u>
<b>CDBG ENTITLEMENT GRANTS CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/Entitlement Grants <i>Pass-Through from City of Lubbock</i>	14.218	2011-2012 CDBG Funding		4,944	4,944
Total - CFDA 14.218			<u>0</u>	<u>4,944</u>	<u>4,944</u>
Total - U.S. Department of Housing and Urban Development			<u>0</u>	<u>4,944</u>	<u>4,944</u>
<b>Total CDBG Entitlement Grants Cluster</b>			<u>0</u>	<u>4,944</u>	<u>4,944</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	H132B070003		15,235	15,235

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<b>CENTERS FOR INDEPENDENT LIVING CLUSTER</b>					
<b>U.S. Department of Education (continued)</b>					
ARRA - Centers for Independent Living, Recovery Act. <i>Pass-Through from Memorial Hermann - TIRR</i>	84.400	H400B100003		15,808	15,808
Total - U.S. Department of Education			0	31,043	31,043
<b>Total Centers for Independent Living Cluster</b>			0	31,043	31,043
<b>CHILD NUTRITION CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
School Breakfast Program	10.553		455,992,836	1,278,413	457,271,249
National School Lunch Program	10.555		1,339,391,754	2,432,228	1,341,823,982
Special Milk Program for Children	10.556		34,068		34,068
Summer Food Service Program for Children	10.559		45,114,914	51,465	45,166,379
Total - U.S. Department of Agriculture			1,840,533,572	3,762,106	1,844,295,678
<b>Total Child Nutrition Cluster</b>			1,840,533,572	3,762,106	1,844,295,678
<b>CSBG CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Community Services Block Grant	93.569		32,226,132	1,535,544	33,761,676
ARRA - Community Services Block Grant	93.710		(8,789)		(8,789)
Total - U.S. Department of Health and Human Services			32,217,343	1,535,544	33,752,887
<b>Total CSBG Cluster</b>			32,217,343	1,535,544	33,752,887
<b>DISABILITY INSURANCE/SSI CLUSTER</b>					
<b>Social Security Administration</b>					
Social Security Disability Insurance	96.001			138,202,284	138,202,284
Total - CFDA 96.001			0	138,202,284	138,202,284
Total - Social Security Administration			0	138,202,284	138,202,284
<b>Total Disability Insurance/SSI Cluster</b>			0	138,202,284	138,202,284

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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>EARLY INTERVENTION SERVICES (IDEA) CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education-Grants for Infants and Families	84.181		26,311,781	5,794,152	32,105,933
Total - CFDA 84.181			26,311,781	5,794,152	32,105,933
Total - U.S. Department of Education			26,311,781	5,794,152	32,105,933
<b>Total Early Intervention Services (IDEA) Cluster</b>			26,311,781	5,794,152	32,105,933
<b>ECONOMIC DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Commerce</b>					
Investments for Public Works and Economic Development Facilities	11.300			1,453,632	1,453,632
Economic Adjustment Assistance	11.307			772,867	772,867
Total - U.S. Department of Commerce			0	2,226,499	2,226,499
<b>Total Economic Development Cluster</b>			0	2,226,499	2,226,499
<b>EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER</b>					
<b>U.S. Department of Education</b>					
Education for Homeless Children and Youth <i>Pass-Through from Education Service Center - Region X</i>	84.196	UTA10-001075	6,251,711 5,232	649,118	6,251,711 654,350
Total - CFDA 84.196			6,256,943	649,118	6,906,061
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387		222,953		222,953
Total - U.S. Department of Education			6,479,896	649,118	7,129,014
<b>Total Education of Homeless Children and Youth Cluster</b>			6,479,896	649,118	7,129,014

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<b>EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Education Technology State Grants	84.318		4,158,240	11,170	4,169,410
ARRA - Education Technology State Grants, Recovery Act	84.386		1,233,261	3,657	1,236,918
<i>Pass-Through from Abilene Independent School District</i>		GN0003487		4,901	4,901
<i>Pass-Through from Agua Dulce Independent School District</i>		L0553002711002	5,500	6,983	12,483
<i>Pass-Through from Coleman Independent School District</i>		TTU 2010 10006 01		47,159	47,159
<i>Pass-Through from Education Service Center - Region XV</i>		ESC XV		2,249	2,249
<i>Pass-Through from Education Service Center - Region XX</i>		004304		(1,789)	(1,789)
<i>Pass-Through from Pflugerville Independent School District</i>		UTES 803		9,036	9,036
Total - CFDA 84.386			<u>1,238,761</u>	<u>72,196</u>	<u>1,310,957</u>
Total - U.S. Department of Education			<u>5,397,001</u>	<u>83,366</u>	<u>5,480,367</u>
<b>Total Educational Technology State Grants Cluster</b>			<u>5,397,001</u>	<u>83,366</u>	<u>5,480,367</u>
<b>EMERGENCY FOOD ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Emergency Food Assistance Program (Administrative Costs)	10.568		5,195,890	41,264	5,237,154
Emergency Food Assistance Program (Food Commodities)	10.569		27,865,517		27,865,517
Total - U.S. Department of Agriculture			<u>33,061,407</u>	<u>41,264</u>	<u>33,102,671</u>
<b>Total Emergency Food Assistance Cluster</b>			<u>33,061,407</u>	<u>41,264</u>	<u>33,102,671</u>
<b>EMPLOYMENT SERVICE CLUSTER</b>					
<b>U.S. Department of Labor</b>					
Employment Service/Wagner-Peyser Funded Activities	17.207		10,347,749	31,743,623	42,091,372
Disabled Veterans' Outreach Program (DVOP)	17.801			5,868,059	5,868,059
Local Veterans' Employment Representative Program	17.804			5,793,181	5,793,181
Total - U.S. Department of Labor			<u>10,347,749</u>	<u>43,404,863</u>	<u>53,752,612</u>
<b>Total Employment Service Cluster</b>			<u>10,347,749</u>	<u>43,404,863</u>	<u>53,752,612</u>
<b>FEDERAL TRANSIT CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Federal Transit Capital Investment Grants	20.500		3,862,881		3,862,881
Total - CFDA 20.500			<u>3,862,881</u>	<u>0</u>	<u>3,862,881</u>
Total - U.S. Department of Transportation			<u>3,862,881</u>	<u>0</u>	<u>3,862,881</u>
<b>Total Federal Transit Cluster</b>			<u>3,862,881</u>	<u>0</u>	<u>3,862,881</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>FISH AND WILDLIFE CLUSTER</b>					
<b>U.S. Department of the Interior</b>					
Sport Fish Restoration Program	15.605		2,291,233	15,964,201	18,255,434
Wildlife Restoration and Basic Hunter Education	15.611		588,516	16,302,735	16,891,251
Total - U.S. Department of the Interior			<u>2,879,749</u>	<u>32,266,936</u>	<u>35,146,685</u>
<b>Total Fish and Wildlife Cluster</b>			<u>2,879,749</u>	<u>32,266,936</u>	<u>35,146,685</u>
<b>FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER</b>					
<b>Corporation for National and Community Service</b>					
Foster Grandparent Program	94.011			1,965,831	1,965,831
Senior Companion Program	94.016			4,377	4,377
Total - Corporation for National and Community Service			<u>0</u>	<u>1,970,208</u>	<u>1,970,208</u>
<b>Total Foster Grandparent/Senior Companion Cluster</b>			<u>0</u>	<u>1,970,208</u>	<u>1,970,208</u>
<b>HEAD START CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Head Start	93.600			891,321	891,321
<i>Pass-Through from Center for Health Care Services</i>		06CH0107/34		1,766	1,766
<i>Pass-Through from Center for Health Care Services</i>		CMH HEAD START		4,221	4,221
<i>Pass-Through from City of San Antonio</i>		46000011192		13,298	13,298
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH0016		43	43
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH-5061		(2)	(2)
<i>Pass-Through from Harris County Department of Education</i>		06CH6998		312	312
<i>Pass-Through from Harris County Department of Education</i>		06CH6998/14		2,573	2,573
Total - CFDA 93.600			<u>0</u>	<u>913,532</u>	<u>913,532</u>
ARRA - Head Start	93.708			2,782,760	2,782,760
Total - U.S. Department of Health and Human Services			<u>0</u>	<u>3,696,292</u>	<u>3,696,292</u>
<b>Total Head Start Cluster</b>			<u>0</u>	<u>3,696,292</u>	<u>3,696,292</u>
<b>HEALTH CENTERS CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224			690,533	690,533
Total - CFDA 93.224			<u>0</u>	<u>690,533</u>	<u>690,533</u>

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>HEALTH CENTERS CLUSTER</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Total - U.S. Department of Health and Human Services			0	690,533	690,533
<b>Total Health Centers Cluster</b>			<u>0</u>	<u>690,533</u>	<u>690,533</u>
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction	20.205		185,271,751	2,182,939,493	2,368,211,244
<i>Pass-Through from Houston - Galveston Area Council</i>		1 TS 5103-02 01		13,710	13,710
<i>Pass-Through from University of Missouri - Columbia</i>		C00035610-1		52,007	52,007
<i>Pass-Through from Wyoming Dept of Transportation</i>		UTA12-000498; RS06210		24,149	24,149
ARRA - Highway Planning and Construction			<u>87,475,803</u>	<u>204,549,717</u>	<u>292,025,520</u>
Total - CFDA 20.205			<u>272,747,554</u>	<u>2,387,579,076</u>	<u>2,660,326,630</u>
Recreational Trails Program	20.219		1,593,556	(1,159,050)	434,506
Total - U.S. Department of Transportation			<u>274,341,110</u>	<u>2,386,420,026</u>	<u>2,660,761,136</u>
<b>Total Highway Planning and Construction Cluster</b>			<u>274,341,110</u>	<u>2,386,420,026</u>	<u>2,660,761,136</u>
<b>HIGHWAY SAFETY CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
State and Community Highway Safety	20.600		9,730,236	2,442,704	12,172,940
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		12,424,921	1,702,734	14,127,655
Occupant Protection Incentive Grants	20.602		2,531,841		2,531,841
State Traffic Safety Information System Improvement Grants	20.610		197,542	577,693	775,235
Incentive Grant Program to Increase Motorcyclist Safety	20.612		523,073		523,073
Child Safety and Child Booster Seats Incentive Grants	20.613		1,186,544		1,186,544
Total - U.S. Department of Transportation			<u>26,594,157</u>	<u>4,723,131</u>	<u>31,317,288</u>
<b>Total Highway Safety Cluster</b>			<u>26,594,157</u>	<u>4,723,131</u>	<u>31,317,288</u>
<b>HOUSING VOUCHER CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Section 8 Housing Choice Vouchers	14.871			6,692,136	6,692,136
Total - CFDA 14.871			<u>0</u>	<u>6,692,136</u>	<u>6,692,136</u>

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>HOUSING VOUCHER CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development (continued)</b>					
Total - U.S. Department of Housing and Urban Development			0	6,692,136	6,692,136
<b>Total Housing Voucher Cluster</b>			0	6,692,136	6,692,136
<b>IMMUNIZATION CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Immunization Cooperative Agreements	93.268		3,828,527	346,336,030	350,164,557
ARRA - Immunization	93.712		90,490	1,271,653	1,362,143
Total - U.S. Department of Health and Human Services			3,919,017	347,607,683	351,526,700
<b>Total Immunization Cluster</b>			3,919,017	347,607,683	351,526,700
<b>INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND</b>					
<b>U.S. Department of Education</b>					
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177			2,604,698	2,604,698
ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	84.399			(3,994)	(3,994)
Total - U.S. Department of Education			0	2,600,704	2,600,704
<b>Total Independent Living Services for Older Individuals Who Are Blind Cluster</b>			0	2,600,704	2,600,704
<b>INDEPENDENT LIVING STATE GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Independent Living State Grants	84.169		323,931	1,134,109	1,458,040
ARRA - Independent Living State Grants, Recovery Act	84.398			1,392	1,392
Total - U.S. Department of Education			323,931	1,135,501	1,459,432
<b>Total Independent Living State Grants Cluster</b>			323,931	1,135,501	1,459,432
<b>JAG PROGRAM CLUSTER</b>					
<b>U.S. Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grant Program <i>Pass-Through from Institute for Intergovernmental</i>	16.738	8000001812	14,693,286 18,920	3,280,533 26,514	17,973,819 45,434
Total - CFDA 16.738			14,712,206	3,307,047	18,019,253

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>JAG PROGRAM CLUSTER</b>					
<b>U.S. Department of Justice (continued)</b>					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803		3,020,769	7,873,728	10,894,497
Total - U.S. Department of Justice			<u>17,732,975</u>	<u>11,180,775</u>	<u>28,913,750</u>
<b>Total JAG Program Cluster</b>			<u>17,732,975</u>	<u>11,180,775</u>	<u>28,913,750</u>
<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			366,448	366,448
State Medicaid Fraud Control Units	93.775			11,879,617	11,879,617
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			34,883,461	34,883,461
Medical Assistance Program	93.778		42,024,564	16,781,315,237	16,823,339,801
ARRA - Medical Assistance Program			<u>(301,137)</u>	<u>44,499</u>	<u>(256,638)</u>
Total - CFDA 93.778			<u>41,723,427</u>	<u>16,781,359,736</u>	<u>16,823,083,163</u>
Total - U.S. Department of Health and Human Services			<u>41,723,427</u>	<u>16,828,489,262</u>	<u>16,870,212,689</u>
<b>Total Medicaid Cluster</b>			<u>41,723,427</u>	<u>16,828,489,262</u>	<u>16,870,212,689</u>
<b>SCHOOL IMPROVEMENT GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
School Improvement Grants	84.377		92,931,353	966,466	93,897,819
ARRA - School Improvement Grants, Recovery Act	84.388		89,099,294		89,099,294
<i>Pass-Through from Belton Independent School District</i>		GN0004086		5,446	5,446
<i>Pass-Through from Providence Public School District</i>		UTA10-000646; 2103566		50,545	50,545
Total - CFDA 84.388			<u>89,099,294</u>	<u>55,991</u>	<u>89,155,285</u>
Total - U.S. Department of Education			<u>182,030,647</u>	<u>1,022,457</u>	<u>183,053,104</u>
<b>Total School Improvement Grants Cluster</b>			<u>182,030,647</u>	<u>1,022,457</u>	<u>183,053,104</u>

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## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>SNAP CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Supplemental Nutrition Assistance Program	10.551			6,037,940,079	6,037,940,079
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		16,880,481	224,362,547	241,243,028
Total - U.S. Department of Agriculture			16,880,481	6,262,302,626	6,279,183,107
<b>Total SNAP Cluster</b>			16,880,481	6,262,302,626	6,279,183,107
<b>SPECIAL EDUCATION (IDEA) CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education Grants to States	84.027		844,185,053	41,450,952	885,636,005
<i>Pass-Through from Clear Creek Independent School District</i>		CCISD 2012		28,120	28,120
<i>Pass-Through from Education Service Center - Region XIV</i>		Stwd Svcs		117,076	117,076
<i>Pass-Through from Pasadena Independent School District</i>		PASADENA ISD 2012		42,180	42,180
<i>Pass-Through from Pearland Independent School District</i>		PEARLAND ISD 2012		28,120	28,120
Total - CFDA 84.027			844,185,053	41,666,448	885,851,501
Special Education Preschool Grants	84.173		22,209,469	66,438	22,275,907
ARRA - Special Education Grants to States, Recovery Act	84.391		32,242,769	109,048	32,351,817
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		989,969		989,969
Total - U.S. Department of Education			899,627,260	41,841,934	941,469,194
<b>Total Special Education (IDEA) Cluster</b>			899,627,260	41,841,934	941,469,194
<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		55,143,097	34,231	55,177,328
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397			88,605	88,605
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act			147,691	678,341	826,032
Total - CFDA 84.397			147,691	766,946	914,637
Total - U.S. Department of Education			55,290,788	801,177	56,091,965
<b>Total State Fiscal Stabilization Fund Cluster</b>			55,290,788	801,177	56,091,965

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>STATEWIDE DATA SYSTEMS CLUSTER</b>					
<b>U.S. Department of Education (continued)</b>					
Statewide Data Systems	84.372		139,738	396,025	535,763
ARRA - Statewide Data Systems, Recovery Act	84.384			4,747,897	4,747,897
Total - U.S. Department of Education			139,738	5,143,922	5,283,660
<b>Total Statewide Data Systems Cluster</b>			139,738	5,143,922	5,283,660
<b>TANF CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Temporary Assistance for Needy Families	93.558		108,322,864	331,466,505	439,789,369
ARRA - Emergency Contingency Fund For Temporary Assistance For Needy Families (TANF) State Programs	93.714		3,124,494	71,714	3,196,208
ARRA -Temporary Assistance For Needy Families (TANF) Supplemental Grants	93.716			525,065	525,065
Total - U.S. Department of Health and Human Services			111,447,358	332,063,284	443,510,642
<b>Total TANF Cluster</b>			111,447,358	332,063,284	443,510,642
<b>TEACHER QUALITY PARTNERSHIP GRANTS CLUSTER</b>					
<b>U.S. Department of Education</b>					
Teacher Quality Partnership Grants	84.336		64,234	843,147	907,381
Total - CFDA 84.336			64,234	843,147	907,381
Total - U.S. Department of Education			64,234	843,147	907,381
<b>Total Teacher Quality Partnership Grants Cluster</b>			64,234	843,147	907,381
<b>TITLE I, PART A CLUSTER</b>					
<b>U.S. Department of Education</b>					
Title I Grants to Local Educational Agencies <i>Pass-Through from Austin Independent School District</i>	84.010	DC-AM48; P275643	1,289,792,059	11,619,865 171,989	1,301,411,924 171,989
			1,289,792,059	11,791,854	1,301,583,913
ARRA - Title I Grants to Local Educational Agencies, Recovery Act <i>Pass-Through from Agua Dulce Independent School District</i>	84.389	SUB11-0106	24,944,037	174,105 144,750	25,118,142 144,750

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>TITLE I, PART A CLUSTER</b>					
<b>U.S. Department of Education (continued)</b>					
<i>Pass-Through from Providence Public School District</i>		UTA10-000646; 2103445-0-PO		61,503	61,503
Total - CFDA 84.389			24,944,037	380,358	25,324,395
Total - U.S. Department of Education			1,314,736,096	12,172,212	1,326,908,308
<b>Total Title I, Part A Cluster</b>			1,314,736,096	12,172,212	1,326,908,308
<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		7,921,908	505,654	8,427,562
Job Access Reverse Commute	20.516		5,420,593	110,624	5,531,217
New Freedom Program	20.521		3,436,401	70,131	3,506,532
Total - U.S. Department of Transportation			16,778,902	686,409	17,465,311
<b>Total Transit Services Programs Cluster</b>			16,778,902	686,409	17,465,311
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education</b>					
TRIO Student Support Services	84.042			3,962,614	3,962,614
TRIO Talent Search	84.044			4,927,140	4,927,140
TRIO Upward Bound	84.047			10,851,652	10,851,652
TRIO Educational Opportunity Centers	84.066			1,090,886	1,090,886
TRIO McNair Post-Baccalaureate Achievement	84.217			1,990,066	1,990,066
Total - U.S. Department of Education			0	22,822,358	22,822,358
<b>Total TRIO Cluster</b>			0	22,822,358	22,822,358
<b>VOCATIONAL REHABILITATION CLUSTER</b>					
<b>U.S. Department of Education</b>					
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		1,499,582	235,168,716	236,668,298
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390			64,637	64,637

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Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

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>VOCATIONAL REHABILITATION CLUSTER</b>					
<b>U.S. Department of Education (continued)</b>					
Total - U.S. Department of Education			1,499,582	235,233,353	236,732,935
<b>Total Vocational Rehabilitation Cluster</b>			<u>1,499,582</u>	<u>235,233,353</u>	<u>236,732,935</u>
<b>WIA CLUSTER</b>					
<b>U.S. Department of Labor</b>					
WIA Adult Program	17.258		45,107,061	3,719,986	48,827,047
<i>Pass-Through from Southwest Texas Junior College</i>		UTA11-000581		5	5
Total - CFDA 17.258			<u>45,107,061</u>	<u>3,719,991</u>	<u>48,827,052</u>
WIA Youth Activities	17.259		48,929,504	4,241,574	53,171,078
WIA Dislocated Workers	17.260		2,426,668	1,935,916	4,362,584
ARRA - WIA Dislocated Workers			2,629,335	135,301	2,764,636
Total - CFDA 17.260			<u>5,056,003</u>	<u>2,071,217</u>	<u>7,127,220</u>
WIA Dislocated Worker Formula Grants	17.278		53,405,932	655,995	54,061,927
Total - U.S. Department of Labor			<u>152,498,500</u>	<u>10,688,777</u>	<u>163,187,277</u>
<b>Total WIA Cluster</b>			<u>152,498,500</u>	<u>10,688,777</u>	<u>163,187,277</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 9,090,480,192</u>	<u>41,085,187,865</u>	<u>50,175,668,057</u>

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

### (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).

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Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

**(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**

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Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, Federal Revenue	\$ 38,219,352,621
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Federal Revenue	6,026,812,282
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Capital Contributions- Federal	15,289,153
Statement of Changes in Fiduciary Net Position	<u>156,269,113</u>
Total Federal Revenue per Fund Financial Statements	44,417,723,169

**Reconciling Items**

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Non-Cash Federal Commodities/Vaccines/Surplus Property/Other (Note 6)	519,718,185
Various Loans Processed by Universities and Agencies (Note 5)	3,139,527,799
State Unemployment Funds (Note 4)	2,329,700,745
Cash rebates to participants in the Special Supplemental Food Program for Women, Infants and Children (WIC) (Note 7)	198,670,089
Programs Not Subject to OMB A-133 Reporting Requirements (Note 8)	(308,569,180)
Other *	39,729,314
Blended Component Unit not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(160,832,064)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 50,175,668,057</u></u>

\* This amount includes deductions of \$5,775,050 for fixed fee contracts; deductions of \$5,481,059 for vendor transactions; additions of \$11,434,398 for Credit Enhancement for Charter School Facilities; additions of \$39,550,859 for other transactions; and \$166 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 well as federal funds are reported in the Schedule under CFDA 17.225. The state portion in the amount of

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

\$2.3 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**

<b>CFDA Number</b>	<b>Program Name</b>	<b>Ending Balances of Previous Year's Loans</b>	<b>New Loans Processed</b>
84.038	Federal Perkins Loan Program (Perkins)	\$ 25,919,877	\$ 18,496,237
93.108	Health Education Assistance Loan Program (HEAL)	10,458,746	
93.264	Nursing Faculty Loan Program (NFLP)	1,283,447	433,268
93.342	Health Professions Student Loans (HPSL)	17,974,410	1,850,122
93.364	Nursing Student Loans	698,546	615,315
93.408	ARRA - Nursing Faculty Loan Program	274,121	120,803
		\$ 156,609,147	\$ 21,515,745

**Other Student Loan Programs**

<b>CFDA Number</b>	<b>Program Name</b>	<b>New Loans Processed</b>
84.032	Federal Family Education Loans	\$ (17,383)
84.268	Federal Direct Student Loans (Direct Loans)	3,118,029,437
		\$ 3,118,012,054

New student loans processed totaling \$3.1 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 the FFELP program, 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 2012

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

THECB received \$139.8 thousand in net interest subsidy payments that are included in the Schedule. As of Aug. 31, 2012, THECB services approximately \$42.8 million of FFELP loans. During fiscal 2012, 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, 2012, were approximately \$15.2 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2012, were approximately \$2.5 billion. Capitalization loans processed under American Recovery and Reinvestment Act (ARRA) funding for CWSRF for the year ended Aug. 31, 2012 were approximately \$15.2 million and are included in the Schedule. For the year ended Aug. 31, 2012, outstanding CWSRF loan balances utilizing ARRA funding were approximately \$60.7 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, 2012, were approximately \$70 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2012, were approximately \$476.4 million. Capitalization loans processed under ARRA funding for DWSRF for the year ended Aug. 31, 2012 were approximately \$22.9 million and are included in the Schedule. For the year ended Aug. 31, 2012, outstanding DWSRF loan balances utilizing ARRA funding were approximately \$60.2 million.

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

<b>CFDA Number</b>	<b>Program Name</b>	<b>New Loans Processed</b>
66.458	Clean Water State Revolving Funds (CWSRF)	\$ 15,187,986
66.458 - ARRA	Clean Water State Revolving Funds (CWSRF)	15,222,498
66.468	Drinking Water State Revolving Funds (DWSRF)	69,950,383
66.468 - ARRA	Drinking Water State Revolving Funds (DWSRF)	22,933,125
	Total New Loans Processed	\$ 123,293,992

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2012

***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 \$900 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, 2012, \$1.1 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 \$11.4 million of federal grants received are subject to continuing audit requirements and are included in the Schedule. In addition, approximately \$67.0 thousand of interest earned on the federal grant monies drawn down in fiscal 2012 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, 2012, \$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	\$ 131,698,286
10.565	Commodity Supplemental Food Program	9,327,005
10.569	Emergency Food Assistance Program	27,865,517
39.003	Donation of Federal Surplus Personal Property	14,470,087
93.268	Immunization Grants	336,357,290
	Total	\$ 519,718,185

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

During fiscal 2012, the state received cash rebates from infant formula manufacturers in the amount of approximately \$198.7 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, 2012

**(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, 2012, the fund financial statements include \$308.6 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 \$124.8 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 \$39.2 million of federal revenue related to the ERRP.

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 \$46.6 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 \$94.2 million and \$3.8 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 10.95 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

**Schedule of Findings and Questioned Costs**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2012

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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 *State of Texas Financial Portion of the Statewide Single Audit Report for the year ended August 31, 2012* dated February 21, 2013.

**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>
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
Cluster	Medicaid (with ARRA)
Cluster	TANF (with ARRA)
Cluster	SNAP
Cluster	Student Financial Assistance (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
12.400	National Guard Military Construction Projects
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)
66.605	Performance Partnership Grants
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
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.702	National Center for Research Resources, Recovery Act Construction Support (with ARRA)
93.767	Children's Health Insurance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
97.067	Homeland Security Grant Program

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
97.110	Severe Repetitive Loss Program
Cluster	CCDF
Cluster	Employment Service
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Medicaid (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	SNAP
Cluster	Special Education (IDEA) (with ARRA)
Cluster	Student Financial Assistance (with ARRA)
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)

**Adverse:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.566	Refugee and Entrant Assistance – State-Administered Programs
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
Cluster	SNAP

**Qualification:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
66.605	Performance Partnership Grants
Cluster	Medicaid (with ARRA)
Cluster	Student Financial Assistance (with ARRA)

**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
12.400	National Guard Military Construction Projects
20.106	Airport Improvement Program (with ARRA)
20.509	Formula Grants for Other than Urbanized Areas (with ARRA)
64.015	Veterans State Nursing Home Care
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)

**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
93.667	Social Services Block Grant
93.702	National Center for Research Resources, Recovery Act Construction Support (with ARRA)
93.767	Children’s Health Insurance Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.067	Homeland Security Grant Program
97.110	Severe Repetitive Loss Program
Cluster	CCDF
Cluster	CDBG State-Administered (with ARRA)
Cluster	Employment Service
Cluster	Fish and Wildlife
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	Special Education (IDEA) (with ARRA)
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (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: \$75,562,558
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
12.400	National Guard Military Construction Projects
20.106	Airport Improvement Program (with ARRA)
20.509	Formula Grants for Other than Urbanized Areas (with ARRA)
64.015	Veterans State Nursing Home Care
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
66.605	Performance Partnership Grants
81.041	State Energy Program (with ARRA)
81.042	Weatherization Assistance for Low-Income Persons (with ARRA)

**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
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84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund
93.563	Child Support Enforcement
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.667	Social Services Block Grant
93.702	National Center for Research Resources, Recovery Act Construction Support (with ARRA)
93.767	Children’s Health Insurance Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
97.067	Homeland Security Grant Program
97.110	Severe Repetitive Loss Program
Cluster	CCDF
Cluster	CDBG State-Administered (with ARRA)
Cluster	Employment Service
Cluster	Fish and Wildlife
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Medicaid (with ARRA)
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	SNAP
Cluster	Special Education (IDEA) (with ARRA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (with ARRA)
Cluster	WIA (with ARRA)

## 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 *State of Texas Financial Portion of the Statewide Single Audit Report for the year ended August 31, 2012* dated February 21, 2013.

## Federal Award Findings and Questioned Costs - Table of Contents

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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.

<b>Department of Aging and Disability Services</b>
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Reference No. 13-01

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

#### **Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**Type of finding - Significant Deficiency**

The Medicaid Home and Community-Based services waiver program is authorized under Section 1915(c) of the Social Security Act. The program permits a state to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization. The Texas Department of Aging and Disability Services (DADS) has seven of these waivers in place which contain level of effort and earmarking requirements. DADS reports on these waivers and its compliance with prescribed metrics through the use of the CMS 372, *Annual Report on Home and Community-Based Services Waiver*, report. The CMS 372 reports information including unduplicated participant counts and waiver expenditures. The information reported on the CMS 372 report must be actual information for which all supporting information, in readily reviewable form, is available to support the amounts used in the included computations.

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

Of the seven waivers DADS has in place, four were selected for testwork in the current year. The information reported on the CMS 372 reports is primarily obtained from MIS reports, which are system generated reports received from the Texas Medicaid and Healthcare Partnership (TMHP). Out of the four waivers reviewed, two of the CMS 372 reports had incorrect information reported due to data entry error or improper updating of amounts and formulas in supporting spreadsheets. There was no noncompliance noted as a result of these errors as thresholds were met for compliance after consideration of the revised amounts. However the review performed does not appear to be sufficient as to level of detail to note amounts reported which do not agree to the supporting documentation.

#### Recommendation:

The existing review process should be enhanced to verify the amounts reported on the CMS 372 reports agree to the supporting documentation.

#### Management Response and Corrective Action Plan:

*We agree with the audit finding and have begun to address the control deficiency by modifying the underlying reports that serve as the source of data and information for the CMS 372 reports, and will revise DADS processes to ensure amounts are reviewed and recorded properly.*

#### Action Steps:

1. *Prior to the annual production of each waiver program CMS 372 report, DADS will timely provide TMHP with necessary report criteria, including needed aggregation of services, to eliminate the need for manual calculations of amounts.*
2. *DADS Budget and/or CPI data mart will replace the Excel template (for Home and Community Based Services) with a system generated report which will eliminate manual calculations and ensure formulas and amounts are accurate and complete.*

- 3. DADS CPI will incorporate additional steps to monitor and validate the data and information entered into the Federal CMS Waiver Portal application before reports are submitted to HHSC for final approval.*

*Implementation Date: April 1, 2013*

*Responsible Person: #1 – Robert Jocius and Maria Montoya; #2 – David Cook; and #3 – Robert Jocius*

**Health and Human Services Commission**

Reference No. 13-02

**Eligibility**

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

**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**

(Prior Audit Issues - 12-02, 11-09, 10-12, 09-17, 08-12, and 07-13)

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**TANF Cluster**

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

**Award numbers - G1202TXTANF and G1102TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2011 to September 30, 2012**

**Award number - G1202TXTANF**

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

The Health and Human Services Commission (HHSC) during fiscal year 2012 maintained two systems for determining eligibility for Medicaid and 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). Effective April 2012, the SAVERR system was decommissioned from service.

Questioned Cost:	\$524
U.S. Department of Health and Human Services	

Eligibility for the following programs is considered to be deemed (i.e. the applicant is automatically eligible) during the time period they are also eligible for TANF, Medicaid, and/or Supplemental Nutrition Assistance Program (SNAP).

<u>Additional Federal Programs</u>	<u>Deemed Program</u>
Child Nutrition Cluster	TANF and SNAP
CFDA 93.563 - Child Support Enforcement	TANF and Medicaid
CFDA 93.568 - Low-Income Home Energy Assistance	SNAP
CFDA 10.557 - Supplemental Nutrition Program for Women, Infants, and Children	SNAP and Medicaid
Child Care Cluster	TANF

Per review of the regulations and State Plan documents for Medicaid and TANF benefits, individuals must generally meet the *following criteria to be eligible*, 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)) and TANF (per State Plan). 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.
- 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 and cash TANF by State Policy.
- Meet certain resource and income limits, which vary by eligibility group, including proof of unemployment. Verification is required for both programs by State Policy.
- Social security number. Verification of social security numbers is required for Medicaid by 42 CFR 435.910(g) and TANF by State Policy.

**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 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, 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 "placeholder" 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 does 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 in a timely manner. 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. When a case is in other than "ongoing mode" the sanctions are not processed timely. No compliance exceptions were noted for the Special Tests and Provisions – Penalty for Refusal to Work and Adult Custodial Parent of Child Under Six When Child Care Not Available compliance requirements noted above.
- The TANF requirements include "A state may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more states under TANF, Title XIX or the Food Stamp Act of 1977, or benefits in two or more states under the supplemental security income program under Title XVI of the Social Security Act." HHSC does not have a process to enforce the requirement unless HHSC-OIG is involved in a court case related to a fraudulent statement or representation with respect to place of residence.

**HEALTH AND HUMAN SERVICES COMMISSION**

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Eighty files processed through TIERS were reviewed for TANF and seventy-eight for Medicaid. For each of the files, an initial month and recertification month, if available during the fiscal year, was selected for test work. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<u>TANF</u>	<u>Medicaid</u>
Number of files reviewed	80	78
Benefits paid to/on behalf of households reviewed for selected months	\$ 27,128	4,646
Number of files with over (under) payments***	-	NA
Total calculated overpayments	\$ -	NA
Total calculated (underpayments)	\$ -	NA
Number of files with insufficient documentation**	3	1
Benefits associated with files with insufficient documentation for selected months*	\$ 524	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.
- \*\*\* Documentation in the file does not match the information used in the calculation.

For eighty files reviewed receiving TANF, three files were found to be incomplete. The three files paid benefits of \$524 for the selected months of which \$524 resulted in net questioned costs.

- For one file, the income amount was not properly supported. The benefit amount paid to this household during the selected month was \$154.
- For two files, the application for the benefit month or redetermination month was not available for review. The benefit amount paid to these households during the selected months was \$370.

For seventy-eight files reviewed receiving Medicaid, one file’s application for the benefit month tested was incomplete. No benefits were paid on behalf of this household during the selected months.

**SAVERR**

For the period September 2011 through April 2012, 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.

**HEALTH AND HUMAN SERVICES COMMISSION**

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Consistent with current HHSC policy, SAVERR is not designed to enforce third-party verification for residency or U.S. citizenship. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these elements are required to be verified with a third party.

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.

Twenty-two files processed through SAVERR were reviewed for the Medicaid program. For each of the files an initial month and a recertification month, if available during the fiscal year, were reviewed. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table:

		<u>Medicaid</u>
Number of files reviewed		22
Benefits paid to/on behalf of households reviewed for selected months	\$	2,328
Number of files with over (under) payments***		NA
Total calculated overpayments	\$	NA
Total calculated (underpayments)	\$	NA
Number of files with insufficient documentation**		2
Benefits associated with files with insufficient documentation for selected months*	\$	0

- \* 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.
- \*\*\* Documentation in the file does not match the information used in the calculation.

For twenty-two files reviewed receiving Medicaid, eligibility documentation for two files was found to be incomplete. For the two files, information supporting income and/or the application and other supporting documentation was not available for review. No benefit amounts were paid on behalf of these households during the selected months.

**Summary**

The following analysis provides perspective for the above programs:

	<u>TANF</u>	<u>Medicaid</u>
Approximate amount of benefits paid for clients for fiscal year	\$ 41,818,068	13,549,561,705
Approximate amount of benefits paid for clients processed through non-HHSC eligibility system for Emergency Assistance (EA) and Kinship for fiscal year 2012	\$ 83,155,566	-
Approximate DSH and other non-administrative expenditures for fiscal year 2012	\$ -	2,493,966,146
Approximate administrative expenditures for fiscal year 2012	\$ 318,561,156	826,684,839
Total expenditures per 2012 Federal Schedule	\$ 443,534,790	16,870,212,690
Approximate total number of clients served in August 2012, excluding EA	102,621	3,637,349

Recommendation:

HHSC should track 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. Additionally, as HHSC moves more participants to managed care, consideration should be given to the need for any process, policy, and system changes.

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:

*HHSC offers the following in response to this finding:*

- *HHSC policy does not require a valid SSN on file prior to the recertification of benefits as long as efforts are underway to obtain a social security number. 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.*
- *Staff have the option of cancelling (backing out of) a logical unit of work if they do not have all the required information. If cancelled, TIERS puts this logical unit of work back into the queue of screens that still need to be completed prior to disposition. All data entry is subject to mistakes, whether it is information that a worker has obtained from the client to enter or if they are entering “placeholder” information. It is unclear how it is expected that the systems could detect real data vs. placeholder data in free-form data entry fields. Case Reading processes are in place, however, to assist in ensuring accurate information is used in determining eligibility.*
- *The deployment of readily accessible TIERS case history reports was developed and has been in place since August 2010 to support caseworkers’ and the Office of Investigator General’s ability to view case details for any previous case disposition.*
- *TIERS does apply sanction information to the case record regardless of case mode, but does not run eligibility (enforcing the sanction) if the case is in a mode other than ongoing. The reason is that when the case is in a mode other than ongoing, staff are taking action on the case, and if eligibility were to be determined prematurely (without all the information), incorrect benefits could be issued. Once staff complete the case, the sanction is automatically imposed, as appropriate. Depending on when the action is completed, the imposition of the sanction could be timely or untimely. In addition, the client could be reporting good cause for non-compliance which could mean the sanction should not be applied at all.*
- *The SAVERR database no longer exists. There have been no active cases or clients in SAVERR since February 2012, and previous to that date HHSC converted all relevant eligibility data for active cases from SAVERR to TIERS. The SAVERR database was completely purged and all user access to the mainframe was deleted in May 2012. The mainframe was DOD (Department of Defense) wiped and disassembled in June 2012.*

*The agency is developing a budget refresher training focusing on income, resources, household composition, deductions and reviewing budget calculations. The training is in development and will be completed by May 2013 with staff training to be conducted thereafter. The agency is developing a MEPD refresher training focusing on resource calculations and budgeting. The training is in development and will be completed by August 2013 with staff training to be conducted thereafter. Both refreshers will be instructor led training with hands-on exercises.*

*The agency currently tracks file discrepancies (accuracy of case work) via three distinct processes:*

- *Quality Control case reviews*
- *Supervisor case reviews*
- *Management Evaluation reviews (office reviews and case reading)*

**HEALTH AND HUMAN SERVICES COMMISSION**

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Each of the three processes provides mechanisms to report findings at the individual case review level and aggregate reporting for analysis and trending at the various management levels. Supervisors, Service Improvement Program Coordinators, and Quality Assurance staff all have varying roles by each distinct process to analyze the information and implement corrective action processes and processes to monitor and track progress. These are ongoing processes and are effective as reflected in the payment error rates for TANF as determined by Quality Control.

HHSC will consider the need for additional manual compensating controls in the area of case reading processes.

Implementation Date: May 31, 2013

Responsible Person: Todd Byrnes and Bo Platt

Ten Year Disqualification Period

HHSC does not currently receive conviction data from other states. HHSC will work to determine if the data can be obtained and a process to disqualify individuals prosecuted in other states.

Implementation Date: July 2013

Responsible Person: Mark Neumann

Reference No. 13-03

**Eligibility**

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

(Prior Audit Issues - 12-02, 11-09, 10-12, 09-17, 08-12, and 07-13)

**SNAP Cluster**

**Award years - October 1, 2011 to September 30, 2013, October 1, 2011 to September 30, 2011, October 1, 2011 to September 30, 2012, and May 1, 2012 to September 30, 2012**

**Award numbers - 6TX400405, 6TX430145, 6TX400105, and 6TX400205**

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

The Health and Human Services Commission (HHSC) during fiscal year 2012 maintained two systems for determining eligibility for Supplemental Nutrition Assistance Program (SNAP) - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Reporting System (TIERS). Effective April 2012, the SAVERR system was decommissioned from service.

Questioned Cost:	\$4,497
U.S. Department of Agriculture	

Eligibility for the following programs is considered to be deemed (i.e. the applicant is automatically eligible) during the time period they are also eligible for Temporary Assistance for Needy Families (TANF), Medicaid, and/or SNAP.

**Additional Federal Programs**

Child Nutrition Cluster  
CFDA 93.563 - Child Support Enforcement  
CFDA 93.568 - Low-Income Home Energy Assistance  
CFDA 10.557 - Supplemental Nutrition Program for Women, Infants, and Children  
Child Care Cluster

**Deemed Program**

TANF and SNAP  
TANF and Medicaid  
SNAP  
  
SNAP and Medicaid  
TANF

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Per review of the regulations and State Plan documents for SNAP benefits, individuals must generally meet the following criteria to be eligible for aid, and the information is required to be verified per a third-party source of information.

- Completed and signed an application for benefits with eligibility determined at least every six months for SNAP (7 CFR 273.10(f)).
- Be a Texas resident. Verification is required for SNAP per 7 CFR 273.2(f)(1)(vi).
- Be a U.S. citizen or non-citizen in certain recognized categories. Verification is required for 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 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 SNAP by State Policy and 7 CFR 273.2(f)(1)(v).

### **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 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, 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 “placeholder” 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.

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Ninety files processed through TIERS were reviewed for SNAP with exceptions in seventeen files. For each of the files, an initial month and recertification month, if available during the fiscal year, was selected for test work. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<u>SNAP</u>
Number of files reviewed	90
Benefits paid to/on behalf of households reviewed for selected months	\$ 61,970
Number of files with over (under) payments***	12
Total calculated overpayments	\$ 7
Total calculated (underpayments)	\$ (22)
Number of files with insufficient documentation**	5
Benefits associated with files with insufficient documentation for selected months*	\$ 3,844

- \* 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.
- \*\*\* Documentation in the file does not match the information used in the calculation.

For ninety files reviewed receiving SNAP, seventeen files were found to be incomplete or the benefits were calculated in error as noted below. The seventeen files paid benefits of \$11,346 for the selected months of which \$3,829 resulted in net questioned costs.

- For four files, the rent expense was not properly supported. The benefit amount paid to these households during the selected months was \$2,120.
- For two files, the application for the benefit month or redetermination month was not available for review. The benefit amount paid to these households during the selected months was \$1,201.
- For eight files, the income amount was not properly supported. The benefit amount paid to these households during the selected months was \$5,382.
- For three files, the dependent care cost was not properly supported. The benefit amount paid to these households during the selected months was \$2,643.

### **SAVERR**

For the period September 2011 through April 2012, 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.

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Consistent with current HHSC policy, SAVERR is not designed to enforce third-party verification for residency or U.S. citizenship. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these elements are required to be verified with a third party.

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.

Ten files processed through SAVERR were reviewed for SNAP. For each of the files, an initial month and a recertification month, if available during the fiscal year, were reviewed. The following table summarizes the results of this file review. Details regarding these summarized exceptions follow the table.

	<b>SNAP</b>
Number of files reviewed	10
Benefits paid to/on behalf of households reviewed for selected months	\$ 3,329
Number of files with over (under) payments***	1
Total calculated overpayments	\$ 1
Total calculated (underpayments)	\$ 0
Number of files with insufficient documentation**	1
Benefits associated with files with insufficient documentation for selected months*	\$ 667

- \* 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.
- \*\*\* Documentation in the file does not match the information used in the calculation.

For ten files reviewed receiving SNAP benefits, two files were found to be incomplete or the benefits calculated in error as noted below. The two files paid benefits of \$1,439 for the selected months of which \$668 resulted in net questioned costs.

- For one file, the net income used in determining eligibility for the recertification month selected was calculated incorrectly. The recertification was performed in TIERS. The benefit amount paid to this household during the selected month was \$772.
- For one file, the eligibility file was not provided for review for the sample month. Therefore, eligibility could not be verified. The benefit amount paid to this household during the selected month was \$667.

**Summary**

The following analysis provides perspective:

	<b>SNAP</b>
Approximate amount of benefits paid for clients for fiscal year	\$ 6,037,940,079
Approximate administrative expenditures for fiscal year 2012	\$ 241,243,029
Total expenditures per 2012 Federal Schedule	\$ 6,279,183,108
Approximate total number of clients served in August 2012	4,145,790

Recommendation:

HHSC should track 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:

*HHSC offers the following in response to this finding:*

- *HHSC policy does not require a valid SSN on file prior to the recertification of benefits as long as efforts are underway to obtain a social security number. 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.*
- *Staff have the option of cancelling (backing out of) a logical unit of work if they do not have all the required information. If cancelled, TIERS puts this logical unit of work back into the queue of screens that still need to be completed prior to disposition. All data entry is subject to mistakes, whether it is information that a worker has obtained from the client to enter or if they are entering “placeholder” information. It is unclear how it is expected that the systems could detect real data vs. placeholder data in free-form data entry fields. Case Reading processes are in place, however, to assist in ensuring accurate information is used in determining eligibility.*
- *The deployment of readily accessible TIERS case history reports was developed and has been in place since August 2010 to support caseworkers’ and the Office of Investigator General’s ability to view case details for any previous case disposition.*
- *The SAVERR database no longer exists. There have been no active cases or clients in SAVERR since February 2012, and previous to that date HHSC converted all relevant eligibility data for active cases from SAVERR to TIERS. The SAVERR database was completely purged and all user access to the mainframe was deleted in May 2012. The mainframe was DOD (Department of Defense) wiped and disassembled in June 2012.*

*Of the seventeen errors identified in the audit, 11 cases would not be considered error cases according to federal quality control guidelines based on the fifty dollar error threshold.*

*HHSC is developing a budget refresher training focusing on income, resources, household composition, deductions and reviewing budget calculations. The training is in development and will be completed by May 2013 with staff training to be conducted thereafter. The agency is developing a MEPD refresher training focusing on resource calculations and budgeting. The training is in development and will be completed by August 2013 with staff training to be conducted thereafter. Both refreshers will be instructor led training with hands-on exercises.*

*The agency currently tracks file discrepancies (accuracy of case work) via four distinct processes:*

- *Quality Control case reviews*
- *Supervisor case reviews*
- *Statewide Targeted Case Reading (SNAP cases with earned income)*
- *Management Evaluation reviews (office reviews and case reading)*

*Each of the four processes provides mechanisms to report findings at the individual case review level and aggregate reporting for analysis and trending at the various management levels. Supervisors, Service Improvement Program Coordinators, and Quality Assurance staff all have varying roles by each distinct process to analyze the information and implement corrective action processes and processes to monitor and track progress. These are ongoing processes and are effective as reflected in the payment error rates for SNAP and TANF as determined by Quality Control.*

## HEALTH AND HUMAN SERVICES COMMISSION

HHSC will consider the need for additional manual compensating controls in the area of case reading processes.

Implementation Date: May 31, 2013

Responsible Person: Todd Byrnes and Bo Platt

Reference No. 13-04

### Eligibility

(Prior Audit Issues - 12-03, 11-11, 10-15, 09-16, 08-11, and 07-12)

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

Award years - October 1, 2011 to September 30, 2013 and October 1, 2010 to September 30, 2011

Award numbers - 1205TX5021 and 1105TX5021

Type of finding - Significant Deficiency and 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:	\$482
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U.S. Department of Health and Human Services	
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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, one file was found to have an incomplete application on file where the child found eligible for CHIP benefits was not listed on the application for benefits. The application was pre-populated by the eligibility system and the child in question was not included on the pre-populated application nor corrected by the case worker. This case was a Medicaid deem to CHIP. The benefits paid for this child for the fiscal year were approximately \$482.

### Recommendation:

HHSC should address information technology issues surrounding pre-generated applications. Additionally, HHSC should ensure that a completed application and other supporting documentation is transferred from Medicaid to CHIP for every deemed case including necessary corrections of pre-generated application forms.

### Management Response and Corrective Action Plan:

*This case included a system-generated application form that omitted the name of the CHIP eligible child. The child was in the home at the time the application was filed and has remained in the home. Documentation by the HHSC eligibility worker indicated the number of children in the household, including the child whose name was omitted from the application form. All other eligibility requirements for the child were met and the child remains CHIP eligible.*

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*Implementation Date: Not Applicable*

*Responsible Person: Bo Platt*

*Service Maintenance Request (SR) 343695 has been logged for a defect within the functionality for pre-populating household information on recertification forms. This defect is scheduled to be fixed in the June 2013 software release. While this defect resulted in the omission of an individual's information being pre-populated on the form, it is the responsibility of the household to ensure all individuals applying for benefits are noted on the application and recertification documents. When forms are pre-populated, there is always the case that the household composition has changed and manual updates to the forms are required to ensure HHSC receives accurate and updated information.*

*Implementation Date: June 2013*

*Responsible Person: Mary Catherine Bailey*

Reference No. 13-05

**Eligibility**

**CFDA 93.566 - Refugee and Entrant Assistance – State-Administered Programs**

**Award year - October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011**

**Award number - 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100**

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

The Health and Human Services Commission (HHSC) during fiscal year 2012 maintained two systems for determining eligibility – the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Reporting System (TIERS). Effective April 2012, the SAVERR system was decommissioned from service.

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

Three different types of assistance that can be provided to refugees are:

- *Refugee Cash Assistance (RCA)* – monthly cash benefits for refugees who do not meet the eligibility requirements of the Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI) programs.
- *Refugee Medical Assistance (RMA)* – medical assistance to refugees who do not meet all eligibility requirements for Medicaid and the Children’s Health Insurance Program (CHIP) and medical screening to all refugees if done within the refugees’ first 90 days upon arrival to the U.S.
- *Refugee Unaccompanied Minor (RUM) Assistance* – Child welfare services and foster care to unaccompanied refugee minors (until age 18 or higher age as the State’s Title IV – B plan prescribes).

HHSC is responsible for determining the eligibility of the RMA, not including the medical screening. Per review of the regulations, eligibility for RMA is limited to newly arrived refugees who meet the following:

- Have either refugee, asylee, entrant, or Amerasian documented status (45 CFR section 400.43).
- Not eligible for Medicaid or CHIP but currently receive RCA (45 CFR section 400.100(d)).
- Have resided in the U.S. less than eight months determined by the Office of Refugee Resettlement (ORR) Director in accordance with 45 CFR section 400.211 (45 CFR section 400.53).
- Determined ineligible for the Medicaid program or CHIP (45 CFR section 400.100(a)(1)).
- Meet the State’s Medicaid medically needy financial eligibility standards or a financial eligibility standard established at 200 percent of the national poverty level (45 CFR section 400.101(a)).

- Are not full-time students in institutions of higher education, unless the State has approved their enrollment as part of the refugee's employability plan under 45 CFR section 400.79 or a plan for an unaccompanied minor in accordance with 45 section CFR 400.100(a).

### **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 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, 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.
- 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 "placeholder" 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.

### **SAVERR**

For the period September 2011 through April 2012, 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.

Consistent with current HHSC policy, SAVERR is not designed to enforce third-party verification for residency or U.S. citizenship. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these elements are required to be verified with a third party.

### **Summary of Files Reviewed**

Of the fifty files reviewed, five files had exceptions as noted below:

- For two files, benefits were terminated early. Total benefits paid to these refugees during the selected months were \$4,708. The reasons for the early termination for both files had their RMA eligibility removed when a non-Centralized Benefits Services staff had inappropriate access to dispose of RMA cases. No quantification is available for the benefits potentially underpaid since these are medical claims that the MMIS system will not pay when eligibility has been terminated.
- For three files, benefits were terminated late and no medical claims were submitted during this ineligible time period; therefore, no overpayment resulted. Total benefits paid to these refugees during the selected months was \$898. For one file the benefits were restarted due to a non-Centralized Benefits Services staff's inappropriate access to modify RMA cases and the other two files were related to conversion from SAVERR to TIERS and the eligibility period not being terminated timely.

### **Recommendation:**

HHSC should track the nature of file discrepancies through their 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:**

*The implementation of the Refugee Medical Assistance (RMA) program in TIERS conversion was a one-time event and will no longer impact this program. Issues with the conversion caused three of the five errors identified in the audit.*

*On December 15, 2011, HHSC implemented functionality in TIERS to prevent non-Centralized Benefits Services staff from disposing RMA cases. This functionality prevents future occurrences of the error case terminated by the SNAP worker and the case where the benefits were reinstated.*

*Because none of these errors could currently occur, HHSC determined that refresher training for staff is not necessary at this time.*

*HHSC has no ongoing corrective action in this area.*

*Implementation Date:      Completed*

*Responsible Person:      Kirsten Jumper*

**HEALTH AND HUMAN SERVICES COMMISSION**

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Reference No. 13-06

**Allowable Costs/Cost Principles**

**Program Income**

(Prior Audit Issues - 12-04, 11-13, 10-22, 09-14, 08-09, and 07-11)

**CFDA 93.566 - Refugee and Entrant Assistance – State-Administered Programs**

**Award year - October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011**

**Award number - 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100**

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

**Award years - October 1, 2011 to September 30, 2013 and October 1, 2010 to September 30, 2011**

**Award numbers - 1205TX5021 and 1105TX5021**

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**Type of finding - Significant Deficiency**

Funds can only be used for Medicaid Cluster 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.

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.

**HEALTH AND HUMAN SERVICES COMMISSION**

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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 CFDA 93.767 - Children’s Health Insurance Program. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles related to CFDA 93.566 – Refugee and Entrant Assistance – State-Administered Programs. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles for Medicaid Cluster but see finding 13-08 for exceptions noted for Medicaid Cluster program income.

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:

*The Xerox State HealthCare, LLC Pharmacy Claims Rebate Administration SSAE 16 (SOC 1) report for the period ended September 1, 2011 to August 31, 2012 dated October 25, 2012, contains an unqualified opinion.*

*Implementation Date: August 31, 2012*

*Responsible Person: Andy Vasquez*

Reference No. 13-07

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

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

**Award years - October 1, 2011 to September 30, 2013 and October 1, 2010 to September 30, 2011**

**Award numbers - 1205TX5021 and 1105TX5021**

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

The Health and Human Services Commission (HHSC) matching rate for the State of Texas Children’s Health Insurance Program (CHIP) expenditures is determined in accordance with the Federal matching rate for such expenditures, referred to as the enhanced Federal Medical Assistance Percentage (Enhanced FMAP) for a State. That is, the CHIP State matching rate is calculated by subtracting the Medicaid FMAP rate from 100, taking 30 percent of the difference, and then adding it to the Medicaid FMAP rate. Based on FMAP rates in place, the State share of expenditures in place for Texas was 29.25% and 27.61% for Federal Fiscal Year (FFY) 2012 and 2011, respectively.

Questioned Cost:	\$ 6
U.S. Department of Health and Human Services	

For twenty-five invoices reviewed for matching percentages in CHIP, one vendor drug payment of \$366 was found to have an incorrect matching rate used. The matching rate used in CHIP is based on the FFY in which an amount is paid. HHSC’s general ledger system applies the matching rate based on the payment date. For this one sample item, the payment date was May 26, 2012; therefore a matching rate of 29.25% should have been applied. However, the FFY 2011 matching rate of 27.61% was applied instead. As a result, HHSC drew \$264.93 based on the 27.61% but should have drawn \$258.93, a difference of \$6. Also, HHSC general ledger accounts reflect the incorrect state vs. federal funding allocation share.

HHSC utilizes Xerox State Healthcare LLC (operating as Xerox Pharmacy) as the Pharmacy Claims and Rebate Administrator for the Vendor Drug Program. Xerox Pharmacy became the vendor drug service provider in November 2010. HHSC utilizes the FMAP rate in effect for the payment date. CHIP claims were paying based on

service date instead of payment date; hence, an incorrect matching rate was applied. Xerox Pharmacy and HHSC were unable to quantify the necessary adjustment prior to the issuance of the report.

HHSC has noted that although the incorrect matching rate was applied at the date of payment, the expense was correctly reported on the CMS-21 report and SF425 report. For both reports, HHSC utilizes a query of amounts paid which is separate from the application control in the general ledger that allocates the federal vs. state share for cash draw purposes. The amounts paid query total are then manually split into state vs. federal share on the CMS-21 report based on the current FMAP rate.

Recommendation:

Xerox Pharmacy and HHSC should quantify the claims from November 2010 to January 2013 which were drawn with the incorrect FMAP rate. Then HHSC should make an adjustment to the general ledger and a resulting adjustment to the next cash draw.

Management Response and Corrective Action Plan:

*The allocations for these payments are determined and coded by the Vendor Drug Contractor who codes these vouchers based on an automated table. HHSC Financial Management supplies the contractor with the table and instructions on utilizing the table along with the FMAP rate to be used. A miscommunication in the instructions between the Contractor and HHSC Financial Management occurred, causing prior year rates not to be overwritten with the current year rates. Therefore, incorrect match rates were used for prior year expenses due to these programming errors.*

*On January 24, 2013, the contractor implemented corrections to the table to ensure the current FMAP is used for prior year expenses processed in the current year. The vendor is identifying these incorrect vouchers to make necessary adjustments. Because these vouchers are interfaced into HHSC's accounting system, Financial Management does not see the errors in advance of payment. However, HHSC will develop a process to identify all prior year expenditures made in the current year to ensure they are processed with the correct FMAP. This will be done on a monthly basis. In addition, HHSC will utilize this new process to identify the expenditure transfer that needs to be processed to correct any historical expenditures covered under this audit and use the vendor's identified voucher adjustments as comparison during the correction process. When the expenditure transfer is recorded in the general ledger, it will be reflected in the draw amount to adjust the draw.*

Implementation Date:

- *Implementation of correcting tables and identification of corrections needed – January 24, 2013*
- *Implementation of HHSC process to ensure the correct FMAP is being applied to current expenditures on a monthly basis – January 31, 2013*
- *Quantify the claims from November 2010 to January 2013 which were drawn with the incorrect FMAP rate – August 2013*

Responsible Person:      *Diane Jackson and Andy Vasquez*

**HEALTH AND HUMAN SERVICES COMMISSION**

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Reference No. 13-08

**Program Income**

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

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

Title XIX, Section 1927 of the Social Security Act allows states to receive the same rebates for drug purchases as other payers receive. Drug manufacturers are required to provide a listing to Centers for Medicare and Medicaid Services (CMS) of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on this data, CMS calculates a unit rebate amount for each drug, which it then provided to states. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the state, the manufacturers are required to pay the rebate or provide the state with written notice of disputed items not paid because of discrepancies found.

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

The Health and Human Services Commission (HHSC) contracts with Texas Medicaid & Healthcare Partnership (TMHP) to administer the Vendor Drug Rebate Program for the Medicaid Cluster. TMHP's contract requires the generation and mailing of the Dunning/Collection Notices to drug manufacturers. The TMHP Drug Rebate Administration Policy and Procedures Document require the notices to drug manufacturers that are more than 45 days late in payment of drug rebates. Additional notices are required as 90 and 105 days past due.

For a sample of fifty-nine drug manufacturers for the Medicaid Cluster with program income, four sample items were late with the notices. Specifically, two 45-day, one 90-day and three 105-day notices related to the four sample items was not sent timely to the drug manufacturers to pursue payment. The Dunning/Collection Notices mailing process is not automated. TMHP is required to manually initiate the production and mailing of the invoices. Per discussion with HHSC, the manual initiation for these notices was performed late.

Recommendation:

HHSC management should work with TMHP to ensure the notices are being sent in accordance with TMHP Drug Rebate Administration Policy and Procedures Document.

Management Response and Corrective Action Plan:

*HHSC will modify the TMHP Drug Rebate Administration Policy and Procedures Document to allow the vendor up to five additional business days to send the dunning notices, when the required date for the notice coincides with a higher priority rebate deadline.*

*Implementation Date: April 2013*

*Responsible Person: Andy Vasquez*

## HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-09

### Reporting

#### CFDA 93.566 - Refugee and Entrant Assistance – State-Administered Programs

Award year - October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011

Award number - 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100

Type of finding - Material Weakness and Material Non-Compliance

The 2012 Compliance Supplement includes the annual ORR-11, State-of-Origin Report (OMB No. 0970-0043) as a special report to be addressed during the audit. The Family and Community Services division of the Office of Family Services of Health and Human Services Commission (HHSC) was informed by the Department of Health and Human Services Office of Refugee Resettlement (ORR) that the ORR-11 report is no longer required for Texas. Instead HHSC is to file “data submission for the fiscal year 2012 Refugee Social Services and Targeted Assistance Grant Formula allocations, via the ORR Data Submission Website” by ORR State Letter #12-01 dated November 9, 2011. The 2012 compliance supplement noted the focus areas for the special report is the secondary migrants information. The ORR State Letter #12-01 includes a data file entitled “Social Services Secondary Migration data file” (data file). Therefore, the audit procedures focused on the completeness and accuracy of the Social Services Secondary Migration data file.

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

Based on the structure of the refugee program at HHSC, HHSC serves the refugee population in a variety of methods. For example, HHSC contracts with subrecipients to provide the Refugee Social Services (RSS) and Refugee Cash Assistance (RCA). HHSC also contracts with other state agencies to provide the Refugee Unaccompanied Minor Assistance (Department of Family and Protective Services) and Refugee Medical Screening (Department of State Health Services). Additionally, HHSC provides direct services for Refugee Medical Assistance. Therefore to file the Social Services Secondary Migration data file, HHSC must collect secondary migrant information from their direct services, the HHSC subrecipients, and DSHS for the medical screening. DFPS information for unaccompanied minors is included in a separate data file.

The following items were noted:

- HHSC was not able to identify secondary migrants for the population that HHSC serves directly. The data file only included information from the HHSC subrecipients and DSHS.
- In addition, the data file was not complete with regard to the information received from HHSC subrecipients. HHSC did not have a process in place to ensure each subrecipient submitted the required secondary migrant information for the annual data file.

#### Recommendation:

HHSC should implement a process to collect information from the refugees served directly by HHSC. Also, HHSC should ensure all information regarding secondary migrants have been received from the subrecipients for inclusion in the data file to address completeness of the secondary migrant information reported.

#### Management Response and Corrective Action Plan:

*To address the completeness aspect of the recommendation, enhancements would be necessary to the Texas Integrated Eligibility Redesign System (TIERS) to capture secondary migrant information associated with the RMA application. The Office of Social Services Office of Immigration and Refugee Affairs (OIRA) will work with HHSC IT to explore the possibility of making necessary changes to the TIERS system to capture secondary migrant data.*

*Related to subrecipient monitoring, the redesign of the HHSC Refugee Data Collection (RDC) system currently underway includes reporting requirements for subrecipients to indicate if a client is a secondary migrant. This requirement will enable OIRA to capture enhanced secondary migrant data through the RDC automated system. OIRA will continue to request secondary migrant data from the subrecipients to ensure that data from other refugee*

programs, not funded by HHSC, is also included. However, improvements are being made to the reporting process to ensure continuity in documentation in reporting from subrecipients. These changes will include a requirement for “null” reporting from subrecipients who have not served secondary migrants.

In addition, OIRA will continue to use DSHS refugee screening data in an effort to verify data received from the subrecipients.

Implementation Date: June 2013

Responsible Person: Caitriona Lyons

Reference No. 13-10

**Special Tests and Provisions - Provider Eligibility**

(Prior Audit Issues - 12-06, 11-17, 10-13, 09-22, and 08-19)

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**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 2012 was selected for review and twenty-one files were noted to have the following exceptions. Of the twenty-one files with exceptions, twenty 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 providers, a search to ensure the provider was not on the Medicaid exclusion list was not conducted at the time of enrollment.
- For sixteen 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 six providers, there was no signed disclosure of ownership and control interest statement available for review.

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.

## HEALTH AND HUMAN SERVICES COMMISSION

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### 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 HHSC OIG exclusion lists (performed since January 2004) and any 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% 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 60-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 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% 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 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 would receive 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 payment denial code (PDC) on the provider's enrollment profile, restricting current enrollment and future payments.*

*In response to the audit findings, 20 of the 21 providers listed in the detailed exceptions were enrolled prior to 2004 under the previous claims administrator. One of the 20 providers enrolled prior to 2004 was re-enrolled to update the specialty originally assigned to the provider by the previous claims administrator. This specialty change was necessary to match the changes made by Medicare (CMS updated them from a single specialty group to multispecialty group). For all 21 providers, TMHP has confirmed that they performed a S3 (exclusion check) match on these providers in July 2012 and have noted the provider's file as well. Additionally, that information was provided to KPMG as well. HHSC and TMHP consider these 21 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:      Kay Ghahremani*

**HEALTH AND HUMAN SERVICES COMMISSION**

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Reference No. 13-11

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

**SNAP Cluster**

**Award years - October 1, 2011 to September 30, 2013, May 1, 2012 to September 30, 2012, October 1, 2011 to September 30, 2012, and October 1, 2010 to September 30, 2011**

**Award numbers - 6TX400105, 6TX400405, 6TX430145, 6TX400205, 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 access to both systems, fifty-eight employees were noted as having access to both dispose cases in the eligibility systems and to issue cards in the EBT card issuance system.

Recommendation:

HHSC should ensure proper segregation of duties exists between eligibility and EBT systems such that no person has access to both systems.

Management Response and Corrective Action Plan:

- *Provide guidance to the regions on who should be granted the USER SECURITY role and limit access to assign that role.*
- *Provide the regions with a process to request EBT access when back-up staff for the Regional EBT Coordinator is unavailable.*
- *State Office review of local office security plans that justify the need and monitoring practices for staff granted high-risk role combinations.*
- *Quarterly review of users to identify and resolve high-risk role combination issues.*

*Implementation Date:      Guidance to the regions - March 31, 2013  
   Process to request access - March 31, 2013  
   Review of Local Office Security Plans - April 30, 2013  
   Quarterly Review of users - May 31, 2013*

*Responsible Person:      Bo Platt*

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-12

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

(Prior Audit Issues - 12-10, 11-22, 10-23, 09-18, 08-15, and 07-15)

**TANF Cluster**

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

**Award numbers - G1202TXTANF and G1102TXTANF**

**TANF Cluster - ARRA**

**Award years - October 1, 2011 to September 30, 2012**

**Award number - G1202TXTANF**

**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 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. The Texas Integrated Eligibility Reporting System (TIERS) determines eligibility for Temporary Assistance for Needy Families (TANF).

Questioned Cost:	\$684
U.S. Department of Health and Human Services	

The design of TIERS does 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 in a timely manner. 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. When a case is in other than “ongoing mode” the sanctions are not processed timely.

A sample of forty beneficiaries who should have had their benefits reduced was selected for review. Of the forty cases reviewed, benefits were not reduced timely for two cases. For one case, the benefit was reduced one month late, resulting in an error of \$228. For another case, the benefit was reduced two months late, resulting in an error of \$456.

Recommendation:

HHSC management should continue to monitor the proper functioning of identifying and restricting benefits for individuals timely.

Management Response and Corrective Action Plan:

*Both cases were under review at the time the sanction requests were received. The sanctions were imposed at the time the review action was completed.*

*For the case with the sanction imposed two months late, the worker was untimely in completing the review action causing the overpayment in benefits. HHSC field supervisors have established monitoring procedures to ensure cases are completed in a timely manner. HHSC has worked directly with the supervisor responsible for monitoring the error case to ensure monitoring procedures are understood and followed.*

*Implementation Dates: Not Applicable*

*Responsible Person: Bo Platt*

## HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-13

### Reporting

(Prior Audit Issues - 12-12)

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

Award years - October 1, 2011 to September 30, 2013 and October 1, 2010 to September 30, 2011

Award numbers - 1205TX5021 and 1105TX5021

#### Medicaid Cluster

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

Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP

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). 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.

Questioned Cost:	\$ 0
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U.S. Department of Health and Human Services	
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Entry and formula errors were noted on the Collections Schedule, a supporting schedule, of the CMS-64 report for the quarter ended March 31, 2012. This resulted in an overstatement of approximately \$201,000 being reported in the Total Federal Share of expenditures for the respective quarter. Two quarters were selected for test work.

HHSC is also required by OMB to submit a CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI (OMB No. 0938-0731). HHSC utilizes a service provider to assist in the operations of the Texas Children's Health Insurance Program (CHIP). During fiscal year 2012, the service provider experienced reporting delays such that the enrollment fee information was received late by HHSC. Additionally, HHSC included the enrollment fees in the CMS-21 report as prior period adjustments instead of current year cost sharing offsets. Lastly, the FMAP rate that was used for the enrollment fees for fiscal year 2012 was the 2011 FMAP rate. All five enrollment fees selected for program income test work were found to be properly determined, identified and recorded as program income. However, the five items were not shown as cost sharing offset on the CMS-21 report.

#### Recommendation:

A review process should be established for supporting schedules used in the preparation of the CMS-64 and CMS-21 reports, including the verification of the appropriate quarterly FMAP rate.

#### Management Response and Corrective Action Plan:

*The errors noted on the Collections schedule were attributable to a key entry transposition error, a line not included in the subtotal of line 9C1.1C totaling \$70.90, and guidance from CMS to report a negative number on the Collections schedule instead of on the CMS-64.9C1 line as originally intended (the CMS-64 line did not allow for negative number entry, so it was included on the Collections schedule). These three factors resulted in the overstatement.*

*HHSC Financial Reporting continues to follow the review process in place to identify and correct key entry transposition errors and formula errors. However, HHSC Financial Reporting will give more attention to the supporting schedules to ensure these errors are reduced. Regarding the entry of a negative number on the Collections schedule, CMS instructed HHSC Financial Reporting to make an adjustment in 3<sup>rd</sup> Quarter FFY2012 on Line 8 form, COS line 49 to remove it from the Collections schedule which contributed to the overstatement. This overstatement was corrected in the 3<sup>rd</sup> Quarter, FFY2012.*

*The enrollment fees that were recorded with the FFY2011 rate incorrectly in FFY2012, were adjusted on May 7, 2012 with the FFY2012 rate. As mentioned in the finding, these enrollment fees were recorded as prior period*

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*adjustments on the CMS21 at the FFY2011 rate as well. The adjustments made on May 2012 were not included in the prior period adjustments for FFY2012, CMS21. Therefore, this adjustment will be included on the first quarter, FFY2013 report as a prior period at the FFY2012 rate. HHSC will give more attention to supporting documentation to ensure adjustments are reported within the correct quarter in which they are made.*

*Implementation Date: More attention to supporting schedules – January 31, 2013  
Negative amount correction – completed in 3<sup>rd</sup> Quarter, FFY2012  
Correction to CMS21 for prior period adjustment of enrollment fees – January 31, 2013,  
which will be included in the 1<sup>st</sup> Quarter, FFY2013 CMS 21 report*

*Responsible Person: Diane Jackson*

**Health and Human Services Commission  
Department of State Health Services**

Reference No. 13-14

**Allowable Costs/Cost Principles**

**CFDA 93.667 - Social Services Block Grant**

**Award years - October 1, 2011 to September 30, 2013, October 1, 2010 to September 30, 2012, and October 1, 2009 to September 30, 2011**

**Award number - G1201TXS0SR, G1101TXS0SR, and G1001TXS0SR**

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

**Award years - October 1, 2011 to September 30, 2013 and October 1, 2010 to September 30, 2011**

**Award numbers - 1205TX5021 and 1105TX5021**

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

**Award years - October 1, 2011 to September 30, 2013, October 1, 2010 to September 30, 2012, and October 1, 2009 to September 30, 2011**

**Award numbers - 2B08TI010051-12, 2B08TI010051-11, and 2B08TI010051-10**

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**Non-Major Programs:**

**CFDA 93.958 – Block Grants for Community Mental Health Services**

**Type of finding - Material Weakness**

Per Section 1115 of the Social Security Act, a State may obtain a waiver of statutory requirements in order to develop a system that more effectively addresses the health care needs of its population. A waiver may involve the use of a program of managed care for selected elements of the client population or allow the use of program funds to serve specified populations that would be otherwise ineligible. Managed care providers must be eligible to participate in the program at the time services are rendered, payments to managed care plans should only be for eligible clients for the proper period, and the capitation payment should be properly calculated. Medicaid service payments (e.g., hospital and doctor charges) should not be made for services that are covered by managed care. States should ensure that capitated payments to providers are discontinued when a beneficiary is no longer enrolled for services.

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

The Texas Health and Human Services Commission (HHSC) has a managed care program through a section 1115 waiver. Effective April 2012, approximately 85% of all Texas covered individuals are in the managed care program including all vendor drug transactions. Managed care payments total approximately \$1 billion a month. The Premiums Payable System (PPS) maintained by HHSC maintains participant risk groups, capitated rates for risk groups, and managed care organizations to which individuals are assigned. Eligibility of individuals is received via interface files with other Texas systems. Data from PPS is downloaded by the HHSC Managed Care Operations department to calculate amounts due to each Managed Care Organization (MCO), to create invoices to be paid to the MCOs, and to allocate payments to the proper funding source. HHSC maintains segregation of duties between information technology (IT) operations and program personnel in its eligibility systems and PPS to ensure that individuals approving eligibility are not the same individuals who approve or process the MCO transactions.

Based on a review of the manual and automated processes related to the managed care program, adequate segregation of duties is not in place related to the functions performed by the HHSC Managed Care Operations department. Also, the PPS system is not automated as to the calculation of the MCO payments amounts and assignment of funding sources. Primarily, two individuals within HHSC Managed Care Operations perform the following tasks. These same two individuals also have IT access to PPS to modify certain data maintained in the system such as capitation rates.

These tasks are:

- Adding authorized MCOs to PPS,
- Coordinating with actuaries and other external parties regarding capitation rates,
- Providing the capitated rates created by actuaries to IT for upload to PPS,
- Updating capitated rates within PPS for changes,
- Downloading and utilizing the information from PPS to calculate payment amounts to MCOs and generate invoices to be paid by accounting by funding source,
- Communicating with MCOs regarding support for payments, and
- Reconciling totals to be paid to MCOs back to total premiums per PPS.

Per review of the monthly MCO reconciliations, two of the nine reconciliations identified differences but these differences were not resolved in accordance with HHSC policy prior to payment during March 2012 when Texas expanded their managed care program. Individual differences per plan codes were all less than \$10,000. Forty MCO payments in CHIP and forty in Medicaid were selected for allowable costs test work and no exceptions were noted with regard to allowable services to the respective eligible provider.

Issues were noted around IT general controls for the PPS system, specifically access and change management controls. Segregation of duties are not enforced for two HHSC developers with administrative access to two of the three PPS production servers. In addition, 44 users on the PPS production application server and 37 users on the production database server have administrative access, which is excessive. While informal processes exist for promoting program changes into the PPS system, formal documentation is not maintained for testing and final approval prior to code promotion to the production environment.

Recommendation:

HHSC should ensure proper segregation of duties exists between capitated rate setting, collection of medical services data, assignment of rate categories, creation of invoices for payment, and allocation to funding sources. HHSC should automate the payment generation and funding allocation designations within PPS and remove the HHSC Managed Care Operations access to PPS. When differences are noted per the reconciliation process, these items should be resolved. Additionally, the cross training of the MCO activities should occur such that two individuals are not responsible for maintaining the managed care program knowledge.

With regard to the IT environment, HHSC should ensure proper segregation of duties exist within PPS including a review of developers with administrative access as well as the number of users with administrative access. Change management processes in PPS should be formalized.

Management Response and Corrective Action Plan:

*HHSC will develop and implement a plan that has multiple phases.*

Phase I

*HHSC Operations Coordination will conduct a review of the workflow that supports the Premium Payment process to determine where changes are needed to ensure proper segregation of duties. A change request will be initiated by HHSC Operations Coordination to HHSC Information Technology to have the security roles available to Operations Coordination modified to appropriately separate functionality between HHSC Operations Coordination and HHSC Information Technology to minimize risk. The reconciliation process currently in place requires that recognized variances be researched and cited in the Payment Summary Validation report. The two instances cited in the KPMG report pertain to payments in March 2012. Due to the circumstances surrounding the Managed Care Expansion there was a deviation from the normal process that did not document the reconciled variances. For the STAR+PLUS program there was no actual variance in the payment, the cited variance is due to the manner that the Network Access Fee (NAF) is recognized by the Premium Payment System. For the STAR program, there was an underpayment to the Managed Care Organizations that totaled \$5,430.26. This variance represents 0.0005% of the*

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March 2012 premium payments and was addressed as an adjustment in a subsequent payment cycle. The inclusion of appropriate documentation will be strictly followed in future generations of the managed care payments. To comply with the recommendation that additional staff be cross-trained on the functions and processes pertaining to Managed Care Premium Payments, HHSC Operations Coordination will engage in a process to identify available internal resources or seek approval to obtain additional staff.

### Phase II

HHSC Operations Coordination and HHSC Information Technology are currently holding Joint Application Development (JAD) sessions with all stakeholders to define the holistic automation of the Managed Care Premium Payments including automation elimination of the manual entry of the payments by HHSC Accounting Operations into HHSAS and uploading of the rates. This includes creation of an automated process to upload the capitation rates developed by HHSC Actuarial Analysis directly into the Premium Payment System.

### Phase III

Actions defined, developed, and implemented under Phase III will integrate functions currently in HHSC Operations Coordination into the PPS processing performed by HHSC Information Technology to fully segregate duties as appropriate. This includes automating processes that allocate the payments from the Risk Group based methodology to the Medicaid Eligibility Group (MEG) methodology to align with funding sources.

*Implementation Date:* Phase I – April 30, 2013, Phase II – November 30, 2013 and Phase III – December 31, 2014.

*Responsible Person:* Alan Scantlen

### IT Environment

Although developers are listed as having administrative access to the servers, the staff were not aware of this access and have not used it. HHSC IT Security Operations is currently in the process of conducting the annual review of server access. As a part of this review, we will disable and remove state staff who have administrative access. This annual review of the identified servers is anticipated to be completed by May 31, 2013.

The data center contract employs a matrix organization requiring different teams to be on call to support multiple server platforms and functions such as scheduling, operating systems and database functions. As a result, the number of data center staff with access does not appear to be excessive. The data center vendor will be instructed to review the number of staff with access to ensure it is appropriate once the annual review of users is complete.

A change control process was put in place in June 2012, which was after the date of the migrations that were reviewed. HHSC will ensure the process is fully documented.

*Implementation Date:* May 31, 2013

*Responsible Person:* P.J. Fritsche

<p><b>Health and Human Services Commission</b>  <b>Department of State Health Services</b></p>
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Reference No. 13-15

**Subrecipient Monitoring**

**CFDA 93.566 - Refugee and Entrant Assistance – State-Administered Programs**

**Award year - October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011**

**Award number - 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100**

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

The Health and Human Services Commission (HHSC) passes through federal funds to subrecipients to carry out the objectives of the refugee and entrant assistance program (CFDA 93.566). 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 of the auditor’s report to HHSC within nine months of the subrecipient’s fiscal year. HHSC is to review the report and issue a management decision within six months, if applicable.

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

HHSC’s subrecipient monitoring procedures include the use of a standard contract for services, the provision of technical assistance to subrecipients, a risk assessment process, program/fiscal monitoring, and A-133 audit report collection and review. Program/fiscal monitoring is performed once during each five year contract and is conducted by the HHSC Family and Community Services division of the Office of Family Services. HHSC has two types of subrecipient contracts: Refugee Social Services (RSS) and Refugee Cash Assistance (RCA). HHSC passed through approximately \$13.5 million of approximately \$30.1 million in fiscal year 2012 expenditures for RSS and RCA services.

Audit procedures involved a review of five of thirty-seven subrecipients’ files for fiscal year 2012. From those five files, the following items were noted:

- For all five contracts, the CFDA title, CFDA number and name of the Federal agency is not included in the contract notification to the subrecipients.
- Inconsistencies were noted between the risk assessment selection of which subrecipients to monitor, the monitoring summary of when site visits were performed, and the actual files noting the performance of the site visits. HHSC is not executing the site visits in accordance with their risk assessment and/or documenting the reasons for changes in decisions.
- For one subrecipient, HHSC was unable to locate the monitoring tool and supporting documentation to reflect the details of the review. A summary letter addressed to the subrecipient was provided which noted the completion of the review.
- The monitoring tool does not contain procedures to address the allowability of costs incurred by the subrecipient. Through verbal discussions with two monitors, the monitors indicated they are looking for allowability of costs but no documentation is maintained as to sample size, attributes reviewed, and results.
- The monitoring tool is also not clear with regard to the required eligibility attributes for full-time student requirements for both RSS and RCA contracts. The RSS monitoring tool includes a procedure to obtain the Rights and Responsibilities form, but the form itself does not include anything specific as to the full-time student status requirements. The RCA Rights and Responsibilities Form does include full-time student status documentation but the monitoring tool does not include a step to obtain the form for review. As a result, eligibility related to full-time students is not adequately being reviewed during site visits.

Management noted they were not aware of all the required communication for subrecipients that should be included in the standard contracts. Also management has not recently reviewed its monitoring policies and procedures for completeness due to program monitoring personnel turnover in fiscal years 2011 and 2012.

In addition, HHSC contracts with another state agency, Department of State Health Services (DSHS) to conduct a portion of the Refugee Medical Assistance (RMA) program, which includes conducting medical screenings (health assessments) on refugees. Approximately \$8.4 million of the \$30.1 million was expended by DSHS on these RMA services for fiscal year 2012. DSHS has seven subrecipient contracts with six local health departments and one hospital district to provide the RMA services. The primary regulation for which DSHS is responsible is 45 CFR section 400.94 and 400.100 (45 CFR section 400.107): *A state may charge refugee medical screening costs to RMA upon submission of a medical screening plan which the State Director or designee and the Director of ORR have approved in writing. If such screening is done during the first 90 days after a refugee's initial date of entry into the United States, it may be provided without prior determination of the refugee's eligibility and may be charged to RMA with the written approval of the Director of ORR. States may charge the RMA the cost of medical screenings done later than 90 days after the refugees' arrival only if the refugees had been determined ineligible for Medicaid or CHIP.*

The DSHS subrecipients are informed when a person is a refugee by one of the local affiliates of the National Voluntary Resettlement Agency that works with the U.S. Department of State. It is the responsibility of the resettlement agencies to determine whether the individual is a refugee and to set up the health assessment appointments based on the date of arrival in the United States with the DSHS subrecipient. As part of their subrecipient monitoring process, DSHS currently performs a minimum of three RMA desk reviews per year for each subrecipient with a focus on various performance measures, which include the 90-day requirement noted above. These desk reviews include an analysis of self reported information regarding the length of time taken to serve each refugee. When performance metrics are not met, DSHS does follow up to determine cause and to establish a corrective action plan. However, when medical screening services are not provided within the 90-day requirement, DSHS does not have a formal process for ensuring related costs are allowed only if the refugee has been determined to be ineligible for Medicaid or CHIP. DSHS monitors the allowability of costs through medical record reviews during on-site visits.

Recommendation - HHSC:

HHSC - In general, HHSC should reevaluate its subrecipient monitoring process for the Family and Community Services division of the Office of Family Services to ensure compliance with HHSC, state, and federal regulations. Specifically, HHSC should update all existing contracts with the subrecipients through the use of an amendment to include all the required information since the existing contracts have a five year period of service. HHSC should also invest the time to review its risk assessment process including a focus on documentation of deviations from the planned reviews whether due to risk changes or personnel schedules. Finally, HHSC should update its monitoring tools to include all the required elements of the program such as allowability of costs and eligibility of full-time students as noted above. Documentation of site visits should be maintained in accordance with state and federal regulations.

DSHS - DSHS should enhance its monitoring of the local health departments to include review of the allowable costs when the 90-day requirement is not met. This would include a review of whether the refugee is ineligible for Medicaid or CHIP when the medical screening is after 90-days of the refugee's arrival in the United States.

Management Response and Corrective Action Plan - HHSC:

1. *The HHSC Office of Social Services Office of Immigration and Refugee Affairs (OIRA) concurs that the CFDA title, CFDA number and name of the Federal agency were not included in the 2012 contract notifications. OIRA has corrected this issue and has provided this information in the individual contract award notifications for each 2013 contract.*
2. *OIRA will work with HHSC Legal to amend future contract boilerplate language in order to ensure the required language is included in all future contracts and amendments.*
3. *OIRA is currently reevaluating its current risk assessment processes and methodologies specifically related to deviations from planned reviews scheduled in order to develop enhanced policies and documentation associated with amendments and changes to planned monitoring activities and on site visits. In addition, OIRA is participating in the Community Access and Services (CAS) Risk Assessment workgroup to develop enhanced risk assessment standards for the division.*

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4. OIRA is currently reevaluating fiscal and programmatic monitoring processes, methodologies, and monitoring tools to ensure effective review and documentation of required program attributes including, but not limited to, allowable costs and services. OIRA is implementing additional controls to ensure appropriate documentation of program and fiscal monitoring include a review by the program manager of each completed site visit monitoring tool and report. The program is also participating in a division workgroup focusing on development of enhanced monitoring methodologies and tools to ensure adherence with state and federal policies and regulations.

*Implementation Date:*      1. October 2012 – updated contract award notifications, for existing subrecipients  
   2. August 2013 – updated contract boilerplate language  
   3. May 2013  
   4. May 2013

*Responsible Person:*      Caitriona Lyons

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

*In state fiscal year 2012, 7,787 newly arriving refugees in the United States were medically screened in Texas of which 33 (0.4%) were screened beyond 90 days. Twenty-one (64%) of the 33 refugees were screened within one week following the 90 day ‘cut-off’ period; due in part by the misinterpretation among a few programs of the 90 day period being equivalent to three months. DSHS has addressed this misinterpretation by providing clarification to the seven subrecipient contractors regarding the 90 day period requirement versus three months.*

*To ensure refugees screened beyond 90 days are eligible for services, DSHS will amend the seven subrecipient contracts requiring the contractors to review documentation of Medicaid/CHIP ineligibility. DSHS will also collaborate with HHSC Refugee Resettlement Program to identify processes that expedite refugee referrals for medical screening including determining the role of the voluntary resettlement agencies to provide to the subrecipient contractors the documentation of refugees’ Medicaid/CHIP ineligibility. This will be addressed through regional quarterly refugee meetings and in a joint memorandum to resettlement agencies.*

*Additional corrective action steps will include updating the programmatic on-site monitoring tool to capture Medicaid/CHIP eligibility beyond the 90 days and during the tri-annual desk review collect data on the Medicaid/CHIP eligibility status for refugees screened beyond the 90 days.*

*Implementation Date:*      August 31, 2013

*Responsible Person:*      Jessica Montour

## Department of State Health Services

Reference No. 13-16

### 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 - 12-20, 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, 2011 to September 30, 2012 and October 1, 2010 to September 30, 2011

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. Until July 16, 2012, developers had 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.

Questioned Cost: \$0

U.S. Department of Agriculture

The State of Texas, including DSHS, outsources portions of their information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor. Xerox has not removed access for a number of IBM employees and has not performed a periodic review of operating systems or database users as of August 31, 2012.

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

#### Recommendation:

As noted above, access was appropriately restricted July 16, 2012. Management should continue to work with Xerox to perform periodic reviews of users including user privilege levels.

#### Management Response and Corrective Action Plan:

*In 2012, IT Applications Development implemented an Audit Mitigation Plan to prevent developer access to production servers. The plan was fully implemented and deployed July 27, 2012. Access to migrate changes to the production environment is restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist.*

*The WIC PPDI QA Team implemented the Women Infants Children (WIC) Network Share Access and Audit Policy in January 1, 2011. This instituted a quarterly review and remediation of all server and application access accounts within WIC. IT Operations is responsible for remediating server access issues within 10 working days of the access review. IT Applications Development is responsible for performing the same remediation for vendor server accounts within the same 10 working days from the access review.*

*In addition to the current quarterly reviews of server and database access within DSHS, IT Operations will work closely with Xerox, CapGemini and DIR to address potential gaps in the onboarding and offboarding process related to the outsourced datacenter services.*

Implementation Date: January 16, 2013

Responsible Person: Earnest Valle

STATE HEALTH SERVICES, DEPARTMENT OF

Reference No. 13-17

Reporting

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
Award years - January 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012
Award number - 6TX700526 and 6TX700506
Type of finding - Significant Deficiency and Non-Compliance

The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website. Per Title II part 170 of the Code of Federal Regulation (CFR), an entity must report each action that obligates \$25,000 or more in Federal funds for a subaward to an entity. The agency must subsequently amend the award if changes in circumstances increase the total Federal funding under the award during the project or program period. This information is to be reported no later than the end of the month following the month in which the obligation or amendment was made. This requirement was effective for all grants starting October 1, 2010 or after. Per Title II part 25 of the Code of Federal Regulation (CFR), an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). This requirement was effective for all grants starting October 1, 2010 or after.

Table with 2 columns: Questioned Cost, U.S. Department of Agriculture. Values: \$ 0

The Department of State Health Services' (DSHS) FFATA process is manual in nature. There is an automated report with date parameters that is used to identify subrecipients with obligations required to be reported. However the accumulation of the data to include in the FFATA report and the actual filing of the FFATA report is all manual. DSHS has over 600 subrecipients with over 1,000 grants and amendments. DSHS currently has one person assigned to the task for filing the FFATA reports.

WIC Award 6TX700506

DSHS' policy was to report the contract start date as the subaward obligation/action on the FFATA report, even if the contract wasn't signed by both parties until after the contract start date. The obligation date reported on FFATA should be the date the funds can actually be drawn, which is the later of the contract start date or the date the contract is signed by both parties. For all ten sample subawards reviewed in the January 2012 FFATA submission the subaward obligation/action date reported was October 1, 2011. The contracts were not actually signed until later that month. These awards were subject to FFATA filing by November 30, 2011. DSHS maintained error reports noting their good faith effort to file by November 30, 2011. The awards were resolved in the January 2012 submission.

Additionally, it was noted that sufficient procedures were not established to ensure all required amendments got reported in a timely manner. For three of the ten subcontracts sampled, the first amendments should have been reported by March 31, 2012; however, they did not get reported at all. For the remaining seven out of ten subcontracts sampled, the first amendments were reported one to three months late. For four out of the ten contracts sampled, the second amendments were due to be reported by August 31, 2012 but had still not been reported at the time of our test work in September 2012.

For one of ten contracts sampled, the DUNS number reported on the FFATA report was not the same DUNS number the subrecipient input on the certification form submitted to DSHS. Additionally, for one subrecipient there was a typographical error when entering the subrecipient's information into DSHS' internal system causing the FFATA report to not include the correct name, DUNS number, address and parent DUNS number for the subrecipient.

WIC Award 6TX700526

DSHS has more than one contract with U.S. Department of Agriculture that falls under the WIC CFDA of 10.557. Each contract can have a different Federal Assistance Identification Number (FAIN) number, which requires separate reporting under FFATA guidelines. For this particular WIC award for Breastfeeding Peer Counseling, only three of the sixty-seven required subrecipient contract amounts initially got reported. The agency was unaware that the remaining contracts were not reported until inquires during the audit.

Additionally, the allocation percentage of the total WIC award between the different contracts, and subsequently to each subrecipient, can change throughout the life of the contract. DSHS does not have a process in place to track the allocation changes and timely update the FFATA reports for each contact/FAIN when the allocation percentages change.

Recommendation:

DSHS management should automate the FFATA reporting in order to alleviate manual errors in data being reported as well as ensure completeness and timeliness of data being reported. For example, a query of the required data fields in the FFATA report would eliminate the manual data errors noted above. DSHS also needs a streamlined formalized process for tracking changes, such as amendments and submission error reports. DSHS consideration should also be given to the allocation of additional resources for FFATA.

Management Response and Corrective Action Plan:

*As noted above, DSHS performed a compliant good faith effort to timely report all the original DSHS grants into the FFATA (FSRS) reporting system for WIC Award 6TX700506. On the audit of WIC Award 6TX800526, DSHS entered the contracts into the system once the different FAIN identifiers were realized during the audit. DSHS has also corrected reporting errors as soon as they were discovered and has instituted controls and procedures to ensure full and timely compliance on the amendment exceptions noted by KPMG.*

*DSHS also is attempting to automate the process as much as possible. DSHS is developing a new contracting system that is designed to store the FFATA data elements for more automated monthly reporting. This system is expected to go live, and contain FFATA reporting data in the fall of 2013. The DSHS efforts to automate FFATA reporting may be constrained by the FFATA reporting website, FSRS. The FSRS system's automated upload capability has been down since approximately the end of November 2012, and remains non-operational as of January 2013. DSHS has not been able to upload any spreadsheets into the system during this period. The system is allowing only manual entry. DSHS has experienced over the last two years many challenges in uploading FFATA reports due to system's frequent interruptions, data glitches and uploading outages.*

*DSHS is also assigning an additional staff person to assist and support the staff manager currently compiling and filing the FFATA reports.*

*Implementation Date: October 1, 2013 for the new contracting system. Other controls noted above were implemented fall 2012.*

*Responsible Person: Bob Burnette*

**Office of the Attorney General**

Reference No. 13-18

**Allowable Costs/Cost Principles**

**CFDA 93.563 - Child Support Enforcement**

**Award year - October 1, 2011 to September 30, 2012 and October 1, 2010 to September 30, 2011**

**Award number - 1204TX4005 and 1104TX4004**

**Medicaid Cluster**

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

**Award numbers - 1205TX5ADM, 1205TX5MAP, 1105TX5ADM, and 1105TX5MAP**

**Type of finding - Significant Deficiency and 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 Health and Human Services	

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).

Prior to fiscal year 2012, the Office of the Attorney General (OAG) had an approved methodology with the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA) to prepare and submit their annual OMB A-87 Cost Allocation Plan (the Plan) based on budgeted information. During fiscal year 2012, OAG received communication from DCA to change their Plan to actual expenditures incurred for the State fiscal year. The fiscal year 2012 Plan approved by DCA March 1, 2012, was to be based on fiscal year 2010 actual expenditures. During the reconciliation of the expenditures included in the approved fiscal year 2012 Plan to the final 2010 actual expenditures included in the State of Texas Comprehensive Annual Financial Report (CAFR), OAG noted they had continued to report expenses based on the budget year and not the State fiscal year. Per email communications with DCA in Dallas, Texas dated October 25, 2012, DCA reconfirmed to OAG the need to prepare the Plan based on actual state fiscal year expenses as reported in the respective CAFR. Additionally, DCA agreed to accept the fiscal year 2012 Plan noted above and the fiscal year 2013 Plan submitted and under DCA review based on the budget year expenditure information. OAG was instructed via the email to prepare the fiscal year 2014 Plan based on actual state fiscal year 2012 expenditures. Therefore no questioned costs are noted.

Recommendation:

OAG should execute the agreement with DCA to prepare the fiscal year 2014 Plan based on 2012 actual fiscal year state expenditures.

Management Response and Corrective Action Plan:

*For 20 years prior to FY 2012, the OAG had an approved methodology with the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA) to prepare and submit two annual OMB A-87 Cost Allocation Plans (Plans) utilizing actual expenditures based on budget year information and budgeted expenditures based on*

**OFFICE OF THE ATTORNEY GENERAL**

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*budget year information. The OAG's Plans were prepared using data that was reasonable, allocable, auditable, and in accordance to OMB A-87. From FY 1992 through FY 2011, DCA has approved each of the OAG's Plans.*

*KPMG audited the plan utilizing the budgeted expenditures based on budget year information including a carry forward adjustment from the plan with actual expenditures based on budget year information annually for many of those years.*

*After the OAG submitted the Plans in May 2011 utilizing actual expenditures based on budget year information for FY 2010 and budgeted expenditures based on budget year information for FY 2012, DCA stated verbally during the negotiation of the plans in Jan-Feb 2012, they would not review the submitted plan utilizing the budgeted expenditures based on budget year information for FY 2012. For FY 2012, DCA reviewed the plan utilizing actual expenditures based on budget year information for FY 2010 only. In Feb 2012, the OAG inquired whether the OAG should continue utilizing actual expenditures based on budget year information and budgeted expenditures based on budget year information. DCA responded in an e-mail dated February 14, 2012 that the OAG should prepare the plan based on actual expenditures only.*

*As a result, OAG continued to understand DCA wanted the actual expenditures plan based on budget year and that is what OAG submitted in its Plan for FY 2013. After DCA was aware OAG had utilized actual expenditures based on budget year information for FY 2011 in its Plan for FY 2013, DCA approved the OAG's Plan for FY 2013 without requesting any changes but with the understanding that the OAG would submit the FY 2014 Plan based on actual state fiscal year FY 2012 expenditures. It is the consensus of the OAG, DCA and KPMG to prepare future plans utilizing actual expenditures as stated in the OAG's annual financial report.*

*In accordance with the email communications with DCA in Dallas, Texas dated October 25, 2012 and the recommendation above, the fiscal year 2014 ICRP will be based on 2012 actual fiscal year state expenditures in the OAG's Annual Financial Report for Fiscal Year 2012, September 1, 2011 – August 31, 2012.*

*Implementation Date: May 2013 (date the FY 2014 ICRP is submitted to the Division of Cost Allocation)*

*Responsible Person: Norma Flores*

**Texas Commission on Environmental Quality**

Reference No. 13-19

**Allowable Costs/Cost Principles**

**Period of Availability of Federal Funds**

**CFDA 66.605 - Performance Partnership Grants**

**Award years - September 1, 2011 to August 31, 2013**

**Award number - 99662712**

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

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. Employees who work under multiple grants or cost objectives must prepare time and effort reports, at least monthly, to coincide to pay periods. Such reports must reflect an after-the-fact distribution of 100% of the actual time spent on each activity and must be signed by the employee.

Questioned Cost:	\$ 5,537
Environmental Protection Agency	

The Texas Commission on Environmental Quality (TCEQ) utilizes weekly timesheets which are signed by the employee and a supervisor. Of the fifty items tested related to allowable costs, the following was noted with regard to the twenty-six items within the sample relating to payroll and benefits:

- Timesheets for two individuals were only signed by the supervisor and not by the employee. TCEQ has a policy that requires the employee to sign their timesheets. These two individuals were on personal time when their timesheets were submitted. TCEQ did not follow up and obtain the signed copy of the timesheet. Expenditures for the two individuals respective time period is \$5,564.
- Time for four individuals input into the payroll system differed as compared to the applicable timesheet which resulted in either overcharges or undercharges to the grant. Three of the items resulted in overcharging the grant by \$134 and one item resulted in undercharging the grant by \$161. The net amount is \$27 undercharged to the grant.

TCEQ claimed payroll expenditures of approximately \$11 million of the total program expenditures of approximately \$30 million for the year ended August 31, 2012.

Recommendation:

TCEQ should follow up with employees on personal time and obtain signed timesheets. Also, TCEQ should strengthen controls that verify the accuracy of the time entered into the system based on the actual time on the timesheet.

Management Response and Corrective Action Plan:

*The following tasks will be completed to strengthen communication and controls regarding signatures and timesheet entry.*

1. Payroll will prepare a requirements document to share with staff.
2. An email will be sent to all employees with timesheet requirements.
3. A notification will be sent to all employees through the agency's weekly browser pop-up, including a link to the timesheet requirements.
4. The quarterly Orientation to Supervisory Skills (OSS) training will provide an emphasis on management's responsibility for approving and signing timesheets.

5. *The annual administrative services (ASC) training will provide additional emphasis on staff's responsibility for recording time accurately.*

*Implementation Date:* #1-3 – April 2013, #4 – July 2013, and #5 – October 2013

*Responsible Person:* John Racanelli and Elizabeth Sifuentez

**Texas Education Agency**

Reference No. 13-20

**Eligibility for Subrecipients**

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

**Reporting**

**Subrecipient Monitoring**

**Special Tests and Provisions - Access to Federal Funds for New or Significantly Expanded Charter Schools**

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

**Special Tests and Provisions - Carryover**

(Prior Audit Issues - 12-26, 11-36 and 10-63)

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

**Award years - July 1, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - V048A110043, V048A100043, and V048A090043**

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

**Award years - July 1, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - S287C110044, S287C100044, and S287C090044**

**CFDA 84.365 - English Language Acquisition Grants**

**Award years - July 1, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - S365A110043, S365A100043, and S365A090043A**

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

**Award years - July 1, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - S367A110041, S367A100041, and S367A090041**

**CFDA 84.410 - Education Jobs Fund**

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

**Award number - S410A100044**

**School Improvement Grants Cluster**

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

**Award numbers - S377A110044, 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, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - H027A110008, H173A11004, H027A100008, H173A100004, H027A090008, and H173A090004**

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

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

**Award numbers - H392A090004 and H391A090008A**

**Title I - Part A Cluster**

**Award years - July 1, 2011 to September 30, 2013, July 1, 2010 to September 30, 2012, and July 1, 2009 to September 30, 2011**

**Award numbers - S010A110043A, S010A1000043, and S010A090043A**

**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.
- Excessive generic shared administration accounts exist on the PEIMS production servers and database, some of which have been dormant for over a year.

The State of Texas, including TEA, outsources portions of its information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor. A periodic review was not performed by IBM or Xerox to identify and review users and groups with access to the PEIMS production environment for appropriateness during fiscal year 2012.

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 certain Special Tests and Provisions. 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, including the use of generic accounts.

Management Response and Corrective Action Plan:

*“TEA should properly segregate duties so that developers do not have access to production.” –*

*Production server access and administrative account passwords on all production servers are a contractual responsibility of Xerox. In December 2012 - as a proactive and precautionary measure -TEA verified the server administrator account password had been changed by Xerox. 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, including the use of generic accounts.” –*

*TEAL (TEA Login) became operational in 2009 as the long-term security solution/strategy for the agency’s 50+ software application systems. In 2010, TEA management decided to strategically focus the agency’s limited resources on migration to TEAL and discontinue remediation/enhancements to the legacy security system TEASE (TEA security environment). It is an agency priority to migrate all applications from TEASE to TEAL over the next 2-4 years. PEIMS Edit+ application user accounts will migrate to TEAL in a phased approach by district beginning in 2013 through August 2016 as part of the Texas Student Data System (TSDS) implementation release schedule.*

**TEXAS EDUCATION AGENCY**

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*In March 2011, as an interim solution/strategy to meet critical audit security recommendations, the Account Terminator strategy was implemented in TEASE production. Account Terminator runs on a preset schedule revoking accounts not used or accessed for a period of time (weeks or months), replacing the human intervention required of desk reviews. TEASE encompasses the PEIMS application.*

*PEIMS Server reviews are the responsibility of Xerox. TEA will work with Xerox to complete the reviews during fiscal year 2013.*

*TEA provided detail information to KPMG about the majority of generic accounts used by 3rd party software vendors and not accessible by TEA DBAs. TEA also provided information about other generic accounts used by TEA DBAs to manage, maintain, and upgrade DB2 databases. TEA DBAs maintain a secured internal list of all database privileged user accounts and passwords and follow a documented process to periodically review accounts identified in this list. TEA will work to update the list and remove inactive accounts during fiscal year 2013.*

*Implementation Date: August 31, 2016 unless noted earlier above*

*Responsible Persons: William Parker*

<b>Texas Higher Education Coordinating Board</b>
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Reference No. 13-21

**Cash Management**

**Period of Availability of Federal Funds**

**Reporting**

**Subrecipient Monitoring**

(Prior Audit Issues - 12-28, 11-38 and 10-69)

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

**Award years - July 1, 2011 to September 30, 2012**

**Award number - 1242020671200001**

**Type of finding - Significant Deficiency**

The Texas Higher Education Coordinating Board (THECB) utilizes an application known as MIP as their general ledger. One developer has 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.

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

The State of Texas, including THECB, outsources portions of its information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor. A periodic review was not performed by IBM or Xerox to identify and review users and groups with access to operating systems or database users for appropriateness during fiscal year 2012. Additionally, there were eighty-four Team for Texas users with network access from September 1, 2011 through April 2012. This level of network access allows users to control Windows servers that house applications such as MIP, Perkins, Education Data Center (EDC) and Business Management System (BMS). Also one terminated Team for Texas employee continued to have administrative access on the network after his termination date. No inappropriate access was noted with regard to Xerox users.

No compliance exceptions were noted for the compliance requirements noted above with regard to the above major programs.

Recommendation:

Management should implement procedures for restricting developers from having access to migrate changes to the production environment. THECB should continue to work with Xerox to ensure a periodic access review of existing user accounts on all applications and databases is performed.

Management Response and Corrective Action Plan:

*Access to migrate changes to production has been removed for the developer in question. Administrative functions for MIP will be conducted by non-developer staff either in the Quality Assurance department or Technology Operations and Planning department. In the event that Administrative access needs to be granted to a developer in order to perform administrative functions in MIP, the Director of Applications Development and Support will request that an exception be granted for the developer, noting the reason and necessary duration of access. Administrative access will be granted upon approval by the CIO, and will be removed for the developer immediately upon completion of the needed administrative functions in MIP.*

*Additionally, THECB will augment the current access review process by reporting the status of the access review and any associated action items that result from the review upon completion.*

**TEXAS HIGHER EDUCATION COORDINATING BOARD**

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*The report will be reviewed by ISS (Information Solutions and Services) management and stored in Sharepoint for tracking purposes. Reports for all access review processes will follow the same procedure, including review of administrative access to MIP*

*Implementation Date: March 1, 2013*

*Responsible Person: David Swedlow*

Reference No. 13-22

**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**

**Special Tests and Provisions - Curing Due-Diligence and Timely Filing Violations**

(Prior Audit Issue – 12-29 and 11-39)

**CFDA 84.032L - Federal Family Education Loans (FFEL) - Lenders**

**Award years - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.032L Award Number Not Applicable**

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

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 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.

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

The State of Texas, including THECB, outsources portions of its information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor. A periodic review was not performed by IBM or Xerox to identify and review users and groups with access to HELMS for appropriateness during fiscal year 2012. Additionally, there were eighty-four Team for Texas users with network access from September 1, 2011 through April 2012. This level of network access allows users to control Windows servers that house applications such as HELMS and HELMNET. Also one terminated Team for Texas employee continued to have administrative access on the network after his termination date. No inappropriate access was noted with regard to Xerox users.

Additionally, forty-nine of the Team for Texas employees had 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. As of August 31, 2012, access to the root account password is appropriately restricted to THECB and Xerox employees.

For the compliance requirements noted above with regard to the above major program, no exceptions were noted except for the Special Tests and Provisions – Curing Due-Diligence and Timely Filing Violations.

Lenders are required to prepare a quarterly Lender’s Interest and Special Allowance Request and Report (LaRS). The LaRS is used by the U.S. Department of Education (ED) to calculate interest subsidies, special allowance payments due to lenders, and excess interest owed to ED. The LaRS is comprised of five parts; one of which is Part IV -Loan Activity.

## TEXAS HIGHER EDUCATION COORDINATING BOARD

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The loan activity portion contains information regarding any changes in principal amounts for each type of FFEL program loan in the lender's portfolio during the quarter. One of the lines required to be reported on in Part IV is the principal of the loans cured during the quarter (OMB No. 1845 – 0013). When a lender has a timely filing violation on a default claim, the guarantee on the loan may be reinstated (cured) through one of the following: 1) the receipt of one full payment as defined in 34 CFR part 682, Appendix D, I.A or 2) The receipt of a new repayment agreement signed by the borrower (34 CFR part 682, Appendix D, I.E.1).

During testing for Curing Timely Filing Violations, one individual's loans were reported on the Principal of Loans Cured line (line six) of Part IV of the LaRS report during the quarters ending September 30, 2011, December 31, 2011, and March 31, 2012. However, the loans for this individual were actually cured on December 13, 2010. Therefore, the loans should have only been reported as a cure during the quarter ending December 31, 2010.

During fiscal year 2011, the HELMS provider determined that the LaRS report was not accurately reporting cures. The HELMS system was not updating that a cure was reported on the LaRS report. Therefore, any cure was repeatedly reported each quarter. Additionally, there were instances where cures were not being picked up to be reported. During September 2011, THECB was provided new coding to correct this issue. The coding was implemented into HELMS during March 2012. The new coding corrected the individual whose loans were being repeatedly reported each quarter. This individual's loans were appropriately not reported on the LaRS report for quarter ending June 30, 2012.

Additionally, two individuals' loans were cured during the quarter ending December 31, 2011. However, the loans were not reported on the Principal of Loans Cured line (line six) on the LaRS report ending December 31, 2011. These loans accounted for 100% of the cured population for state fiscal year 2012. For the December 2011 loans cured but not reported as cured, the loans were not subject to the revised coding as the revised HELMS code implemented March 2012 was prospective in nature.

### Recommendation:

THECB should continue to work with Xerox to ensure a periodic access review of existing user accounts on all applications and databases is performed. Also, THECB should have a process to analyze any coding updates for HELMS and the potential impact to prior LARS reports. THECB should determine if any prior period adjustments would be necessary as a result of the revised coding.

### Management Response and Corrective Action Plan:

*Periodic Access Review - THECB will augment the current access review process by reporting the status of the access review and any associated action items that result from the review upon completion. The report will be reviewed by ISS (Information Solutions and Services) management and stored in Sharepoint for tracking purposes. Reports for all access review processes will follow the same procedure, including THECB/Xerox review of Xerox administrative accounts and review of Helms accounts (performed internally at THECB between LPO and ISS; Xerox is not involved in the review of Helms accounts).*

*Implementation Date: March 1, 2013*

*Responsible Persons: David Swedlow*

**TEXAS HIGHER EDUCATION COORDINATING BOARD**

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*Assess Change Impact to LaRS - THECB currently has in place established targeted and regression testing procedures for any code updates for the HELMS system. THECB will continue to analyze and conduct testing of code updates before implementation. The code updates mentioned above did not address the previously unidentified issue of void accounts. THECB will also continue to report any issues to our vendor and work to resolve those issues. All impacted prior period adjustments have been reviewed, and we have made the appropriate adjustments to the reporting dates. These reporting date adjustments had no financial impact.*

*Implementation Date: January 1, 2013*

*Responsible Persons: Janie Miramontes and Katherine Carson*

<b>Texas Workforce Commission</b>
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Reference No. 13-23

**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**

(Prior Audit Issue - 12-31)

**CCDF Cluster**

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

**Award numbers - 2012G996005, 2012G999004, 2012G999005, and 2012G99UTTM; 2011G996005, 2011G999004, 2011G999005, and 2011G99UTTM; 2010G996005, 2010G999004, 2010G999005, and 2010G99UTSP;**

**Employment Services Cluster**

**Award years - July 1, 2011 to June 30, 2014, July 1, 2010 to June 30, 2013, and July 1, 2009 to June 30, 2012**

**Award numbers - ES-22092-11-55-A-48, ES-20778-10-55-A-48, ES-19231-09-55-A-48**

**TANF Cluster**

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

**Award numbers - G1202TXTANF and G1102TXTANF**

**TANF Cluster - ARRA**

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

**Award number - G1001TXTAN2**

**WIA Cluster**

**Award years - April 1, 2011 to June 30, 2014, April 1, 2010 to June 30, 2013, and April 1, 2009 to June 20, 2012**

**Award numbers - AA-21425-11-55-A-48, AA-20222-10-55-A-48, and AA-18670-09-55-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**

The Texas Workforce Commission (TWC) utilizes multiple systems in relation to the major programs noted above. 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 its information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor.

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

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.

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The following items were noted:

- ISAS and HRMS - One developer has administrative access on both applications and has database administrator (DBA) access on both databases. The developer's job responsibilities may also require the deployment of code changes into production for both applications.
- CDER and CATS - Forty-six users have RACF administrative access. While access appears to be appropriate based on job titles, the total number of administrators is excessive. Of these forty-six users, twenty-seven accounts belong to Xerox members, while nineteen user accounts belong to TWC employees.
- CDER and CATS - One TWC user had inappropriate RACF access. Upon discovery, access was removed on September 14, 2012.

No compliance exceptions were noted for the compliance requirements noted above with regard to the above major programs.

### Recommendation:

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 own code changes into production increases the risk that unauthorized changes to application functionality have been deployed into the production environment.

ISAS and HRMS - TWC has limited information technology personnel with the necessary PeopleSoft skills to support these two systems; therefore multiple responsibilities are assigned to the one developer, including system administration and the ability to migrate code. TWC should consider the segregating access such that all individuals with the ability to migrate code can no longer modify the change log in the database. TWC could then implement procedures to monitor the change log for any unauthorized migrations.

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 has been 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 FTE to serve as a full time backup System Administrator. TWC will evaluate options for segregating access and adding additional monitoring controls as recommended.*

*Implementation Date: June 1, 2013*

*Responsible Person: Lisa Richardson*

*CDER and CATS - Management concurs. TWC will continue monitoring internal users with RACF access to these systems. Additionally, TWC will forward this concern through DIR (the contracting entity) to the Data Center Services vendor, Xerox, for their action.*

*Implementation Date: June 1, 2013*

*Responsible Person: Lisa Richardson*

**University of Texas Southwestern Medical Center**

Reference No. 13-24  
**Davis-Bacon Act**

**CFDA 93.702 - National Center for Research Resources, Recovery Act Construction Support - ARRA**  
**Award year - March 4, 2010 to March 3, 2012**  
**Award number - 1C06RR030414-01**  
**Type of finding - Significant Deficiency**

When required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, ARRA, 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).

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

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, Section 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 Southwestern Medical Center (Medical Center), contracted with Austin Commercial LP (Contractor) to renovate a medical research building on the Medical Center campus. The Medical Center relied on the Contractor to collect and verify the accuracy and completeness of the required Davis-Bacon payroll certifications. The contract between the Medical Center and the Contractor requires the Contractor to ensure the completeness of payroll certifications received. Additionally, the Contractor is required to maintain documentation to support their completeness and accuracy reviews over the payroll certifications; however, this support is not submitted to the Medical Center for review. The Medical Center does not have any procedures in place to ensure the Contractor is performing its responsibilities in regards to the Davis-Bacon requirements. The Contractor did provide their list of weekly payrolls from which a sample was selected. No compliance issues were noted with regard to maintenance of the weekly payrolls.

Recommendation:

The Medical Center should monitor the Contractor to ensure the Davis-Bacon requirements are met.

Management Response and Corrective Action Plan:

*The recommendations have been reviewed and the appropriate measures to review current processes and make sure those processes include monitoring contractors and obtaining necessary documentation and support to ensure Davis-Bacon Act requirements are being met when a project is being financed by Federal assistance funds.*

*Implementation Date: February 2013*

*Responsible Person: Kirby Vahle*

Reference No. 13-25

**Procurement**

**CFDA 93.702 - National Center for Research Resources, Recovery Act Construction Support - ARRA**

**Award year - March 4, 2010 to March 3, 2013**

**Award number - 1C06RR030414-01**

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

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). A manufactured good means a good brought to the construction site for incorporation into the building or work that has been processed into a specific form and shape or has been combined with other raw material to create material that has different properties than the properties of the individual raw materials (Title 2, Code of Federal Regulations (CFR), Section 176.140).

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

Four procurements related to the award were selected for review, only one of which has to do with construction, alteration, maintenance, or repair of a public building. For the one contract, the University of Texas Southwestern Medical Center (Medical Center) entered into an agreement with the contractor to perform alterations and repairs over an existing medical research building. The contract for the alterations of the building was procured prior to the Medical Center receiving the above referenced ARRA award. As such, the agreement did not contain a Buy American provision. This ARRA award was used to purchase manufactured goods and construction labor. The Medical Center did not ensure that a Buy American provision was included in an amended agreement with the contractor. Therefore, the vendor was not aware of the requirement to purchase iron, steel, and manufactured goods for the project that are manufactured in the United States.

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. Of the four procurements reviewed, three were for goods and services that exceeded \$25,000. Therefore, the suspension and debarment criteria were required. For one contract, the procurement file did not contain documentation to support compliance with suspension and debarment. Per review of the EPLS, the vendors were not suspended or debarred, so there are no questioned costs.

Recommendation:

The alterations and repairs to the medical research building are near completion as of January 2013. The Medical Center should remain cognizant of future grants where the Buy American provision is applicable and ensure inclusion in the respective grant agreements. Also, the Medical Center should ensure all vendors are not suspended and debarred prior to awarding the contract and/or update suspension and debarment provisions when vendors are used for multiple projects.

Management Response and Corrective Action Plan:

*The buyer's checklist of activities for processing contracts and amendments will be updated to include a determination if Federal funds are being used and if so to include required Contractor performance clauses such as the Buy American provisions. This will be completed by February 8, 2013.*

*The procedure for retaining proof that Contractors are not on the list of suspension and debarment will be changed from checking once at the initiation of the contract to a quarterly check and will be filed by Contractor name. This procedural change will be complete by February 8, 2013.*

*Implementation Date: February 8, 2013*

*Responsible Person: Paul Belew*

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. 13-101

**Cash Management**

**CFDA 12.400 - National Guard Military Construction Projects**

**Award year - 2007**

**Award numbers - W912L1-07-2-2001 and W912L1-07-2-2003**

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

Drawdowns and Disbursements of Federal Funds

A state must minimize the time between the drawdown of funds from the federal government and their disbursement for federal program purposes. The timing and amount of drawdowns must be as close as is administratively feasible to the state's actual cash outlays (Title 31, Code of Federal Regulations, Section 205.33(a)). When it uses an advance funding method, the state agrees to minimize the time elapsing between the drawdowns from the U.S. Treasury and their disbursement by the state. This period may not exceed 45 days (National Guard Regulation 5-1, Section 11-5(a)(5)).

Questioned Cost:	\$538
U.S. Department of Defense	

**For 3 (25 percent) of 12 drawdowns tested that the Adjutant General's Department (Department) received on an advance basis, the Department did not minimize the time between its drawdowns of federal funds and its disbursement of those funds.** As a result, the Department did not disburse \$1,514,671 within 45 days of its drawdown of those funds from the U.S. Treasury. The Department disbursed one of those drawdowns 51 days after it received those funds, and it had not disbursed the remaining two drawdowns as of August 31, 2012 (277 days after the Department received those funds). The Department asserted that it had not disbursed those funds because they were associated with final payments on construction projects, and the vendors had not yet completed all outstanding work on those projects. However, the Department does not have controls to monitor disbursements of federal funds to ensure that it makes disbursements within 45 days of receiving those funds.

Not minimizing the time between drawdowns of federal funds and the disbursement of those funds increases the risk that the Department could draw down federal funds from the U.S. Treasury in excess of its needs.

Interest Earned

National Guard Regulation (NGR) 5-1, Section 11-5(c)(1), states that the amount of interest due to the United States on funds advanced to a state or of interest due a state shall be determined and paid in accordance with Title 31, United States Code, Section 6503, Intergovernmental Financing, and regulations issued by the U.S. Department of Treasury and the U.S. Department of Defense. Additionally, the State may be accountable for interest earned on advances when it does not minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement of those funds (NGR 5-1, Section 11-5(c)(3)).

Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (Title 31, United States Code, Section 6501 et seq.) and the Indian Self-Determination Act (Title 23, United States Code, Section 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses (Title 32, Code of Federal Regulations, Section 33.21(i)).

**For the National Military Construction Projects program, the Department did not calculate or monitor interest it earned on federal funds for which it did not minimize the time between transfer from the U.S.**

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**Treasury and disbursement. It also did not remit the interest it earned on those funds.** The Department has not established a process to calculate or monitor interest it earns on advanced federal funds when it does not disburse those funds in a timely manner. In fiscal year 2012, the Department earned a total of \$638 in interest on the advanced federal funds that it did not disburse in a timely manner. Specifically, the Department earned \$17 in interest associated with award W912L1-07-2-2001 and \$621 in interest associated with award W912L1-07-2-2003. As discussed above, grantees can retain interest of up to \$100 per year for administrative expenses; therefore, the Department should have remitted \$538 in earned interest to the U.S. Treasury for fiscal year 2012.

Recommendations:

The Department should:

- Establish and implement procedures to ensure that it minimizes the time between its drawdown of federal funds and the disbursement of those funds.
- Establish and implement procedures to calculate interest it earns on advanced federal funds and remit interest exceeding \$100 annually to the U.S. Department of Treasury on at least a quarterly basis.

Management Response and Corrective Action Plan:

*Management agrees with the recommendation and will establish and implement procedures to ensure the time between the drawdown and the disbursement of funds is minimized. The department will establish and implement procedures to calculate and remit interest exceeding \$100 annually to the U.S. Department of Treasury.*

*Implementation Date: July 2013*

*Responsible Persons: Pamela Darden and Cathy Mann*

Reference No. 13-102

**Reporting**

**CFDA 12.400 - National Guard Military Construction Projects**

**Award year - 2009**

**Award number - W912L1-09-2-2001**

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

The Adjutant General's Department (Department) is required to submit Standard Form 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). As part of its Standard Form 270 reports, the Department is required to report the non-federal share of its cash outlays for the period (Office of Management and Budget, Standard Form 270 and instructions).

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

**The Department did not report the amount of state matching funds (a form of non-federal cash outlay) on its Standard Form 270 reports during fiscal year 2012.** During fiscal year 2012, the Department spent \$269,825 in state matching funds associated with work for the only appendix in the Department's master cooperative agreement for the National Guard Military Construction Projects program that required matching funds during fiscal year 2012. The Department's process for completing Standard Form 270 reports does not include reporting state matching funds. However, the Department identified state matching funds in the supporting documentation that accompanied its Standard Form 270 report.

Recommendation:

The Department should report state matching funds on its Standard Form 270 reports.

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*Management Response and Corrective Action Plan:*

*Management agrees with the recommendation and will establish and implement procedures to report state matching funds on the Standard Form 270 reports.*

*Implementation Date: July 2013*

*Responsible Persons: Pamela Darden and Cathy Mann*

**Department of Public Safety**

Reference No. 13-103

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

(Prior Audit Issues 12-106, 11-107, 10-35, and 09-38)

**CFDA 97.067 - Homeland Security Grant Program**

**Award year - See below**

**Award number - See below**

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

Payroll Charges

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.

Questioned Cost:	\$5,285
U.S. Department of Homeland Security	

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:

- 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 or other distribution percentages 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 distributions based on the monthly activity reports 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) conducts most daily management of the Homeland Security Grant Program (HSGP), and the Department's Grants Finance unit participates in some management functions, such as those related to accounting in the Department's financial system and remitting interest to the federal government.

**The Department based 5 (28 percent) of 18 HSGP payroll charges tested on budget estimates; therefore, those payroll charges did not reflect an after-the-fact distribution of the actual activity of each employee.** The SAA requires its employees to complete weekly time sheets to indicate the number of hours they work, including the number of hours charged to each federal award. However, prior to November 2011, the Department did not base its payroll charges on those time sheets; instead, the Department based payroll charges on the budgets established for each employee. As a result, two payroll charges tested that the Department made prior to November 2011 were not supported. In November 2011, the Department began estimating payroll charges based on actual time charged in the previous period. However, the Department's Grants Finance unit did not reconcile the estimated effort with the actual effort for each employee; as a result, three payroll charges were not supported by actual effort. Those errors resulted in questioned costs of \$3,960 associated with award 2010-SS-T0-0008. An additional 12 (67 percent) of 18 payroll charges tested were affected by the control weaknesses described above; however, for those payroll charges, this did not result in questioned costs because the estimated and actual charges were the same.

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### Non-payroll Charges

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, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

**Nine (16 percent) of 55 non-payroll expenditures tested that the Department charged to the HSGP were not solely allocable to the HSGP. Specifically:**

- The Department erroneously charged one expenditure to its 2010 HSGP award when it should have charged that expenditure to another non-federal budget code. That error occurred because the Department miscoded the expenditure, and the Grants Finance unit's review and SAA's review did not identify the error. This resulted in \$90 in questioned costs associated with award 2010-SS-T0-0008.
- Three expenditures were for temporary staffing charges to the 2010 HSGP award; however, the supporting documentation from the vendor did not identify the grant programs that benefited from the work performed. The Department does not have a policy requiring the vendor to submit adequate documentation specifying the grant programs that benefited, which is necessary to appropriately allocate costs. This resulted in \$823 in questioned costs associated with award 2010-SS-T0-008.
- Three expenditures charged to the 2009 and 2010 HSGP awards were for management and administrative (M&A) costs that could have benefited multiple programs the SAA administers, including the HSGP. The Department does not have a process to allocate M&A costs that benefit multiple federal grant programs.
- The Department erroneously charged two expenditures related to general purpose equipment to the HSGP. The Department should have charged 50 percent of each expenditure to the HSGP, but it incorrectly charged 100 percent of each expenditure to the HSGP. The Grants Finance unit's review and the SAA's review did not identify those errors. This resulted in \$412 in questioned costs associated with award 2009-SS-T9-0064.

In addition to the HSGP, the SAA also manages grant funds for the following federal grant programs:

- Border Interoperability Demonstration Project (CFDA 97.120).
- Buffer Zone Protection Program (CFDA 97.078).
- Emergency Operation Center Program (CFDA 97.052).
- Interoperable Emergency Communications Program (CFDA 97.055).
- Nonprofit Security Program (CFDA 97.008).
- Operation Stonegarden (CFDA 97.067).
- Public Safety Interoperable Communications Grant Program (CFDA 11.555).
- Regional Catastrophic Preparedness Grant Program (CFDA 97.111).
- Rail and Transit Security Grant Program (CFDA 97.075).

These issues discussed above affected the following HSGP awards from the U.S. Department of Homeland Security:

<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
2008-GE-T8-0034	September 1, 2008 to February 29, 2012	\$ 0
2009-SS-T9-0064	August 1, 2009 to July 31, 2012	412
2010-SS-T0-0008	August 1, 2010 to July 31, 2013	4,873
	Total Questioned Costs	<u>\$ 5,285</u>

### 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 (OMB Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately update and review administrator-level access to the Web-based Electronic Timekeeping Application (ETA), which it uses to track time and effort for Department employees.** Specifically, the Department did not disable a user account with administrator-level access to ETA in a timely manner after it terminated employment of the individual associated with that account for cause. The Department also did not conduct periodic reviews of users with administrator-level access to ETA to ensure that the users were still employed by the Department and that users' access was appropriate for their job duties.

Not maintaining appropriate access to ETA increases the risk of unauthorized modification of data.

Recommendations:

The Department should:

- Perform quarterly comparisons of actual payroll activity to budgeted distributions and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.
- Properly allocate its charges to the HSGP.
- Require vendors to submit adequate documentation specifying the grant programs that benefit from temporary staffing services.
- Develop and implement a process to allocate M&A costs that benefit multiple federal grant programs.
- Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.
- Design and implement a periodic review of user accounts for ETA.

Management Response and Corrective Action Plan:

Recommendations:

The Department should:

- *Perform quarterly comparisons of actual payroll activity to budgeted distributions and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.*
- *Properly allocate its charges to the HSGP.*
- *Require vendors to submit adequate documentation specifying the grant programs that benefit from temporary staffing services.*
- *Develop and implement a process to allocate M&A costs that benefit multiple federal grant programs.*

Management Response and Corrective Action Plan:

The Department agrees with the recommendations. Procedures will be developed to:

- *Ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.*
- *Ensure proper charges to the HSGP are allocated accordingly.*
- *Ensure adequate documentation is obtained and/or maintained to specify the specific grant programs that benefit from temporary staffing services.*
- *Allocate M & A costs that benefit multiple federal grant programs.*

Implementation Date: July 2013

Responsible Person: Maureen Coulehan

Recommendations:

The Department should:

- Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.
- Design and implement a periodic review of user accounts for ETA.

Response and Corrective Action Plan:

We agree with the recommendation and we have:

- Reviewed ETA access to ensure only current employees have access and to ensure that access is appropriate for each users' job responsibilities.
- Designed and implemented a periodic review of user accounts for ETA.

Implementation Date: January 2013

Responsible Person: Norma Cortez

Reference No. 13-104

**Cash Management**

(Prior Audit Issues 12-107 and 11-108)

**CFDA 97.067 - Homeland Security Grant Program**

**Award years - See below**

**Award numbers - See below**

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

Beginning in fiscal year 2005, Homeland Security Grant Program awards to states were exempted from the provisions of the Cash Management Improvement Act. States 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, states must place those funds in an interest-bearing account, and the interest earned must be remitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by a state for administrative expenses (Title 44, Code of Federal Regulations (CFR), Section 13.21).

Questioned Cost:	\$11,400
U.S. Department of Homeland Security	

Interest on Advances

The Department of Public Safety (Department) has an agreement with the Texas Office of the Comptroller of Public Accounts (Comptroller's Office) to isolate the interest earned solely on Homeland Security Grant Program funds. Under that agreement, the Comptroller's Office sends the Department reports that detail the amount of interest earned each month on Homeland Security Grant Program funds. The Department then tracks that interest on a spreadsheet. The Department's Grants Finance unit coordinates with the Comptroller's Office and oversees the process to remit interest to the U.S. Treasury.

**The Department did not remit all interest earned on Homeland Security Grant Program funds to the U.S. Treasury during fiscal year 2012.** While the Department remitted some interest, it did not remit \$11,393 in interest that it should have remitted because of weaknesses in its processes for tracking and remitting interest. Specifically:

- The spreadsheet the Department used to track interest did not include all components in the Homeland Security Grant Program. As a result, the Department excluded interest earned on its Urban Areas Security Initiative

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program, and it did not track interest it earned on its 2011 State Homeland Security Program prior to August 2012.

- The Department did not obtain from the Comptroller’s Office a monthly report of the interest earned in October 2011. As a result, it did not consider the interest earned that month when it determined the amount that it should remit.
- The Department’s procedures for tracking interest allow it to retain up to \$100 in interest per component program for each grant year. However, those procedures conflict with Title 44, CFR, Section 13.21, which allows the Department to retain up to \$100 in interest at the Department level as a whole. As a result of its interpretation of those requirements, if individual components earned less than \$100 in interest during the fiscal year, the Department did not include that interest when it determined the amount it should remit.
- The Department began the year using one spreadsheet to track interest, but during the year it began using a different spreadsheet to track interest. However, when it transitioned to the second spreadsheet, it did not carry forward to that spreadsheet the interest it had already retained. As a result, the Department’s calculations using the second spreadsheet overstated the amount of interest it was allowed to retain.
- As of December 2012, the Department had not yet remitted interest it earned from June 2012 through August 2012 to the U.S. Treasury because it has not established a process to ensure that it remitted interest at least quarterly as required.

Additionally, the Department did not begin remitting the interest it earned on federal funds until March 2012, when it began remitting interest for September 2011 and November 2011 through February 2012. Therefore, it did not remit interest on a quarterly basis as required by Title 44, CFR, Section 13.21.

The Department does not have a review process to help ensure that its spreadsheet is complete and accurate or that it performs calculations and remits interest in a timely manner.

This issue affected the following Homeland Security Grant Program awards from the U.S. Department of Homeland Security:

<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
2008-GE-T8-0034	September 1, 2008 to February 29, 2012	\$ 269
2009-SS-T9-0064	August 1, 2009 to July 31, 2012	6,932
2010-SS-T0-0008	August 1, 2010 to July 31, 2013	4,047
EMW-2011-SS-00019-S01	September 1, 2011 to August 31, 2014	245
Allowance for Interest That the Department Can Retain		(100)
Total Questioned Costs		<u>\$ 11,393</u>

Cash Draws

Cash advances should be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project (Title 2, CFR, Section 215.22).

The Department’s procedures require that both its Grants Finance unit and its State Administrative Agency (SAA) review and approve each cash draw request. However, **for 5 (8 percent) of 61 cash draws tested, either (1) there was no documented evidence that SAA conducted its review or (2) SAA’s and the Grants Finance unit’s review was not sufficient to identify errors.** The Department asserted that it had established procedures to hold cash draws until SAA approved them but that it had inadvertently overlooked the missing SAA approvals for four of those five cash draws. For the remaining cash draw, review by the SAA and the Grants Finance unit was not sufficient to detect that the amount of that cash draw was not supported by the Department’s actual costs for the Homeland Security Grant Program. That cash draw was associated with the Emergency Operations Center Grant Program. That error resulted in \$7 in questioned costs associated with award 2010-SS-T0-0008.

Not performing sufficient review of cash draw requests increases the risk of improper cash draws.

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Recommendations:

The Department should:

- Consistently and accurately track interest due on federal funds and remit amounts it owes to the federal government at least quarterly.
- Revise its process to remit interest that the Department earns in excess of \$100 per year.
- Ensure that management reviews and approves each cash draw request.
- Ensure that each cash draw it makes is supported by actual costs for the Homeland Security Grant Program.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will:*

- *Assure consistent and accurate tracking methods are in place to remit amounts owed to the federal government at least quarterly.*
- *Procedures will be revised to remit interest that the Department earns in excess of \$100 per year.*
- *Adjust procedures to ensure that draws are supported by actual costs and that management reviews and approves each cash draw request.*

*Implementation Date: April 2013*

*Responsible Persons: Maureen Coulehan and Machel Pharr*

Reference No. 13-105

**Matching, Level of Effort, Earmarking**

**CFDA 97.067 - Homeland Security Grant Program**

**Award years - See below**

**Award numbers - See below**

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

According to U.S. Department of Homeland Security grant guidance, the Department of Public Safety (Department) is required to limit management and administrative (M&A) expenditures to a percentage of the award amount. The percentage limits were 3 percent for award years 2008 and 2009 (Title 6, United States Code, Section 609(a)(11)) and 5 percent for award years 2010 and 2011 (FY 2010 Department of Homeland Security Appropriations Act, Pub. L. No. 111-83, Title III (13)(C) and FY 2011 Department of Defense and Full-Year Continuing Appropriations Act, Pub. L. No. 112-10).

Questioned Cost:	\$693
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U.S. Department of Homeland Security
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**In fiscal year 2012, the Department charged more to M&A than the maximum allowable amount for its 2008 Homeland Security award.** The Department has M&A budget codes in its accounting system that it could use to track M&A expenditures. However, the Department monitors M&A charges using federal cash draw request information, instead of using actual M&A expenditure data from its accounting system. It does not reconcile the amounts from its monitoring of M&A with the actual M&A expenditures recorded in its accounting system to ensure that its M&A charges do not exceed earmarking limits. Therefore, the Department's monitoring of its M&A expenditures does not capture expenditures resulting from transfers or adjustments in its accounting system, which can increase the amount charged to M&A budget codes. As a result of this control weakness, the Department exceeded its M&A limit for award 2008-GE-T8-0034 by a total of \$693.

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Although auditors identified questioned costs for only one award, the issue discussed above also represented a control weakness for all of the following Homeland Security awards:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
2008-GE-T8-0034	September 1, 2008	February 29, 2012
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013

**Recommendation:**

The Department should monitor M&A limits using expenditure data in its accounting system.

**Management Response and Corrective Action Plan:**

*The Department agrees with the recommendations and will implement procedures to monitor M&A limits using expenditure data in our accounting system.*

*Implementation Date: March 2013*

*Responsible Person: Maureen Coulehan*

Reference No. 13-106

**Procurement and Suspension and Debarment**

(Prior Audit Issues 12-108 and 11-109)

**CFDA 97.067 - Homeland Security Grant Program**

**Award year - 2010**

**Award number - 2010-SS-TO-0008**

**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:	\$901
U.S. Department of Homeland Security	

**Competitive Bidding Procurements**

**For 1 (33 percent) of 3 procurements tested for the Homeland Security Grant Program that required competitive bidding, the Department of Public Safety's (Department) State Administrative Agency inappropriately used an existing Texas Department of Information Resources contract to obtain non-information technology (IT) services and circumvent the Department's established process to procure non-IT consultant services.** That contract ended August 31, 2010, however, the Department paid \$901 in fiscal year 2012 for services the consultant performed in 2010.

Overriding established management controls increases the risk that unauthorized purchases could be made with federal funds, or that procurements might not provide the best value for the State and might not comply with state and federal requirements.

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, Section 180.220).

**One (8 percent) of 13 purchase files tested did not contain evidence that the Department ensured the vendor was not suspended or debarred by checking EPLS.** The Department made that purchase through a statewide TxSmartBuy contract; however, Department procedures required it to include printouts from EPLS indicating that the Department verified that the vendor was not an excluded party. The Department could not provide evidence that it had performed that verification for one vendor. Auditors determined that the vendor was not suspended or debarred by checking EPLS.

When the Department does not verify that vendors 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 funds.

Recommendations:

The Department should:

- Consistently comply with its procurement policies related to competitive bidding and use pre-existing statewide contracts appropriately and only for their intended purpose.
- Verify that its vendors are not suspended or debarred.

Management Response and Corrective Action Plan:

*This is a carryover finding related to previous period control issues. It shows up for Fiscal Year 2012 because a payment was made against a 2010 contract.*

*In response to the prior year finding, the Department developed and implemented new policies and procedures for procurements/contracts which all divisions are required to follow. These policies require review by both the Legal and Procurement Department prior to the execution of a contract. Additionally, these procedures include assuring vendors are not suspended or debarred.*

*Implementation Date: April 2012*

*Responsible Person: Dana Collins*

Reference No. 13-107

**Reporting**

**CFDA 97.067 - Homeland Security Grant Program**

**Award year - 2011**

**Award number - EMW-2011-SS-00019-S01**

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

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000 no later than the end of the month following the month in which the obligation was made. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations, Chapter 170).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

Additionally, recipients are required to report the net dollar amount of federal funds awarded to subgrantees, including modifications, as the amount of the award. Recipients must report all required elements including the subaward date, subawardee Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, and subaward number (Office of Management and Budget's *Open Government Directive-Federal Spending Transparency and Subaward and Compensation Data Reporting* (August 27, 2010), Appendix C).

**The Department of Public Safety (Department) did not always report subaward data completely and accurately.** Specifically:

- The Department did not report 2 (7 percent) of 27 subawards tested to the FFATA Subaward Reporting System (FSRS). Those two subawards were associated with the same subrecipient. Although the Department identified those subawards as being subject to FFATA reporting requirements, it inadvertently did not report those subawards to FSRS because of a manual error.
- The Department did not accurately report the amount of the subaward for 3 (12 percent) of 25 subawards tested that it submitted because it made data entry errors in FSRS.
- The Department did not accurately report the obligation date (the date the subaward agreement was signed) for all 25 subawards tested that it submitted. Instead, it erroneously reported the date that it sent the agreements to the subrecipients.

The Department did not identify the errors discussed above because it has not established adequate policies and procedures or a process to review its FFATA reports prior to submission to help ensure that it reports all subawards accurately and completely.

In addition, for all 25 subawards tested that the Department reported to FSRS, the Department did not report subaward data in timely manner. Each subaward tested was obligated between December 2011 and February 2012. The Department's communications with the U.S. Department of Homeland Security indicate that FSRS was available for the Department to report those subawards by March 2012. However, the Department did not begin reporting subaward data to FSRS for the Homeland Security Grant Program until July 2012, more than 90 days after FSRS was available for reporting subawards. The Department indicated that the delay was the result of implementation challenges associated with its reporting process.

Not reporting subaward data to FSRS in a complete, accurate, and timely manner decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Recommendations:

The Department should:

- Develop and implement policies and procedures and a review process to help ensure that it submits required FFATA reports completely and accurately.
- Submit required FFATA reports in a timely manner.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendation and will implement procedures to ensure FFATA reports are complete, accurate and timely.*

*Implementation Date: June 2013*

*Responsible Persons: Maureen Coulehan and Machel Pharr*

Reference No. 13-108

**Subrecipient Monitoring**

(Prior Audit Issues 12-109, 11-111, 10-37, and 09-43)

**CFDA 97.067 - Homeland Security 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 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.

Questioned Cost:	\$0
U.S. Department of Homeland Security	

In fiscal year 2012, the Department passed through \$136,222,052 in Homeland Security Grant Program funds to its subrecipients.

During-the-award Monitoring

Recipients of Homeland Security Grant Program 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 (CFR), Section 13.40). Specifically, grantees and subgrantees are required to:

- Maintain proper records for equipment and adequately safeguard and maintain equipment (Title 44, CFR, Section 13.32).
- Enter into procurement contracts and covered transactions in accordance with program requirements (Title 44, CFR, Section 13.36).
- Only withhold the percentage of their sub-award for management and administrative purposes as permitted by federal requirements (Grant Programs Directorate Information Bulletin No. 339).

**For 53 (78 percent) of 68 subrecipients tested, the Department did not monitor the subrecipients' compliance with requirements related to equipment and procurement. Specifically:**

- For 49 subrecipients, the Department did not monitor the subrecipients' compliance with equipment or procurement requirements because it did not conduct a desk review or site visit for the subrecipients during fiscal year 2012. The Department monitors subrecipient activities related to equipment and procurement through desk reviews and site visits, in which it reviews each subrecipient's procurement and equipment maintenance practices to ensure compliance with federal requirements and the terms and conditions of the grant.

According to the Department, the limited number of monitoring personnel it has reduces the number of site visits and desk reviews that can be conducted. Additionally, the Department has not established a process to monitor subrecipient procurement practices or equipment maintenance through procedures other than the site visits or desk reviews it performs.

- For 4 subrecipients, the Department did not include the subrecipients in the fiscal year 2012 risk assessment it used to select subrecipients for desk reviews and onsite monitoring. As a result, the Department could not ensure that it monitored those subrecipients' compliance with procurement and equipment maintenance during fiscal year 2012. These subrecipients were not included because the Department prepared the risk assessment based on a report of subrecipients that received funds in prior grant years, instead of based on all active subrecipients.

**In addition, for 2 (3 percent) of 68 subrecipient reimbursement requests tested, the Department could not provide evidence that it reviewed the requests before it paid them as required by its policies.** The Department asserted that those errors most likely occurred when the manager who performs the review was absent. The Department has designated individuals to serve as backups; however, it processed the reimbursement requests without proper review.

**For its 2010 State Homeland Security grant, the Department did not ensure that the councils of government (COGs) to which it made subawards withheld no more than 5 percent of the sub-award for management and administrative purposes.** The automated control in the Department's grants management system did not limit COGs to 5 percent of their 2010 sub-award. The Department asserted that it relied on the COGs to ensure that they did not exceed the limit.

Insufficient monitoring and lack of management review of reimbursements during the award period increases the risk that the Department will not detect subrecipients' non-compliance with federal requirements and the risk of improper payments to subrecipients.

#### 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 Section, 225).

The Department's Standards and Compliance group within its Division of Emergency Management monitors subrecipient Single Audits through a tracking spreadsheet, and it documents its review of submitted audit reports using a checklist. However, **for 8 (12 percent) of 67 subrecipients tested, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain a Single Audit during fiscal year 2012.** 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 it sanctioned the subrecipients that did not comply. Specifically:

- The Department did not include two subrecipients on its tracking spreadsheet. As a result, the Department did not verify whether those subrecipients complied with the requirement to obtain a Single Audit or review those subrecipients' Single Audit reports. Based on a review of the Federal Audit Clearinghouse, those subrecipients did not submit Single Audit reports for fiscal year 2011.
- The Department did not review the Single Audit reports that three subrecipients submitted. The Department incorrectly determined that it did not need to review two of those reports because it did not pass through funds to the subrecipients during fiscal year 2011; however, each of these subrecipients received funds during fiscal year 2012. The Department had not yet reviewed the third Single Audit report at the time of the audit, which was more than six months after it had received that report.
- The Department did not obtain Single Audit reports from three subrecipients on its tracking spreadsheet and could not provide evidence that it sanctioned those subrecipients for non-compliance.

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Three of the subrecipients discussed above had findings related to federal compliance in their Single Audit reports.

The Department's review of subrecipients' Single Audit reports also was not always sufficient and timely. **For all 9 subrecipient Single Audit reports the Department reviewed that contained audit findings, the Department did not issue a management decision regarding those findings within the required time period.** For each of those subrecipients, the Department reviewed the Single Audit reports, but it did not issue a management decision on findings identified in those reports within six months of receiving those reports.

Finally, for 11 (16 percent) of 67 subrecipients tested, the Department's Single Audit tracking spreadsheet was incomplete or contained inaccurate information. This increases the risk that the Department may not identify instances of subrecipient non-compliance, or that it may not require a subrecipient to submit a Single Audit report.

Inaccurate information in its 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 findings in Single Audit reports increases the risk that deficiencies could go unaddressed.

The issues discussed above affect the following Homeland Security awards:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
2008-GE-T8-0034	September 1, 2008	February 29, 2012
2009-SS-T9-0064	August 1, 2009	July 31, 2012
2010-SS-T0-0008	August 1, 2010	July 31, 2013
EMW-2011-SS-00019-S01	September 1, 2011	August 31, 2014

Recommendations:

The Department should:

- Develop and implement a process to monitor subrecipient compliance with federal procurement and equipment regulations for all active subrecipients.
- Develop and implement a process to ensure that COGs do not exceed the limits for management and administrative costs for all grants.
- Review all reimbursement requests prior to payment.
- Include all subrecipients in its risk assessment for site visits or desk reviews.
- Include all subrecipients in its Single Audit tracking spreadsheet to determine whether they are required to submit a Single Audit report.
- Review all Single Audit reports for active subrecipients within six months of receipt of those reports, and issue management decisions promptly when findings in those reports could affect pass-through funds.
- Ensure that information in the Single Audit tracking spreadsheet is complete and accurate.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will implement procedures to:*

- *Ensure all active sub-recipients are in compliance with federal procurement and equipment regulations.*
- *Limit the management and administrative costs to the authorized level as prescribed by the Grant Program Guidance for Grant Years 2011 and 2012 as well as developing a manual process for monitoring the 2010 grant year.*
- *Ensure all reimbursement requests are reviewed prior to payment.*
- *Issue management decisions regarding Single Audit Report findings promptly.*

*We have instituted procedures to ensure all open grant subrecipients are included in the A-133 Single Audit Review tracking sheet in a coordinated effort between grant programs and the A-133 review team.*

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*Implementation Date: August 2013*

*Responsible Persons: Machele Pharr and Paula Logan*

Reference No. 13-109

**Special Tests and Provisions - Subgrant Awards**

**CFDA 97.067 - Homeland Security Grant Program**

**Award year - 2011**

**Award number - EMW-2011-SS-00019-S01**

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

Under the fiscal year 2011 award for the Homeland Security Grant Program (which includes the State Homeland Security Program (SHSP), Urban Areas Security Initiative (UASI), and Operation Stonegarden (OPSG) component programs), states must obligate funds for subgrants within 45 days after the date of the grant award. States must obligate at least 80 percent of funds under SHSP and UASI and 100 percent of funds under OPSG (U.S. Department of Homeland Security Fiscal Year 2011 Homeland Security Grant Program Guidance and Application Kit).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

**The Department of Public Safety (Department) did not obligate all funds associated with the OPSG component of the Homeland Security Grant Program within 45 days after the grant award.** The Department received \$14,103,286 in OPSG funds, but it did not obligate \$1,967,453 of that amount associated with 6 subgrants within 45 days after the date of the grant award. Specifically,

- The Department obligated 1 subaward 5 days late. The Department’s discussions with the subgrantee regarding the preferred terms of the subgrant caused that delay.
- The Department obligated 5 subawards between 15 and 62 days late. Those delays occurred because the Department did not complete certain required eligibility determinations, including verification of the subgrantees’ suspension and debarment status and Data Universal Numbering System (DUNS) numbers, in a timely manner.

Recommendation:

The Department should develop and implement a process to help ensure that it obligates OPSG funds within 45 days after the grant award.

Management Response and Corrective Action Plan:

*The requirement to obligate OPSG funds within 45 days was removed by FEMA in the 2012 Funding Opportunity Announcement (FOA). The Department will implement a process to ensure OPSG awards are obligated as soon as possible after specific county level Operational Orders are approved by FEMA.*

*Implementation Date: February 2013*

*Responsible Person: Machele Pharr*

Reference No. 13-110

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Eligibility**

**Matching, Level of Effort, Earmarking**

**Period of Availability of Federal Funds**

**Reporting**

**Subrecipient Monitoring**

**CFDA 97.039 - Hazard Mitigation Grant Program**

Award years - Multiple

Award numbers - Multiple

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

**Cash Management**

**Eligibility**

**Matching, Level of Effort, Earmarking**

**Period of Availability of Federal Funds**

**Reporting**

**Subrecipient Monitoring**

**Special Tests and Provisions - Project Accounting**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

Award years - Multiple

Award numbers - Multiple

Type of finding - Material Weakness

Office of Management and Budget (OMB) Circular A-133 requires agencies to 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 (OMB Circular A-133, Subpart C, Section 300 (b)). In addition, OMB Circular A-133 requires auditors to consider the control environment over federal programs and such factors as the expectation of management's adherence to applicable laws and regulations and the provisions of contracts and grant agreements and the competence and experience of personnel who administer the federal programs (OMB Circular A-133, Subpart E, Section 525(b)).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

The OMB Circular A-133 Compliance Supplement cites the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Internal Control-Integrated Framework* as a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of federal laws, regulations, and program compliance requirements (OMB Circular A-133 Compliance Supplement, Part 6, page 6-2). The COSO framework identifies five components, including control environment, risk assessment, control activities, information and communication, and monitoring. The control environment establishes the tone of an organization, influencing the control consciousness of its people and provides discipline, process, and structure for the organization. The control environment encompasses five principles:

- The organization holds individuals accountable for their internal control responsibility in the pursuit of objectives.
- The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- The organization demonstrates a commitment to integrity and ethical values.
- The board of directors demonstrates independence of management and exercises oversight for the development and performance of internal control.

COSO principles suggest that the control environment is the foundation for all other components of internal controls because it provides discipline, process, and structure. The COSO framework incorporates an organization's objectives: operations, reporting, and compliance. The compliance objective relates to the organization's adherence to laws and regulations.

The Department of Public Safety's (Department) control environment contributed to the control and compliance issues auditors identified in findings 13-111 through 13-121 for the Hazard Mitigation Grant Program and the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program.

Both the Hazard Mitigation Grant Program and the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program are administered by the Department's Grants Finance unit and the Department's Division of Emergency Management. Specifically, the Division of Emergency Management is responsible for the state emergency management program, and it oversees state and local emergency response, recovery, and mitigation efforts in response to federally declared disasters. As part of that responsibility, the Department manages daily interactions with and monitoring of its subrecipients. The Grants Finance unit is responsible for accounting related to those disasters. It also performs other financial activities related to program management.

**The Department has not established an adequate control environment to facilitate compliance with federal requirements, and in some cases that has resulted in repeated non-compliance with federal requirements over multiple years.** Categorized by COSO principle, examples of the weaknesses in the Department's control environment include the following:

- **Holding individuals accountable for internal control responsibilities.** As detailed in findings 13-111, 13-114, 13-117, and 13-119, Department staff have not successfully implemented the control improvements necessary to ensure that payroll, indirect costs, and other types of expenditures charged to federal awards consistently comply with federal requirements. The Department has not established adequate monitoring processes for the activities designed to facilitate compliance with those requirements, which hinders the ability to achieve accountability at the individual level. Additional errors in the Department's review of its drawdowns of federal funds detailed in findings 13-112 and 13-118, also demonstrate that staff have not successfully implemented effective internal controls to ensure consistent compliance with federal requirements.
- **Commitment to attracting, developing, and retaining competent individuals.** As detailed in findings 13-116 and 13-121, the Department has submitted unreliable financial reports to the federal government. Because auditors have identified similar findings in this same area since fiscal year 2006, this demonstrates that the Department has not maintained competency levels that would enable it to consistently achieve compliance with federal requirements.
- **Establishing structures, reporting lines, and appropriate authorities and responsibilities.** As detailed in findings 13-115 and 13-120, the Department's subrecipient monitoring, oversight, and reporting processes were not adequate to facilitate compliance with federal requirements. The Department also reported inaccurate information regarding potential subrecipients of federal funds to the Federal Emergency Management Agency (see finding 13-113). Finally, the Department has not established an effective structure to account for its grant funds with sufficient detail to facilitate informed grant administration decision making, as detailed in findings 13-111, 13-112, 13-114, 13-117, 13-118, and 13-119.

Recommendations:

In addition to implementing the recommendations within the individual findings referenced above, the Department should:

- Provide training designed to enhance the grant compliance and internal control awareness of the Grants Finance unit and the Division of Emergency Management.
- Record and communicate information to staff that is sufficient to support effective federal grant administration, including (1) recording transactions, such as indirect cost transactions, at the time the Department incurs costs and (2) developing a process, using its general ledger system or another tool that permits correlation of federal expenditures and drawdowns with specific project and disaster numbers.

- Implement or strengthen management-level monitoring of key control activities related to federal compliance, such as (1) comprehensive reviews of work products used to incur federal expenditures (for example cash draws, clearance pattern calculations, and direct expenditures) and (2) reviews of detailed information supporting the summary-level information the Department receives from third-party service providers before relying on the summary-level information to incur federal expenses (for example, indirect cost rate proposals).

Management Response and Corrective Action Plan:

We agree with the recommendations and will:

- Provide training to enhance the knowledge and skills that its Grants Finance unit and its Division of Emergency Management.
- Record and communicate information to staff that is sufficient to support effective federal grant administration.
- Implement or strengthen management-level monitoring of key control activities related to federal compliance.

Implementation Date: August 2013

Responsible Persons: Maureen Coulehan and Paula Logan

Reference No. 13-111

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**CFDA 97.039 - Hazard Mitigation Grant Program**

Award years - See below

Award numbers - See below

Type of finding - Material Weakness 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:

- 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 or other distribution percentages 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 distributions based on the monthly activity reports 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.

Questioned Cost:	\$ 64,961
U.S. Department of Homeland Security	

**The Department of Public Safety (Department) based 16 (76 percent) of 21 Hazard Mitigation payroll charges tested on budget estimates; therefore, those payroll charges did not reflect an after-the-fact distribution of the actual activity of each employee.** The Department requires its employees to complete weekly time sheets to indicate the number of hours they work, including the number of hours charged to each federal award. The Department then estimates its payroll charges based on actual time charged in a previous period. However, the Department has not established controls to ensure that it reconciles the estimated effort with the actual effort for each employee. This resulted in questioned costs of \$3,162 associated with awards FEMA-1606-DR and FEMA-1999-DR.

Additionally, for 5 (24 percent) of 21 payroll charges tested, the Department did not perform its reconciliation of estimated effort with actual effort; however, for those payroll charges, this did not result in non-compliance because the estimated and actual charges were the same.

#### 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, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

Capital expenditures for general purpose equipment are unallowable as direct charges unless those charges are approved in advance by the awarding agency. In addition, special purpose equipment with a unit cost of \$5,000 or more must have prior approval of the awarding agency in order to be allowable as a direct cost (Title 2, CFR, Chapter 225, Appendix B).

**For 2 (4 percent) of 51 direct cost expenditures tested, the Department could not provide evidence that it obtained approval from Federal Emergency Management Agency (FEMA) prior to purchasing equipment.** The Department asserted that it has an informal process to obtain approval from FEMA for the purchase of equipment exceeding \$5,000; however, that process is not documented. This resulted in a questioned cost of \$51,040 associated with award FEMA-1780-DR and \$6,657 in questioned costs associated with award FEMA-1791-DR.

Additionally, the Department's policy requires its Grant Finance unit to review direct expenditures by approving a payment voucher. **For 2 (4 percent) of 51 direct cost expenditures tested, however, the Department could not provide evidence that its Grant Finance unit reviewed and approved vouchers prior to payment as required by its policy.** For one of those expenditures, the Grants Finance unit did not approve the voucher. For the other expenditure, the Department was unable to provide the voucher; therefore, auditors could not determine whether the Grants Finance unit had approved that voucher. Not reviewing and approving vouchers prior to payment increases the risk that the Department will charge unallowable costs to federal grants.

The Department also is required to allocate costs among federal awards in accordance with the benefits that the costs provided. However, **the Department has no control to allocate direct costs to each disaster's federal award based on the benefits received. For example, the Department charged 1 (1 percent) of 72 transactions tested to a general budget code for the Hazard Mitigation Grant program that could have been associated with multiple awards.** The Department asserted that it had not yet drawn federal funds to reimburse those costs and that it would allocate those costs at the time that it drew those funds; however, as of January 14, 2013, it had not allocated those costs to a specific federal award. This increases the risk that the Department will improperly allocate costs to federal grants.

#### Indirect Costs

Departments or agencies that desire to claim indirect costs under federal awards are required to prepare indirect cost rate proposals and documentation to support those costs. These proposals must be retained for audit and must be submitted to the cognizant agency (Title 2, CFR, Chapter 225, Appendix E, (D)(1)).

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An Indirect Cost Rate Proposal (IDCRP) documents the indirect cost rates that an agency will use to charge its indirect cost by calculating a ratio of indirect costs to a direct cost base. Those rates are calculated using an indirect cost pool, which represents accumulated costs that jointly benefit two or more programs or other cost objectives (Title 2, CFR, Chapter 225, Appendix E, (B)).

The Department began charging indirect costs to the Hazard Mitigation Grant Program during fiscal year 2012. During 2009, the Department utilized a third-party vendor to develop an IDCRP on its behalf based on its fiscal year 2007 expenditures. However, the Department did not submit that IDCRP to the federal cognizant agency until February 2012. The Department asserted that the submission delay occurred because it had originally submitted the IDCRP to the incorrect federal cognizant agency. FEMA approved the IDCRP on May 7, 2012. The IDCRP included a fixed rate of 55.59 percent for fiscal years 2008 and 2009, and that same rate on a provisional basis for periods from fiscal year 2009 forward. The Department’s next IDCRP is due in February 2013.

However, the Department did not retain sufficient support for its IDCRP for auditors to test the accuracy of the indirect cost rate. As a result, **auditors could not determine whether the indirect cost rate approved in May 2012 was accurate.**

Prior to the approval of its IDCRP, the Department used a previous indirect cost rate agreement to charge indirect costs to federal awards; however, that agreement expired on August 31, 2007. As a result, the Department had been charging indirect costs without a valid rate agreement. Additionally, the Department did not record indirect cost transactions in its financial system at the time it made each charge. As a result, auditors could not identify all indirect cost charges the Department made during the year. Instead, the Department processed an adjusting entry to its schedule of expenditures of federal awards to recognize \$291,187 in indirect cost charges for the Hazard Mitigation Grant program during fiscal year 2012.

As a result of the Department’s process for recording indirect cost transactions, auditors also were unable to determine the amount of unallowable charges the Department made under the expired indirect cost rate agreement. However, for 2 (5 percent) of 43 cash draws tested, the Department charged a total of \$974 in indirect costs associated with award FEMA-1624-DR and \$3,128 in indirect cost charges associated with award FEMA-1606-DR under the expired indirect cost rate agreement. Those amounts are considered questioned costs.

The issues noted above affected the following Hazard Mitigation Grant Program awards:

<u>Award Number</u>	<u>Start Date</u>	<u>Questioned Cost</u>
FEMA-1356-DR	January 8, 2001	\$ 0
FEMA-1379-DR	June 9, 2001	0
FEMA-1425-DR	July 4, 2002	0
FEMA-1439-DR	November 5, 2002	0
FEMA-1479-DR	July 17, 2003	0
FEMA-1606-DR	September 24, 2005	4,598
FEMA-1624-DR	January 11, 2006	974
FEMA-1658-DR	August 15, 2006	0
FEMA-1697-DR	May 1, 2007	0
FEMA-1709-DR	June 29, 2007	0
FEMA-1730-DR	October 2, 2007	0
FEMA-1780-DR	July 24, 2008	51,040
FEMA-1791-DR	September 13, 2008	6,657
FEMA-1931-DR	August 3, 2010	0
FEMA-1999-DR	July 1, 2011	1,692
FEMA-4029-DR	September 9, 2011	0
	Total Questioned Costs	\$ 64,961

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 (OMB Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately update and review administrator-level access to the Web-based Electronic Timekeeping Application (ETA), which it uses to track time and effort for Department employees.** Specifically, the Department did not disable a user account with administrator-level access to ETA in a timely manner after it terminated employment of the individual associated with that account for cause. The Department also did not conduct periodic reviews of users with administrator-level access to ETA to ensure that the users were still employed by the Department and that users' access was appropriate for their job duties.

Not maintaining appropriate access to ETA increases the risk of unauthorized modification of data.

Recommendations:

The Department should:

- Compare actual effort charged to federal awards with budgeted amounts and ensure that any adjustments are reflected in the amounts it charges to federal programs.
- Maintain sufficient documentation to support that it obtained required approvals from FEMA for equipment purchases that it charged to the Hazard Mitigation Grant Program.
- Retain documentation of its review and approval of the direct expenditures it charges to the Hazard Mitigation Grant Program.
- Develop and implement a process to allocate costs among federal awards.
- Calculate indirect cost charges using a federally approved indirect cost rate that is in effect at the time the Department charges those costs.
- Retain support for its Indirect Cost Rate Proposal, including support for its indirect cost pool.
- Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.
- Design and implement a periodic review of user accounts for ETA.

Management Response and Corrective Action Plan:

Recommendations:

*The Department should:*

- *Compare actual effort charged to federal awards with budgeted amounts and ensure that any adjustments are reflected in the amounts it charges to federal programs.*
- *Maintain sufficient documentation to support that it obtained required approvals from FEMA for equipment purchases that it charged to the Hazard Mitigation Grant Program.*
- *Retain documentation of its review and approval of the direct expenditures it charges to the Hazard Mitigation Grant Program.*
- *Develop and implement a process to allocate costs among federal awards.*
- *Calculate indirect cost charges using a federally approved indirect cost rate that is in effect at the time the Department charges those costs.*
- *Retain support for its Indirect Cost Rate Proposal, including support for its indirect cost pool.*

Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will implement processes and procedures to:*

- *Compare actual effort charged to federal awards with budgeted amounts and ensure that any adjustments are reflected in the amounts it charges to federal programs.*
- *Ensure sufficient documentation is maintained to support approvals were obtained from FEMA for equipment purchases.*
- *Retain documentation of its review and approval of the direct expenditures it charges to the Hazard Mitigation Grant Program.*
- *Allocate costs among federal awards.*
- *Calculate indirect cost charges using a federally approved indirect cost rate that is in effect at the time the Department charges those costs.*
- *Retain support for its Indirect Cost Rate Proposal, including support for its indirect cost pool.*

*Implementation Date: August 2013*

*Responsible Persons: Maureen Coulehan and Paula Logan*

Recommendations:

*The Department should:*

- *Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.*
- *Design and implement a periodic review of user accounts for ETA.*

Management Response and Corrective Action Plan:

*We agree with the recommendation and we have:*

- *Reviewed ETA access to ensure only current employees have access and to ensure that access is appropriate for each users' job responsibilities.*
- *Designed and implemented a periodic review of user accounts for ETA.*

*Implementation Date: January 2013*

*Responsible Person: Norma Cortez*

**PUBLIC SAFETY, DEPARTMENT OF**

Reference No. 13-112

**Cash Management**

**CFDA 97.039 - Hazard Mitigation Grant Program**

**Award years - See below**

**Award numbers - See below**

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

Funding Technique

A state must minimize the time between the drawdown of federal funds from the federal government and their disbursement for federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a state's actual cash outlay (Title 31, Code of Federal Regulations (CFR), Section 205.33).

Questioned Cost:	\$521
U.S. Department of Homeland Security	

Additionally, the state's financial management systems must include written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the Department (Title 2, CFR, Section 215.21(5)).

**The Department of Public Safety (Department) has not established controls to ensure that it minimizes the time elapsing between the drawdown of federal funds and the disbursement of those funds.** Results of audit testing indicated that the Department disbursed funds between 1 and 56 business days after it had drawn those funds. The Department did not disburse funds within 5 business days for 17 (40 percent) of 43 drawdowns tested.

The Department uses a manual process to disburse funds to its subrecipients, and that process does not consistently ensure the timely disbursement of funds. Additionally, the Department's process for drawing funds for payroll costs is not adequately designed to minimize the time between the drawdown of funds and the disbursement of payroll. The Department drew funds for payroll at the same time that it ran its monthly trial balance; on average, that occurred 9.4 days before the Department needed to disburse payroll.

Draw Support

Cash advances to a state shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project (Title 2, CFR, Section 215.22(b)(2)).

**For 5 (12 percent) of 43 draws tested, the Department could not provide sufficient support for the amount of the draw.** Specifically:

- For four of those draws, the Department drew funds for the Hazard Mitigation Grant Program when the supporting documentation indicated that it should have drawn funds from the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program. These four draws totaled \$15,997,347. The Department identified errors associated with three of those draws in September 2012 and returned the funds. For the remaining draw, the Department did not identify that it incorrectly drew \$10,899,635 associated with award FEMA-1791-DR until after auditors brought that error to its attention in October 2012. After auditors communicated that error, the Department provided evidence that it corrected the error in the federal system that it uses to draw funds.
- For one draw that the Department made to support a payment to a subrecipient, the Department did not draw the correct amount based on the supporting documentation. Based on the invoice the subrecipient submitted, the Department should have drawn \$22,869; however, it erroneously drew \$23,390, which resulted in questioned costs of \$521 associated with award FEMA-1791-DR.

Those errors occurred because the Department's Grants Finance unit has not established an adequate review process for drawdowns. For each of the errors noted above, although Department management reviewed the draw requests prior to the draw, the Department's review did not identify that the draws were unsupported. For two additional draws, the Department could not provide evidence that the draws had been reviewed by all required individuals.

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Although auditors did not identify compliance errors associated with those two draws, a lack of review increases the risk that errors in those draws could go undetected.

The issues noted above affect the following Hazard Mitigation Grant Program awards:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>	<u>Questioned Cost</u>
1379	FEMA-1379-DR	June 9, 2001	\$0
1425	FEMA-1425-DR	July 4, 2002	\$0
1439	FEMA-1439-DR	November 5, 2002	\$0
1479	FEMA-1479-DR	July 17, 2003	\$0
1606	FEMA-1606-DR	September 24, 2005	\$0
1624	FEMA-1624-DR	January 11, 2006	\$0
1658	FEMA-1658-DR	August 15, 2006	\$0
1697	FEMA-1697-DR	May 1, 2007	\$0
1709	FEMA-1709-DR	June 29, 2007	\$0
1730	FEMA-1730-DR	October 2, 2007	\$0
1780	FEMA-1780-DR	July 24, 2008	\$0
1791	FEMA-1791-DR	September 13, 2008	\$521
1931	FEMA-1931-DR	August 3, 2010	\$0
1999	FEMA-1999-DR	July 1, 2011	\$0
4029	FEMA-4029-DR	September 9, 2011	\$0

Recommendations:

The Department should:

- Develop and implement a process to minimize the time elapsing between the drawdown of federal funds and the disbursement of those funds.
- Ensure that cash draws are supported by actual, allowable, and immediate cash needs.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendations and will implement procedures to:*

- *Minimize the time elapsing between the drawdown of federal funds and the disbursement of those funds.*
- *Ensure that cash draws are supported by actual, allowable, and immediate cash needs.*

*Implementation Date: February 2013*

*Responsible Person: Maureen Coulehan*

PUBLIC SAFETY, DEPARTMENT OF

Reference No. 13-113

Eligibility

CFDA 97.039 - Hazard Mitigation Grant Program

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

Federal rules state that it is the State’s responsibility to identify and select eligible hazard mitigation projects (Title 44, Code of Federal Regulations (CFR), Section 206.435). Entities eligible to apply for the Hazard Mitigation Grant Program include: (1) state and local governments; (2) private nonprofit organizations that own or operate a private nonprofit facility as defined in Title 44, CFR, Section 206.221(e); and (3) Indian tribes or authorized tribal organizations and Alaska Native villages or organizations. In addition, entities eligible for project subgrants must have an approved local or tribal mitigation plan before they can receive Hazard Mitigation Grant Program funds (Title 44, CFR, Section 206.434).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

In accordance with the Local Multi-hazard Mitigation Planning Guidance established by Federal Emergency Management Agency (FEMA), private non-profit entities are eligible subrecipients for the Hazard Mitigation Grant Program if the jurisdiction in which the project is located has a FEMA-approved mitigation plan. Those entities are not required to approve or adopt a plan if they have participated in the development and review of the local or tribal mitigation plan.

**The Department of Public Safety (Department) has not established controls to ensure that its subrecipients are eligible for Hazard Mitigation Grant Program funds prior to making subawards.** As a result, for 9 (15 percent) of 62 subrecipients tested, the subrecipient was ineligible for Hazard Mitigation Grant Program funds at the time that the Department made the subawards. Specifically:

- Seven subrecipients were private non-profit entities, however, the Department could not provide evidence that those subrecipients approved or adopted a hazard mitigation plan or that the subrecipients were involved in the development of a hazard mitigation plan, as required by program guidance.
- Two subrecipients did not have approved hazard mitigation plans in effect at the time the Department granted the subawards. Auditors determined that both of those subrecipients are currently eligible to receive Hazard Mitigation Grant Program funds because they subsequently developed approved hazard mitigation plans.

Because FEMA is closely involved in the award process, auditors concluded that the errors described above did not result in questioned costs.

Although the Department has information that would enable it to identify whether proposed subrecipients have FEMA-approved hazard mitigation plans prior to making subawards, it does not communicate that information to FEMA when it submits an application on behalf of a potential subrecipient. As a result, FEMA does not always have accurate and complete information regarding the eligibility status of potential subrecipients, which increases the risk that FEMA and the Department could award federal funds to subrecipients who are not eligible for that assistance. The issues discussed above affected the following Hazard Mitigation Grant Program awards:

Disaster Number	Grant Number	Start Date
1606	FEMA-1606-DR	September 24, 2005
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007
1730	FEMA-1730-DR	October 2, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
1999	FEMA-1999-DR	July 1, 2011
4029	FEMA-4029-DR	September 9, 2011

Recommendations:

The Department should:

- Ensure that subrecipients meet all eligibility requirements before granting subawards.
- Communicate potential subrecipients' eligibility status to FEMA when it submits project applications to FEMA.

Management Response and Corrective Action Plan:

We agree with the recommendations and will:

- Ensure that subrecipients meet all eligibility requirements before granting subawards, and
- Communicate potential subrecipients' eligibility status to FEMA when we submit project applications.

Implementation Date: August 2013

Responsible Person: Paula Logan

Reference No. 13-114

**Period of Availability of Federal Funds**

**CFDA 97.039 - Hazard Mitigation Grant Program**

Award years - See below

Award numbers - See below

Type of finding - Significant Deficiency and Non-Compliance

For major disaster declarations, the grantee may expend management cost funds for allowable costs for a maximum of 8 years from the date of the major disaster declaration or 180 days after the latest performance period date of a non-management cost Hazard Mitigation Grant Program project narrative, whichever is sooner (Title 44, Code of Federal Regulations (CFR), Section 207.8(b) and Title 44, CFR Section 207.9(a) and (d)).

Questioned Cost: \$ 42,936

U.S. Department of Homeland Security

The Hazard Mitigation Assistance Unified Guidance, Part VI, Section B.4, states that the period of performance is the period of time during which the grantee is expected to complete all grant activities and to incur and expend approved funds. The period of performance begins on the date that the grant is awarded and ends no later than 36 months from the award of the final subgrant under the grant.

**The Department of Public Safety (Department) charged direct costs to Hazard Mitigation Grant Program awards when it had incurred those costs after the period of performance for those awards. Specifically:**

- For 1 (6 percent) of 18 transfers tested, the Department could not provide evidence that it incurred the original cost supporting that transfer within the period of performance for the award to which it charged the cost. For that transfer, the Department incurred the cost between December 2011 and February 2012; however, based on information provided by the Department, the period of performance for the award ended on August 8, 2007. That resulted in questioned costs of \$17 associated with award FEMA-1439-DR. The Department asserted that it was aware that it should not have charged those costs to that award, but it had not yet transferred those costs to non-federal funds.
- For 3 (6 percent) of 51 direct cost expenditures tested, the Department incurred direct costs after the period of performance for the federal awards to which it charged those costs. The Department incurred two of those costs in August 2011, but the period of performance for the award ended in June 2009. The Department incurred the remaining cost in May 2012, but the period of performance for the award ended in March 2012. That resulted in

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questioned costs of \$8,769 associated with award FEMA-1606-DR and \$261 associated with award FEMA-1697-DR.

- The Department incurred 2 (10 percent) of 21 payroll expenditures tested after the end of the period of performance for the awards to which it charged those costs. Further analysis of the entire population of Department payroll charges during fiscal year 2012 indicates that the Department charged a total of \$33,890 in payroll costs after the end of the period of performance for the awards to which it charged those costs (see “Questioned Costs Related to Payroll” below for the individual awards to which the Department charged the \$33,890).
- For 1 (5 percent) of 21 payroll expenditures tested, auditors could not determine whether the Department incurred the cost during the period of performance for the award because the Department assigned that cost to a generic budget code that could be connected with multiple disasters. However, the Department asserted that it had not yet drawn federal expenditures for that transaction.

The errors discussed above occurred because the Department has not established controls to ensure that it does not incur direct costs for disasters after the period of performance for awards has ended.

The issues noted above affected the following Hazard Mitigation Grant Program awards:

<u>Award Number</u>	<u>Start Date</u>	<u>Questioned Cost Related to Payroll</u>	<u>Other Questioned Cost</u>	<u>Total Questioned Cost</u>
FEMA-1356-DR	January 8, 2001	\$ 15	\$ 0	\$ 15
FEMA-1379-DR	June 9, 2001	25,551	0	25,551
FEMA-1425-DR	July 4, 2002	593	0	593
FEMA-1439-DR	November 5, 2002	334	17	351
FEMA-1479-DR	July 17, 2003	297	0	297
FEMA-1606-DR	September 24, 2005	0	8,769	8,769
FEMA-1624-DR	January 11, 2006	2,448	0	2,448
FEMA-1658-DR	August 15, 2006	1,280	0	1,280
FEMA-1697-DR	May 1, 2007	3,371	261	3,632
FEMA-1709-DR	June 29, 2007	0	0	0
FEMA-1730-DR	October 2, 2007	0	0	0
FEMA-1780-DR	July 24, 2008	0	0	0
FEMA-1791-DR	September 13, 2008	0	0	0
FEMA-1999-DR	July 1, 2011	0	0	0
FEMA-4029-DR	September 9, 2011	0	0	0
	Total Questioned Costs	\$ 33,889	\$ 9,047	\$ 42,936

Recommendation:

The Department should implement a process to ensure that it charges expenditures to disasters only within the period of performance.

Management Response and Corrective Action Plan:

*We agree with the recommendation. We will implement a process to ensure that expenditures will only be charged to disasters within the period of performance.*

*Implementation Date: August 2013*

*Responsible Person: Paula Logan*

Reference No. 13-115

**Procurement and Suspension and Debarment  
Subrecipient Monitoring**

(Prior Audit Issue 12-110)

**CFDA 97.039 - Hazard Mitigation Grant Program**

**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 of Management and Budget (OMB) Circular A-133, Section .400, 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.

Questioned Cost:	\$0
U.S. Department of Homeland Security	

In fiscal year 2012, the Department passed through \$28,552,465 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) 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 (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, Section 180.220).

The Department communicates federal award information to subrecipients in an award letter that it provides to subrecipients following final approval of a project. However, **prior to January 2012, the award letter template the Department used did not include the CFDA number associated with the award.** As a result, for 61 (98 percent) of 62 subrecipient agreements tested, the Department could not provide evidence that it communicated the CFDA number to the subrecipient. The Department made subawards to those subrecipients prior to January 2012.

The Department requires that subrecipients certify that they are not suspended or debarred at the time they submit an application. **For 1 (2 percent) of 62 subrecipients tested, the Department could not provide evidence that the subrecipient certified that it was not suspended or debarred.** Auditors verified through the EPLS that the subrecipient was not 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. Not verifying 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 Hazard Mitigation Grant 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, CFR, Section 13.40).

The Department monitors subrecipient activities through review and approval of reimbursement requests and final audits of subrecipient projects. However, **for 3 (5 percent) of 62 subrecipient reimbursement requests tested, the Department could not provide evidence that it monitored the subrecipients for compliance with requirements related to allowability, cash management, or matching; it also could not provide evidence that it reviewed the federal share of costs for accuracy.** For those three subrecipients, the Department could not provide evidence that it had approved those subrecipients' reimbursement requests.

In addition, the Department did not consistently follow up to ensure that subrecipients took corrective action on deficiencies that it noted during its review of the reimbursement requests. **For 1 (25 percent) of 4 reimbursement requests for which the Department noted deficiencies, the Department could not provide evidence that it communicated the deficiencies to the subrecipient or followed up to ensure that the subrecipient took corrective action.**

The Department uses a final project audit as its primary audit tool for monitoring its subrecipients' compliance with requirements related to equipment maintenance, procurement, and real property acquisitions. **However, the Department does not always complete a final project audit prior to making the final payment on a project, which limits the effectiveness of the final project audit to monitor compliance with federal requirements.** The Department also does not perform other types of monitoring of subrecipient compliance with requirements related to equipment maintenance, procurement, and real property acquisitions. As a result, auditors identified the following issues:

- For 30 (91 percent) of 33 subrecipient projects for which the Department was required to monitor the subrecipients' compliance with equipment requirements, the Department could not provide evidence that it monitored subrecipients' record keeping and safeguarding of equipment.
- For 59 (95 percent) of 62 subrecipient projects tested, the Department could not provide evidence that it monitored the subrecipients' compliance with procurement requirements.
- For all 7 subrecipient projects tested that included the acquisition of real property, the Department could not provide evidence that it monitored the subrecipients' compliance with requirements related to acquisition and appraisal.

**The Department does not have a process to ensure that subrecipients spend funds within the period of availability for the subaward.** For all 62 subrecipient projects tested, the Department could not provide evidence that it verified that the subrecipients did not spend funds outside of the established performance period for their subawards.

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 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 Section 225).

The Department's Standards and Compliance group within its Division of Emergency Management monitors subrecipient Single Audits through a tracking spreadsheet, and it documents its review of submitted audit reports using a checklist. However, **for 6 (10 percent) of 62 subrecipients tested, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain a Single Audit during fiscal year 2012.** 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 it sanctioned the subrecipients that did not comply. Specifically:

- The Department did not include one subrecipient on its tracking spreadsheet. As a result, the Department did not verify whether that subrecipient complied with the requirement to obtain a Single Audit or review that

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subrecipients' Single Audit report. Based on a review of the Federal Audit Clearinghouse, that subrecipient did not submit a Single Audit report for fiscal year 2011.

- The Department did not obtain Single Audit reports from three subrecipients on its tracking spreadsheet and could not provide evidence that it sanctioned those subrecipients for non-compliance.
- The Department did not review the Single Audit reports that two subrecipients submitted. The Department incorrectly determined that it did not need to review one of those reports because it did not pass through funds to the subrecipient during fiscal year 2011; however, that subrecipient received funds during fiscal year 2012. The Department had not yet reviewed the other Single Audit report at the time of the audit, which was more than six months after it had received that report.

For all five subrecipient Single Audit reports the Department reviewed that contained audit findings, the Department did not issue a management decision regarding those findings within the required time period. For each of those subrecipients, the Department reviewed the Single Audit reports, but it did not issue a management decision on findings identified in those reports within six months of receiving those reports.

Finally, **for 9 (15 percent) of 62 subrecipients tested, the Department's Single Audit tracking spreadsheet was incomplete or contained inaccurate information.** This increases the risk that the Department may not identify instances of subrecipient non-compliance, or that it may not require a subrecipient to submit a Single Audit report.

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:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1606	FEMA-1606-DR	September 24, 2005
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007
1730	FEMA-1730-DR	October 2, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
1999	FEMA-1999-DR	July 1, 2011
4029	FEMA-4029-DR	September 9, 2011

### Recommendations:

The Department should:

- Communicate all relevant federal award information and applicable compliance requirements to subrecipients.
- Retain documentation of verification that subrecipients are not suspended or debarred.
- Retain documentation of its during-the-award monitoring activities and communicate deficiencies identified during its monitoring process to subrecipients.
- Implement a process to ensure that it monitors subrecipients during the award for all required compliance areas.
- Track all subrecipients to determine whether they are required to obtain a Single Audit.
- 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 all Single Audit reports for active subrecipients within six months of receipt of those reports, and issue management decisions promptly when findings in those reports could affect pass-through funds.
- Ensure that information in the Department's Single Audit tracking spreadsheet is accurate.

Management Response and Corrective Action Plan:

We agree with the recommendations. We have implemented a procedure to ensure we communicate all relevant federal award information and applicable compliance requirements to subrecipients.

Additionally, the Department will implement procedures to ensure:

- Documentation of verification that subrecipients are not suspended or debarred is retained,
- Documentation of during-the-award monitoring activities is retained and deficiencies identified during the monitoring process are communicated to subrecipients.
- Subrecipients are monitored during the award for all required compliance areas.
- All open grant subrecipients are included in the A-133 Single Audit Review tracking sheet.
- Subrecipients receive notification of the OMB A-133 requirements and obtain a certification that a single audit is not required, or receive a copy of the single audit report and follow up with Subrecipients who do not respond to ensure they respond.
- Single Audit reports are reviewed and management decisions are issued within six months of receipt.
- The A-133 Review spreadsheet is updated as reports are received and reviewed, reports with findings are forwarded to grant program management for management decisions, and management decisions are received.

Implementation Date: August 2013

Responsible Person: Paula Logan

Reference No. 13-116

**Reporting**

(Prior Audit Issues 12-111, 09-47, 08-91, and 07-26)

**CFDA 97.039 - Hazard Mitigation Grant Program**

**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. The Office of Management and Budget provides specific instructions for completing the SF-425 in its Federal Financial Report Instructions, including definitions of key reporting elements.

Questioned Cost:	\$0
U.S. Department of Homeland Security	

Additionally, Hazard Mitigation grantees are required to submit quarterly Federal Financial Reports on which obligations and expenditures must be reported (Hazard Mitigation Assistance Unified Guidance, Part VI, Sec. C.1).

During fiscal year 2012, the Department of Public Safety's (Department) Division of Emergency Management and the Department's Grants Finance unit prepared SF-425 reports. Prior to January 2012, the Division of Emergency Management prepared all reports. In January 2012, the Department moved the reporting function for some disasters to its Grants Finance unit.

**The 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.** That occurred because (1) reports the Division of Emergency Management prepared were not based on information in the Department's financial system (instead, those reports were based on information from the federal system through which the Department requested funds) and (2) the Department used an incorrect methodology or incomplete information for some information it reported. As a result, auditors identified errors in all 13 SF-425 reports tested. Specifically:

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- For 11 (85 percent) of 13 reports tested, the Department incorrectly reported its cash disbursements and the federal share of expenditures based on the amount of funds it received according to the federal SmartLink system through which it requested funds, instead of based on expenditure information from the Department's accounting system. The Department also incorrectly reported several other data fields, including cash on hand, total federal share, and the unobligated balance of federal funds because those fields were derived from the incorrectly reported cash disbursement amount. In addition, the Department incorrectly reported the federal share of unliquidated obligations for those 11 reports.
- For 2 (15 percent) of the 13 reports tested, both of which the Grants Finance unit prepared, the Department indicated that it prepared the reports on a cash basis; however, the supporting accounting data indicated the reports were prepared on an accrual basis.
- For all 13 reports tested, the Department did not correctly report information associated with matching amounts for each project. Specifically, for the two reports the Grants Finance unit prepared, the total recipient share required and the recipient share of expenditures were based on incorrect formulas. For the 11 reports the Division of Emergency Management prepared, the amounts reported for total recipient share required and recipient share of expenditures were supported by spreadsheets the Department used to track recipient expenditures; however, the Department does not reconcile those spreadsheets with its accounting data; therefore, the Department should not rely on those spreadsheets. As a result of those errors, the Department also incorrectly reported the remaining subrecipient share to be provided for all 13 reports tested.
- For all 13 reports tested, the Department did not include indirect cost expenditures in the amount it reported for cash disbursements as required. The Department omitted those expenditures because it had not established a method to record them in the accounting system when it charges those expenditures to a federal grant.

Unsupported, omitted, and inaccurate information in reports increases the risk that federal agencies could rely on inaccurate information.

The issues noted above affected the following Hazard Mitigation Program awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Start Date</u>
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1439	FEMA-1439-DR	November 5, 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
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007
1730	FEMA-1730-DR	October 02, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
1999	FEMA-1999-DR	July 1, 2011
4029	FEMA-4029-DR	September 9, 2011

**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.

**Management Response and Corrective Action Plan:**

*The Department agrees with the recommendation and will implement a process to assure reported information is properly supported.*

Implementation Date: July 2013

Responsible Person: Maureen Coulehan

Reference No. 13-117

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**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

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:	\$785,738
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 or other distribution percentages 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 distributions based on the monthly activity reports 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 (Department) based 7 (54 percent) of 13 Disaster Grants - Public Assistance (Presidentially Declared Disasters) payroll charges tested that were based on budget estimates; therefore, those payroll charges did not reflect an after-the-fact distribution of the actual activity of each employee.** The Department requires its employees to complete weekly time sheets to indicate the number of hours they work, including the number of hours charged to each federal award. The Department then estimates its payroll charges based on actual time charged in a previous period. However, the Department has not established controls to ensure that it reconciles the estimated effort with the actual effort for each employee. That resulted in questioned costs of \$8,004 associated with the awards listed in the column "Question Costs Related to Payroll" in the table below.

Additionally, for 6 (46 percent) of 13 payroll charges tested that were based on budget estimates, the Department did not perform its reconciliation of estimated effort with actual effort; however, for those payroll charges, this did not result in non-compliance because the estimated and actual charges were the same.

For 1 (6 percent) of 18 payroll charges tested, the Department did not allocate the cost correctly. The percentage of effort the Department charged to the disaster did not match the percentage of effort that staff worked on the disaster. That resulted in a questioned cost of \$346 associated with award FEMA-1791-DR.

Controls relating to payroll expenditures were not always operating effectively to ensure compliance with applicable federal requirements. **For 1 (6 percent) of 18 payroll charges tested, the Department could not provide all of the evidence of its review or approval of the associated employee time sheets.** Therefore, auditors were unable to determine whether that expenditure was supported by timesheets and whether there were related questioned costs.

#### 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, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

**One (2 percent) of 64 non-payroll expenditures tested at the Department was unallowable.** The Department charged an expenditure for food to a Disaster Grants - Public Assistance (Presidentially Declared Disasters) grant, but it did not have a corresponding, approved project worksheet. This resulted in questioned costs of \$1,564 associated with award FEMA-4029-DR.

**In addition, 4 (6 percent) of 64 non-payroll expenditures tested were not solely allocable to individual awards within the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program, but the Department charged all of those expenditures to that program.** Specifically:

- The Department charged one expenditure to the wrong disaster. Although the Department reviewed that expenditure prior to payment, its review was not sufficient to identify the error. Because that expenditure was strictly related to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program, auditors did not consider this to be a questioned cost.
- The Department's support for one expenditure indicated that the expenditure was related to the Fire Management Assistance Grant program, but the Department incorrectly charged that expenditure to the to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program. That resulted in questioned costs of \$349 associated with award FEMA-4029-DR.
- The Department's support for two expenditures did not identify the grant programs that benefited from the work performed. Those errors occurred because the Department does not have a policy requiring vendors to submit adequate documentation specifying the grant programs that benefited, which is necessary to appropriately allocate those costs. Those errors resulted in questioned costs of \$43,234 associated with award FEMA-1791-DR.

#### Indirect Costs

Departments or agencies that desire to claim indirect costs under federal awards are required to prepare indirect cost rate proposals and documentation to support those costs. These proposals must be retained for audit and must be submitted to the cognizant agency (Title 2, CFR, Section 225, Appendix E, (D)(1)).

An Indirect Cost Rate Proposal (IDCRP) documents the indirect cost rates that an agency will use to charge its indirect costs by calculating a ratio of indirect costs to a direct cost base. These rates are calculated using an indirect cost pool, which represents accumulated costs that jointly benefit two or more programs or other cost objectives (Title 2, CFR, Chapter 225, Appendix E (B)).

The Department began charging indirect costs to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program during fiscal year 2012. In 2009, the Department hired a third-party vendor to develop an IDCRP on its behalf based on its fiscal year 2007 expenditures. However, the Department did not submit that IDCRP to the federal cognizant agency until February 2012. The Department asserted that the submission delay occurred because it had originally submitted the IDCRP to the incorrect federal cognizant agency. The Federal Emergency Management Agency (FEMA) approved the IDCRP on May 7, 2012. The IDCRP included a fixed rate of 55.59

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percent for fiscal years 2008 and 2009, and that same rate on a provisional basis for periods from fiscal year 2009 forward. The Department's next IDCRC is due in February 2013.

However, the Department did not retain sufficient support for its IDCRC for auditors to test the accuracy of the indirect cost rate. **As a result, auditors could not determine whether the indirect cost rate approved in May 2012 was accurate.**

Prior to the approval of its IDCRC, the Department used a previous indirect cost rate agreement to charge indirect costs to federal awards; however, that agreement expired on August 31, 2007. As a result, the Department had been charging indirect costs without a valid rate agreement. Additionally, the Department did not record indirect cost transactions in its financial system at the time it made each charge. Instead, the Department processed an adjusting entry to its schedule of expenditures of federal awards to recognize \$1,123,360 in indirect cost charges for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program during fiscal year 2012; however, based on auditors' analysis, the Department charged \$1,207,153 in indirect costs during fiscal year 2012. (The Department's calculation excluded one indirect cost charge it made in the amount of \$83,793.)

Through analysis of the Department's draw downs and expenditures during fiscal year 2012, auditors identified a total of \$732,241 in indirect costs the Department charged under the expired agreement. That amount is considered questioned costs. (See "Questioned Costs Related to Indirect Costs" below for the individual awards to which the Department charged the \$732,241.)

The issues noted above affected the following Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards:

<u>Award Number</u>	<u>Start Date</u>	<u>Questioned Cost Related to Payroll</u>	<u>Questioned Cost Related to Non-Payroll Direct Costs</u>	<u>Questioned Cost Related to Indirect Costs</u>	<u>Total Questioned Cost</u>
FEMA-1257-DR	October 21, 1998	\$ 0	\$ 0	\$ 0	\$ 0
FEMA-1379-DR	June 9, 2001	1,099	0	0	1,099
FEMA-1425-DR	July 4, 2002	66	0	0	66
FEMA-1479-DR	July 17, 2003	44	0	0	44
FEMA-1606-DR	September 24, 2005	0	0	0	0
FEMA-1624-DR	January 11, 2006	0	0	0	0
FEMA-1658-DR	August 15, 2006	0	0	0	0
FEMA-1709-DR	June 29, 2007	22	0	0	22
FEMA-1780-DR	July 24, 2008	0	0	83,793	83,793
FEMA-1791-DR	September 13, 2008	346	43,234	611,181	654,761
FEMA-1931-DR	August 3, 2010	0	0	23,999	23,999
FEMA-1999-DR	July 1, 2011	0	0	13,268	13,268
FEMA-3216-EM	September 2, 2005	88	0	0	88
FEMA-3261-EM	September 21, 2005	0	0	0	0
FEMA-3277-EM	August 18, 2007	0	0	0	0
FEMA-3290-EM	August 29, 2008	768	0	0	768
FEMA-4029-DR	September 9, 2011	5,917	1,913	0	7,830
Totals		<u>\$8,350</u>	<u>\$45,147</u>	<u>\$732,241</u>	<u>\$785,738</u>

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 (OMB Circular A-133, Subpart C, Section 300 (b)).

**The Department did not appropriately update and review administrator-level access to the Web-based Electronic Timekeeping Application (ETA), which it uses to track time and effort for Department employees.** Specifically, the Department did not disable a user account with administrator-level access to ETA in a timely manner after it terminated employment of the individual associated with that account for cause. The Department also did not conduct periodic reviews of users with administrator-level access to ETA to ensure that the users were still employed by the Department and that users' access was appropriate for their job duties.

Not maintaining appropriate access to ETA increases the risk of unauthorized modification of data.

Recommendations:

The Department should:

- Perform quarterly comparisons of actual payroll activity to budgeted distributions and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.
- Properly allocated charges to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program.
- Require vendors to submit adequate documentation specifying the disaster grant program to which provided good or service applies.
- Maintain all required documentation.
- Calculate indirect cost charges using an approved, effective indirect cost rate.
- Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.
- Design and implement a periodic review of user accounts for ETA.

Management Response and Corrective Action Plan:

Recommendations:

The Department should:

- *Perform quarterly comparisons of actual payroll activity to budgeted distributions and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.*
- *Properly allocated charges to the Disaster Grants - Public Assistance (Presidentially Declared Disasters).*
- *Require vendors to submit adequate documentation specifying the disaster grant program to which provided good or service applies.*
- *Maintain all required documentation.*
- *Calculate indirect cost charges using an approved, effective indirect cost rate.*

Management Response and Corrective Action Plan:

The Department agrees with the recommendations and will develop procedures to ensure:

- *Payroll charges reflect an after-the-fact distribution of the actual activity of each employee.*
- *Charges are properly allocated to the Disaster Grants — Public Assistance.*
- *Vendors submit adequate documentation specifying the disaster grant program to which provided good or service applies.*
- *All required documentation is maintained.*
- *Indirect cost charges are calculated using an approved, effective indirect cost rate.*

Implementation Date: August 2013

Responsible Persons: Maureen Coulehan and Paula Logan

Recommendations:

The Department should:

- *Limit user access to ETA to current employees, and ensure that access is appropriate for users' job responsibilities.*
- *Design and implement a periodic review of user accounts for ETA.*

Management Response and Corrective Action Plan:

We agree with the recommendation and we have:

- Reviewed ETA access to ensure only current employees have access and to ensure that access is appropriate for each users' job responsibilities.
- Designed and implemented a periodic review of user accounts for ETA.

Implementation Date: January 2013

Responsible Person: Norma Cortez

Reference No. 13-118

**Cash Management**

(Prior Audit Issues 12-112 and 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 Material Non-Compliance**

Funding Technique

According to the Cash Management Improvement Act agreement between the U.S. Department of the Treasury and the State of Texas (Treasury-State Agreement) applicable to fiscal year 2012, the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program exceeds the State's threshold for major federal assistance programs (Treasury-State Agreement, Section 4.2). 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 the pre-issuance funding method, the State is required to request that funds be deposited into 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:	\$275,938
U.S. Department of Homeland Security	

**For 25 (38 percent) of 65 drawdowns tested for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program, the Department of Public Safety (Department) did not comply with the time requirements for disbursing federal funds.** Specifically, the Department disbursed funds from those 25 drawdowns between 4 and 14 days after it received those funds.

The Department uses a manual process to disburse funds to its subrecipients, and that process does not consistently ensure the timely disbursement of funds. Additionally, the Department's process for drawing funds for payroll costs is not adequately designed to minimize the time between the drawdown of funds and the disbursement of payroll. The Department drew funds for payroll at the same time that it ran its monthly trial balance; on average, that occurred 12.8 days before the Department needed to disburse payroll.

Draw Support

Cash advances to a state shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project (Title 2, Code of Federal Regulations (CFR), Section 215.22(b)(2)).

Five (8 percent) of 66 cash draws tested at the Department were not supported by actual or identifiable costs. That occurred because the Department has not implemented sufficient monitoring or review controls over its cash draw process. Additionally, the Department has not identified clear criteria to establish the level of support necessary for

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each draw down. **Based on additional analysis of Department’s fiscal year 2012 drawdowns, the Department drew down a total of \$275,938 in federal funds that were not supported by actual or identifiable costs (see the table below for the awards associated with the \$275,938 in questioned costs).**

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 (the number of days from deposit date to issuance date, where issuance date is the date of the actual release of payments). The Texas Office of the Comptroller of Public Accounts will calculate the clearance pattern for period 2 (the number of days from issuance date to clearance date).

**The Department’s clearance pattern for period 1 does not comply with the requirements for developing and maintaining clearance patterns in the Treasury-State Agreement.** Specifically, the Department:

- Incorrectly classified its payroll expenses as reimbursements. However, the Department drew down funds for those expenses on a pre-issuance basis. During fiscal year 2012, the Department changed its payroll drawdown process from a reimbursement-based draw process to a pre-issuance draw process, but it did not account for that change when it calculated its clearance pattern for period 1.
- Based its calculation of the clearance pattern for period 1 on an incorrect disbursement date. That occurred because the Department used an incorrect field in its financial system.

As a result of those errors, the Department overstated its clearance pattern for period 1 by 1.08 days. Although management within the Department’s Grants Finance unit reviewed the clearance pattern calculation, that review was not sufficient to ensure that the Department correctly calculated the clearance pattern for period 1.

The issues noted above affected the following Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>	<u>Questioned Cost</u>
1257	FEMA-1257-DR	October 12, 1998	\$ 0
1379	FEMA-1379-DR	June 9, 2001	0
1425	FEMA-1425-DR	July 4, 2002	0
1479	FEMA-1479-DR	July 17, 2003	3,142
1606	FEMA-1606-DR	September 24, 2005	0
1624	FEMA-1624-DR	January 11, 2006	0
1658	FEMA-1658-DR	August 15, 2006	0
1709	FEMA-1709-DR	June 29, 2007	0
1780	FEMA-1780-DR	July 24, 2008	72,674
1786	FEMA-1786-DR	September 2, 2008	0
1791	FEMA-1791-DR	September 13, 2008	160,846
1931	FEMA-1931-DR	August 3, 2010	9,306
1999	FEMA-1999-DR	July 1, 2011	1,370
3216	FEMA-3216-EM	September 2, 2005	0
3261	FEMA-3261-EM	September 21, 2005	0
3277	FEMA-3277-EM	August 18, 2007	149
3290	FEMA-3290-EM	August 29, 2008	28,451
3294	FEMA-3294-EM	September 10, 2008	0
4029	FEMA-4029-DR	September 9, 2011	0
Total Questioned Cost			<b>\$275,938</b>

Recommendations:

The Department should:

- Implement controls to ensure that the time between receipt and disbursement of funds is within the time frame required by the Treasury-State Agreement.
- Ensure that its cash draws are supported by actual, allowable, and immediate cash needs.
- Implement controls to review its calculations related to the Cash Management Improvement Act and to help ensure that it complies with the requirements of the Treasury-State Agreement.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendation and will implement procedures and controls to ensure:*

- *The time between receipt and disbursement of funds is within the time frame required by the Treasury-State Agreement.*
- *Cash draws are supported by actual, allowable, and immediate cash needs.*
- *The accuracy of calculations related to the Cash Management Improvement Act and compliance with the requirements of the Treasury-State Agreement.*

*Implementation Date: February 2013*

*Responsible Person: Maureen Coulehan*

Reference No. 13-119

**Period of Availability of Federal Funds**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award years - See below**

**Award numbers - See below**

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

Period of Availability

For major disaster declarations, the grantee may expend management cost funds for allowable costs for a maximum of 8 years from the date of the major disaster declaration or 180 days after the latest performance period date of a non-management cost Public Assistance project worksheet, whichever is sooner (Title 44, Code of Federal Regulations (CFR), Section 207.8(b) and Title 44, CFR Section 207.9(a) and (d)). Additionally, project worksheets issued by the Federal Emergency Management Agency (FEMA) specify a period of performance for each project.

Questioned Cost:	\$59,443
U.S. Department of Homeland Security	

**The Department of Public Safety (Department) charged direct costs to Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards that it had incurred after the period of performance for those awards. Specifically:**

- For 1 (6 percent) of 16 transfers tested, the Department could not provide evidence that it incurred the original cost supporting that transfer within the period of performance for the award to which it charged the cost. For that transfer, the Department incurred the cost between December 2011 and January 2012; however, based on information the Department provided, the period of performance for the award ended on September 27, 2005. That resulted in questioned costs of \$152 associated with award number FEMA-1257-DR.
- For 1 (2 percent) of 64 non-payroll direct cost expenditures tested, the Department incurred direct costs after the period of performance for the federal award to which it charged that cost. The Department incurred that cost in May 2012; however, based on information the Department provided, the period of performance for the award

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ended on September 27, 2005. That resulted in questioned costs of \$383 associated with award number FEMA-1257-DR.

- The Department incurred 1 (6 percent) of 18 payroll expenditures tested after the end of the period of performance for the federal awards to which it charged those costs. Further analysis of the entire population of Department payroll charges during fiscal year 2012 indicates that the Department charged a total of \$58,908 in payroll costs after the end of the period of performance for the awards to which it charged those costs (see “Questioned Costs Related to Payroll” below for the individual awards to which the Department charged the \$58,908).
- For 2 (11 percent) of 18 payroll expenditures tested, auditors could not determine whether the Department incurred the cost during the period of performance for the award because the Department assigned that cost to a generic budget code that could be connected with multiple disasters. However, the Department asserted that it had not yet drawn federal expenditures for that transaction.

The errors discussed above occurred because the Department has not established controls to ensure that it does not incur direct costs for disasters after the period of performance for awards has ended.

The issues noted above affected the following Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards:

Disaster Number	Award Number	Start Date	Questioned Cost Related to Payroll	Other Questioned Cost	Total Questioned Cost
1257	FEMA-1257-DR	October 21, 1998	\$305	\$535	\$840
1379	FEMA-1379-DR	June 9, 2001	39,044	0	39,044
1425	FEMA-1425-DR	July 4, 2002	9,147	0	9,147
1479	FEMA-1479-DR	July 17, 2003	760	0	760
1606	FEMA-1606-DR	September 24, 2005	0	0	0
1624	FEMA-1624-DR	January 11, 2006	9,652	0	9,652
1658	FEMA-1658-DR	August 15, 2006	0	0	0
1709	FEMA-1709-DR	June 29, 2007	0	0	0
1780	FEMA-1780-DR	July 24, 2008	0	0	0
1791	FEMA-1791-DR	September 13, 2008	0	0	0
1931	FEMA-1931-DR	August 3, 2010	0	0	0
1999	FEMA-1999-DR	July 1, 2011	0	0	0
3216	FEMA-3216-EM	September 2, 2005	0	0	0
3261	FEMA-3261-EM	September 21, 2005	0	0	0
3277	FEMA-3277-EM	August 18, 2007	0	0	0
3290	FEMA-3290-EM	August 29, 2008	0	0	0
4029	FEMA-4029-DR	September 9, 2011	0	0	0
Total Questioned Cost			\$58,908	\$535	\$59,443

**Recommendation:**

The Department should implement a process to ensure that it charges expenditures to disasters only within the period of performance.

**Management Response and Corrective Action Plan:**

*We agree with the recommendation and will implement a process to ensure that expenditures are charged only to disasters within the period of performance.*

*Implementation Date: August 2013*

*Responsible Person: Paula Logan*

Reference No. 13-120

**Procurement and Suspension and Debarment  
Subrecipient Monitoring  
Special Test and Provisions - Project Accounting**  
(Prior Audit Issues 12-113, 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 - Materiel Weakness and Material 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' use of federal awards to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Questioned Cost:	\$0
U.S. Department of Homeland Security	

In fiscal year 2012, the Department passed through \$90,232,350 in Disaster Grants - Public Assistance (Presidentially Declared Disasters) funds to its 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), to identify to subrecipients, 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.

In addition, 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 (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, Section 180.220).

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 award information and applicable federal compliance requirements. The application also serves as the subrecipients' certification that they are not suspended or debarred from participating in federal contracts.

**For 7 (11 percent) of 65 subrecipients tested, the Department could not provide all signed assurances that it should have maintained in the subrecipients' files.** As a result, the Department could not provide evidence that it communicated the CFDA title and number, award name and number, name of federal awarding agency, and applicable compliance requirements. It also could not provide evidence that it verified that those subrecipients were not suspended or debarred through the subrecipients' certifications. Auditors verified through the EPLS that those subrecipients were not 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.

**During-the-award Monitoring**

Recipients of Disaster Grants - Public Assistance (Presidentially Declared Disasters) 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, CFR, Section 13.40). The Department monitors subrecipient projects classified as "large" projects through review and approval of payment vouchers, quarterly performance reporting, and 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.**

**For 10 (15 percent) of 65 subrecipients tested, the Department could not provide evidence that it monitored the subrecipients' compliance with requirements related to period of availability of federal funds. For those 10 projects, the performance period of the subgrant had expired, and the Department could not provide evidence that it had approved an extension of that period.** The Federal Management Emergency Agency's (FEMA) Public Assistance Grant Guide from June 2007 requires that (1) debris removal and emergency projects be completed within 6 months of a disaster declaration and (2) permanent projects, such as building repair, be completed within 18 months of a disaster declaration. In limited circumstances, a state is authorized to award time extensions to its subrecipients. Additionally, periods of performance are identified in award documentation. However, the Department has not established a formal monitoring process to identify subrecipients that do not complete projects within the established period of performance prior to project close-out. This increases the risk that subrecipients could incur costs outside of the period of performance, and that the non-compliance could go undetected by the Department.

**For 2 (3 percent) of 65 subrecipients tested, the Department did not provide sufficient evidence that it monitored subrecipients' compliance with cash management requirements.** Specifically, for one subrecipient, the Department could not provide evidence that it ensured that the subrecipient requested an advance through the Department's advance funds request process, and the Department passed through funds to that subrecipient that were not in compliance with the requirements established in the Department's State Administrative Plan. As a result, the Department paid that subrecipient with funds that it should have held until the completion of the project. For the second subrecipient, the Department did not follow up with the subrecipient to obtain funds that were due back to the Department and FEMA from insurance proceeds received on the subrecipient's project. The Department asserted that the subrecipient was still negotiating with FEMA regarding that adjustment; as a result, the Department had not yet required the subrecipient to return those funds.

The Department conducts final audits on projects that FEMA designates as "large" projects according to the Department's State Administrative Plan for each disaster, and it uses those audits to monitor its subrecipients' compliance with requirements related to allowable costs and activities, equipment maintenance, and procurement. However, the Department conducts those audits at the conclusion of a project. **Final audits may not always be an effective monitoring tool to identify potential subrecipient non-compliance during the performance period of a subgrant.**

**The Department has not established processes to monitor subrecipients' compliance with requirements related to equipment maintenance and procurement during the performance period of a subgrant.** Therefore, it could not provide evidence that it monitored subrecipients' compliance with those requirements during the performance period of a subgrant. Specifically:

- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to equipment for 13 (33 percent) of 39 subrecipient projects for which it should have monitored compliance.
- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to procurement and suspension and debarment for 29 (50 percent) of 58 subrecipient projects for which it should have monitored compliance.

In addition, the Department did not consistently identify deficiencies in subrecipient compliance, such as deficiencies related to quarterly reporting requirements, submission of required project completion forms, and other deficiencies that auditors noted in subrecipients' files. It also did not follow up on those deficiencies to ensure that subrecipients took corrective action. **As a result, for 15 (33 percent) of 45 subrecipients with deficiencies, the Department could not provide evidence that it communicated the deficiencies to the subrecipients in a timely manner or that the subrecipients took corrective action.**

For subrecipients with projects classified as "small" projects (as established by the Department's State Administrative Plan for each disaster), the Department is required to perform site inspections for at least 20 percent of each subrecipient's small projects for each disaster. However, the Department exempted from that requirement small projects that are identified as 99 or 100 percent complete at the time that a project worksheet is written. As a result, the Department did not perform during-the-award monitoring of subrecipients with projects that met those criteria, although those subrecipients may have had multiple projects under each disaster. **Auditors identified 3 (5**

**percent) of 65 subrecipients tested whose projects were closed but for which the Department did not conduct site visits.**

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 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, Section 225).

The Department's Standards and Compliance group within its Division of Emergency Management monitors subrecipient Single Audits through a tracking spreadsheet, and it documents its review of submitted audit reports using a checklist. However, **for 12 (22 percent) of 55 subrecipients tested for which the Department was required to monitor compliance with the requirement to obtain a Single Audit, the Department did not effectively monitor or enforce subrecipient compliance with this requirement during fiscal year 2012.** 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 it sanctioned subrecipients that did not comply. Specifically:

- The Department did not include one subrecipient on its tracking spreadsheet. As a result, the Department did not verify whether that subrecipient complied with the requirement to obtain a Single Audit or review that subrecipient's Single Audit report. Based on a review of the Federal Audit Clearinghouse, that subrecipient did not submit Single Audit reports for fiscal year 2011.
- The Department did not review the Single Audit reports that nine subrecipients submitted. The Department incorrectly determined that it did not need to review two of those reports because its Division of Emergency Management did not pass through funds to the subrecipients during fiscal year 2011; however, each of these subrecipients received funds during fiscal year 2012.
- The Department did not obtain Single Audit reports from two subrecipients on its tracking spreadsheet and could not provide evidence that it sanctioned those subrecipients for non-compliance.

Finally, **for 4 (7 percent) of 55 subrecipients tested, the Department's Single Audit tracking spreadsheet was incomplete or contained inaccurate information.** This increases the risk that the Department may not identify instances of subrecipient non-compliance, or that it may not require a subrecipient to submit a Single Audit report.

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 reviewing those 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 Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
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
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
1999	FEMA-1999-DR	July 1, 2011

**PUBLIC SAFETY, DEPARTMENT OF**

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<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
3216	FEMA-3216-EM	September 2, 2005
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008
4029	FEMA-4029-DR	September 9, 2011

Recommendations:

The Department should:

- Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its monitoring records.
- Retain documentation of its verification that subrecipients are not suspended or debarred.
- Establish and implement a formal process to track and monitor all during-the-award monitoring activities for large and small subrecipient projects.
- Track all subrecipients to determine whether they are required to obtain a Single Audit.
- 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 comply with those requirements.
- Review all Single Audit reports for active subrecipients within six months of receiving those reports, and issue management decisions promptly when findings in those reports could affect pass-through funds.
- Ensure that information in the Department's Single Audit tracking spreadsheet is accurate.

Management Response and Corrective Action Plan:

*We agree with these recommendations. We have implemented a procedure to ensure we communicate all relevant federal award information and applicable compliance requirements to subrecipients and will implement a review procedure to ensure compliance with this procedure.*

*Additionally, we will implement policies and procedures to:*

- *Review files to ensure we retain documentation of verification that subrecipients are not suspended or debarred.*
- *Track and monitor all during-the-award monitoring activities for large and small subrecipient projects.*

*We have instituted procedures to ensure all open grant subrecipients are included in the A-133 Single Audit Review tracking sheet.*

*Additionally, we will:*

- *Ensure subrecipients receive notification of the OMB A-133 requirements and obtain either a certification that a single audit is not required, or receive a copy of the single audit report. We will follow-up with non-responsive subrecipients to ensure they do respond.*
- *Institute procedures to ensure Single Audit reports are reviewed and management decisions are issued within six months of receipt.*
- *Ensure procedures are in place to update the A-133 review spreadsheet as reports are received and reviewed, reports with findings are forwarded to grant program management for management decisions, and management decisions are received.*

*Implementation Date: August 2013*

*Responsible Person: Paula Logan*

## PUBLIC SAFETY, DEPARTMENT OF

Reference No. 13-121

### Reporting

(Prior Audit Issues 12-114, 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

#### SF-425 Reports

Recipients are responsible for managing, monitoring, and reporting performance for each 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. Additionally, the Office of Management and Budget provides specific instructions for completing the SF-425 in its Federal Financial Report Instructions, including definitions of key reporting elements.

Questioned Cost:	\$0
U.S. Department of Homeland Security	

During fiscal year 2012, the Department of Public Safety's (Department) Division of Emergency Management and the Department's Grants Finance unit prepared SF-425 reports. Prior to January 2012, the Division of Emergency Management prepared all reports. In January 2012, the Department moved the reporting function for some disasters to its Grants Finance unit.

**The 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.** Those errors occurred because (1) reports the Division of Emergency Management prepared were not based on information in the Department's financial system (instead, those reports were based on information from the federal system through which the Department requested funds) and (2) the Department used an incorrect methodology or incomplete information for some information it reported. As a result, auditors identified errors in all 19 SF-425 reports tested. Specifically:

- For 15 (79 percent) of 19 reports tested, the Department reported its cash disbursements and the federal share of expenditures based on the amount of funds it received according to the federal SmartLink system through which it requested funds, instead of based on expenditure information from the Department's accounting system. As a result, the Department also incorrectly reported several other data fields, including cash on hand, total federal share, and unobligated balance of federal funds.
- For 3 (16 percent) of 19 reports, the Department's Grants Finance unit incorrectly reported cash disbursements based on the amount of cash the Department received from its federal awarding agency, instead of based on expenditures.
- For all 19 reports tested, 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 an incorrect formula that it applied to all reports. Additionally, it incorrectly reported its recipient share of expenditures because it based the amount it reported on a calculation instead of actual expenditures. As a result of those errors, the Department also incorrectly reported the remaining recipient share to be provided.
- For all 19 reports tested, the Department did not correctly determine its federal share of unliquidated obligations.
- For all 19 reports tested, the Department did not include indirect cost expenditures in the amount it reported for cash disbursements as required. The Department omitted those expenditures because it had not established a method to record them in its accounting system when it charges those expenditures to a federal grant.

Unsupported, omitted, and inaccurate information in reports increases the risk that federal agencies could rely on inaccurate information.

**PUBLIC SAFETY, DEPARTMENT OF**

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The issues noted above affected the following Disaster Grants - Public Assistance (Presidentially Declared Disasters) program awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
1379	FEMA-1379-DR	October 1, 1999
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
1786	FEMA-1786-DR	September 9, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 15, 2006
1999	FEMA-1999-DR	July 1, 2011
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	September 7, 2008
3294	FEMA-3294-EM	September 10, 2008
4029	FEMA-4029-DR	September 9, 2011

Federal Funding Accountability and Transparency Act (FFATA) Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

During fiscal year 2012, the Department did not attempt to report subawards for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program to the FFATA Reporting System (FSRS). Specifically, the Department could not provide evidence that it attempted to report subawards that it issued under two prime awards that were subject to FFATA to FSRS until October 18, 2012; 405 days after the declaration date for DR-4029 and 475 days after the declaration date for DR-1999. The Department passed-through \$28,173,337 to subrecipients for DR-1999 and DR-4029 during fiscal year 2012.

The issues noted above affected the following Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Start Date</u>
4029	FEMA-4029-DR	September 9, 2011
1999	FEMA-1999-DR	July 1, 2011

Not submitting all required reports to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Recommendations:

The Department should:

- Develop and implement a process to report required information based on supporting documentation, including information from its financial systems or other accounting information.
- Develop and implement a documented process to identify and report projects subject to FFATA requirements.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendation and will implement processes to:*

- *Assure reported information is properly supported.*
- *Identify and report projects subject to FFATA requirements.*

*Implementation Date: August 2013*

*Responsible Persons: Maureen Coulehan and Paula Logan*

**Texas A&M University**

Reference No. 13-122

**Special Tests and Provisions - Verification**

(Prior Audit Issue 12-124)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P115286; CFDA 84.038, Federal Perkins Loan, Award Number Not Applicable; CFDA 84.268, Federal Direct Student Loans, P268K125286; CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A114136; CFDA 84.033, Federal Work-Study Program, P033A114136; CFDA 84.379, Teacher Education Assistance For College and Higher Education Grants, P379T125286; and CFDA 84.408, Postsecondary Education Scholarships for Veteran's Dependents, P408A115286**

**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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

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

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 (2011-2012 *Application and Verification Guide*, page AVG-80). As a part of quality improvement for the verification process, the University's policy requires verifying wages, income exclusions, and all of the items required by Title 34, CFR, Section 668.56.

**For 3 (5 percent) of 60 students tested, the University did not accurately verify all required items on the FAFSA, and it subsequently did not update University records and request updated Institutional Student Information Records (ISIR) when required. Specifically:**

- For 1 (2 percent) of 60 students tested, the University incorrectly identified the number of household members enrolled at least half-time in college as 2 when the supporting documentation indicated that only 1 household member was enrolled at least half-time. Because the University did not accurately verify the information, it did not request an updated ISIR or adjust the student's assistance as required. Based on information the University provided, this resulted in a \$6,978 overaward of subsidized Direct Loans. After auditors brought this matter to the University's attention, the University provided evidence that it corrected this overaward; therefore, there were no questioned costs associated with this error.
- For 1 (2 percent) of 52 students tested for whom the University was required to verify parent income taxes paid, the University incorrectly verified the parent income taxes paid as \$0 when the supporting documentation indicated that amount was \$1,258. Because the University did not accurately verify the information, it did not request an updated ISIR or adjust the student's assistance as required. However, based on information the University provided, this error did not result in an underaward or overaward because it did not affect the student's estimated family contribution.
- For 1 (2 percent) of 58 students tested who received untaxed income, the University incorrectly verified the student's Making Work Pay tax credit as \$0 when supporting documentation indicated that amount was \$78. However, because that amount was less than \$400, the University was not required to request an updated ISIR.

The above errors occurred when University personnel manually verified student verification information. 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 updated ISIRs when required, and overawarding or underawarding financial assistance.

Recommendation:

The University should implement controls to verify FASFA information, correctly update its records, request updated ISIRs, and adjust financial assistance when required.

Management Response and Corrective Action Plan:

*Texas A&M University acknowledges and agrees with the finding. Manual review and entry of data for the verification process allows for human error, thus we have implemented a quality assurance review of all completed verification. In addition, we are in the process of hiring an additional individual whose primary function is verification. We have divided the verification process into steps among two representatives that will ensure each student selected for verification is reviewed by at least 2 personnel, thus providing a quality check that should eliminate discrepant information.*

*At present we have retrained staff and emphasized the need to carefully review their work using the verification worksheets that are provided to assist with verification completion. We have implemented the quality assurance review as of October 2012. We have submitted a request for information to work with an outside company to perform verification of our files; we will then focus our verification person(s) on quality check of the outside companies work, this will provide continued timely processing of files along with a quality assurance review.*

*Implementation Date:      October 2012*

*Responsible Person:      Delisa Falks*

Reference No. 13-123

**Special Tests and Provisions - Enrollment Reporting**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loans, P268K125286**

**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 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 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).

**The University does not have an adequate process to report status changes to NSLDS for students who withdraw.** The University inadvertently excluded students who withdrew from the automated process it used to report status changes to NSC during the 2011-2012 award year, and it was unaware of this issue until auditors brought it to management's attention. As a result, the University was dependent on NSC to identify students who the University previously reported on roster files but did not report on its current roster file. (When a student withdrew and the University no longer reported the student's enrollment information to NSC, NSC notified the University of that issue through an error report.) To resolve the discrepancies on the error report, the University manually resolved the issues and reported the withdrawal status and date to NSC. However, relying on NSC's error report to identify students who withdraw increases the risk that the University may not report all withdrawn students.

**Additionally, for 1 (2 percent) of 61 student status changes tested, the University did not report the change to NSLDS accurately.** The student officially withdrew from the University on March 21, 2012, and the University processed the withdrawal on March 23, 2012. When the University manually reported the student's withdrawal date (after receiving an error report from NSC) it incorrectly entered the date on which it processed the withdrawal, rather than the effective withdrawal date.

Not reporting student status changes accurately and completely could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Update its automated process to report status changes for students who withdraw.
- Report student withdrawal dates based on the effective dates of the withdrawals.

Management Response and Corrective Action Plan:

*Texas A&M University acknowledges and agrees with the finding. We have corrected the National Student Clearinghouse automated transmission process that reports status changes for students who withdraw so it will pick up students who have withdrawn, as well as the withdrawal effective date, and report the status changes accurately to the Clearinghouse for update with the NSLDS and student Lenders, Servicers, and Guarantors.*

*We have begun reporting the withdrawal EFFECTIVE date on error reports received from the Clearinghouse, rather than the withdrawal PROCESS date.*

*Implementation Date: September 2012*

*Responsible Person: Venesa Heidick*

Reference No. 13-124

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 12-126, 11-124, 10-56, and 09-53)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.038, Federal Perkins Loan Program, Award Number Not Applicable**

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

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)).

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

If the institution, or the firm it engages, pursues collection activity for up to 12 months and does not succeed in converting the account to regular repayment status, or the borrower does not qualify for deferment, postponement, or cancellation of the loan, the institution shall either litigate or make a second effort to collect. If the institution first attempted to collect using its own personnel, it shall refer the account to a collection firm (Title 34, Code of Federal Regulations, Sections 674.45(c)).

**Texas A&M University (University) did not perform all required contact and collection procedures for defaulted borrowers in a consistent and timely manner.** Specifically:

- For 2 (6 percent) of 33 defaulted borrowers tested, the University did not send the required third grace period notice. The University uses the third grace period notice as its 30-day billing notice; as a result, those two students also did not receive the required billing notice. Those errors resulted from a timing error in the University's query to identify students who require grace period notices, and they occurred because the students entered repayment status on the same date on which the University ran its query. Borrowers who do not receive grace period notices may not understand the requirements and obligations for the funds they received. Borrowers who do not receive billing notices may be unaware of payment requirements.
- For 1 (3 percent) of 31 defaulted borrowers tested, the University did not make a second attempt in a timely manner to collect 12 months after the student missed a payment. The University's collection staff is responsible for tracking accounts from the point when they are more than 60 days past due through the date that the University turned over the accounts to an external collection agency. The University asserted that its collection staff did not monitor this account because of staffing issues related to its tracking process. Not turning over accounts to collections in a timely manner delays the effort to establish an acceptable repayment plan with the borrower.

Recommendations:

The University should:

- Configure software parameters and settings so that they do not conflict with internal processes to send required grace period notices.
- Strengthen collection procedures to help ensure that it turns over accounts to external collection agencies in a consistent and timely manner.

Management Response and Corrective Action Plan:

*The parameter in our loan system (Campus Loan Manager) that automatically changes the loan status from Grace to Repayment has been re-configured to ensure that the final grace period notification is generated before the status of the loan is changed to Repayment. This parameter was re-configured in July of 2012.*

*The University has changed its procedure for internal collection to ensure loans are assigned to external collection agencies both in a consistent and timely manner and in accordance with program requirements. The responsibility for managing collection queues has been assigned to one individual. This individual is responsible for organizing and managing collection efforts for all collection staff, which provides better management and oversight of the process. Prior to this change, loans were placed with various internal collectors with each collector responsible for assigning their loans to an outside collection agency. Staff turn-over and/or inconsistent workloads could result in delays in moving loans through the collection process. This change was implemented in September of 2012.*

*Implementation Date: September 2012*

*Responsible Person: Bob Piwonka*

**Texas State University - San Marcos**

Reference No. 13-125

**Cash Management**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loan Program, P268K120387**

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

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. The institution must make the disbursements as soon as administratively feasible, but no later than three business days following the receipt of funds (Title 34, Code of Federal Regulations (CFR), Section 668.162). 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 (Title 34, CFR, Section 668.164). 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 (Title 34, CFR, Section 668.166).

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

**For the Direct Loan program, in August 2011 Texas State University– San Marcos (University) based its draw amounts on an inaccurate financial aid disbursement report.** The University created that report after it implemented its new student financial aid system, Banner. The report was inaccurate because it included duplicate disbursement transactions; as a result, the University initially overdrew a total of \$20,906,236 in Direct Loan funds on the draws that occurred during August 2011.

The University identified this issue at the end of August 2011 when it verified the cumulative disbursements amount against its general ledger expenditures, and it immediately returned the excess funds to the U.S. Department of Education. On December 12, 2011, the University also calculated and remitted to the U.S. Department of Education \$3,772 in interest earned.

In September 2011, the University implemented a new Direct Loan draw calculation process and began basing its Direct Loan draw amount on a new student financial aid activity report that it reconciles to a general ledger transaction summary report before completing a draw. Auditors tested Direct Loan cash draws that the University made after it implemented the new process and did not identify any compliance issues with those Direct Loan cash draws tested.

Recommendation:

The University should strengthen its cash draw review and approval controls to ensure that it can detect and correct draw calculation errors in a timely manner.

Management Response and Corrective Action Plan:

*The University implemented a new Direct Loan draw calculation process in September 2011 and began basing its Direct Loan draw amount on a new student financial aid activity report. The new process requires the new activity report to be reconciled to a general ledger transaction summary report and reviewed and approved by the appropriate supervisor before the university completes a draw.*

Implementation Date: September 2011

Responsible Person: Cindy Kruckemeyer

Reference No. 13-126

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P110387; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114122; CFDA 84.033, Federal Work-Study Program, P033A114122; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T120387; CFDA 84.268, Federal Direct Student Loans, P268K120387; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22580**

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

Post-baccalaureate Students Receiving Federal 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 (CFR), Section 690.1). In selecting 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, CFR, 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, CFR, Section 690.75(a)(2)).

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

**Based on a review of the full population of federal student financial assistance recipients, Texas State University - San Marcos (University) awarded \$47,786 in Pell Grant funds to 13 post-baccalaureate students who were not eligible for that assistance.** That occurred because the University’s financial aid system relied on self-reported information from the students’ Institutional Student Information Records (ISIRs), which incorrectly indicated that the students had not yet received a bachelor’s degree. Additionally, the University did not have a control to identify students who had received a baccalaureate degree and a Pell Grant.

After auditors brought this matter to the University’s attention, the University provided evidence that it corrected the above Pell awards.

Satisfactory Academic Progress

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 meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). 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)).

According to the University’s satisfactory academic progress (SAP) policy, its Financial Aid and Scholarships Department will review the progress of each financial aid recipient for SAP at the end of each academic year. A student who does not meet the SAP guidelines and who is not already on financial aid probation will be placed on financial aid probation. Students on financial aid probation are eligible to continue receiving financial aid and will be evaluated at the end of the next academic year of attendance. Students can receive one financial aid probationary period during their undergraduate- or certification-seeking career; after that period, their financial aid will be suspended until they meet SAP guidelines or the University grants an appeal exemption.

**For 1 (2 percent) of 60 students tested, the University did not evaluate whether the student was making satisfactory academic progress to receive financial aid.** The student did not meet the University’s SAP guidelines and should have been placed on financial aid probation as required by the University’s policy. Although the University did not place the student on financial aid probation as required, the student was still eligible for assistance. The error occurred prior to the University’s transition to a new student financial aid system; as a result, the University was unable to determine the cause of the error.

Not evaluating students’ satisfactory academic progress increases the risk of awarding financial assistance to ineligible students.

Recommendations:

The University should:

- Award Pell Grant funds only to students eligible to receive those funds.
- Evaluate all students' academic progress prior to awarding financial aid.

Management Response and Corrective Action Plan:

*With respect to post-baccalaureate students receiving a Pell Grant, the University purchased and implemented a new Student Information System with a financial aid module designed to properly identify, award and disburse Pell Grant funds to only eligible students. A flaw was detected in the vendor's product during the first year of implementation that allowed a small number of second baccalaureate students to be awarded a Pell Grant. During the same academic year in which this issue was identified, those instances of improper awarding were corrected and the institution implemented additional system code to ensure Pell Grant funds are not disbursed to ineligible second baccalaureate students.*

*Implementation Date: August 2012*

*Responsible Person: Dr. Christopher Murr*

*Regarding the issue of satisfactory academic progress (SAP), the issue was addressed by developing SAP assessment rules in the university's new Student Information System. To ensure a more proactive approach, the rules are now assessed against all students, as opposed to just those submitting a Free Application for Federal Student Aid. This measure will help ensure that all students (regardless of when or whether they apply for financial aid) have been assessed against the satisfactory academic progress requirements for aid eligibility.*

*Implementation Date: May 2012*

*Responsible Person: Dr. Christopher Murr*

Reference No. 13-127

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114122; CFDA 84.063, Federal Pell Grant Program, P063P110387; CFDA 84.033, Federal Work Study Program, P033A114122; CFDA 84.268, Federal Direct Student Loans, P268K120387; 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T120387; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22580**

**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; 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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (34 CFR Section 668.59).

Questioned Cost:	\$463
U.S. Department of Education	

Additionally, on March 31, 2012, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

**For 25 (47 percent) of 53 students tested who received untaxed income, Texas State University - San Marcos (University) did not verify the Making Work Pay tax credit when it verified the information on the students' FAFSAs.** Of those 25 students, 12 students had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested a new Institutional Student Information Record (ISIR) for those students. For all of those 12 students, the University did not verify the \$800 Making Work Pay tax credit that had been reported on the students' or parents' income tax returns. Those errors occurred because the University did not adequately communicate the clarified requirement to its personnel in charge of verification; as a result, it took several months for the University to consistently apply that guidance. Additionally, the University's policies and procedures did not specifically address the inclusion and verification of the Making Work Pay tax credit as part of untaxed income. Based on information the University provided, these errors resulted in a total overaward of \$463 in Pell funds associated with award P063P110387.

For 1 of the 12 students discussed above, the University also incorrectly verified the student's unemployment compensation, resulting in an underaward for that student. That occurred because the University incorrectly included unemployment compensation of \$6,899 as other untaxed income when that amount had already been reported as taxable income. Based on information the University provided, this error resulted in an underaward of \$475 in Pell funds associated with P063P110387.

Not correctly verifying all required income components and not requesting and receiving a new ISIR for students who have changes exceeding \$400 resulting from verification could result in the University awarding incorrect amounts of Title IV assistance to students.

Recommendation:

The University should implement additional controls to verify FAFSA information, correctly update its records, and request an updated ISIR when required.

Management Response and Corrective Action Plan:

*In terms of verification, there was a definite issue with the proper communication to and understanding by processing staff regarding the proper data entry of the Making Work Pay tax credit. During the same academic year in which this issue was identified, a full re-review of verified student files was undertaken. All students whose relevant tax credit was not correctly considered were remedied and awards adjusted, accordingly. Also, a new assistant director with extensive verification experience was hired to oversee the processing area, and this individual conducted a full review of the overall verification process and implemented new quality controls to ensure compliance.*

*Implementation Date: August 2012*

*Responsible Person: Dr. Christopher Murr*

**Texas Tech University**

Reference No. 13-128

**Eligibility**

(Prior Audit Issues 12-134 and 11-134)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A114151; CFDA 84.033, Federal Work-Study Program, P033A114151; CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328; and CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable**

**Type of finding - Material Weakness and Material 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) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). 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:	\$44,518
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 668.2 and 673.5).

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).

Texas Tech University (University) has established full-time budgets in its financial aid system, and it prorates those budgets for students enrolled less than full-time. Specifically, the University prorates the tuition and fees expenses and books and supplies expenses to 75 percent of the full-time amount for students with three-quarter-time enrollment and to 50 percent of the full-time amount for students with half-time enrollment. For students enrolled less than half-time, the University prorates those COA components to 25 percent of the full-time amount and removes miscellaneous personal expenses.

**For 12 (20 percent) of 60 students tested, the University inconsistently or incorrectly calculated COA.** Those errors occurred as a result of (1) the manner in which the University prorated COA for students enrolled less than full-time or (2) manual errors the University made when adjusting COA. One of those students received assistance that exceeded the student’s cost of attendance, resulting in an overaward of \$307 in Direct Loans associated with award P268K122328. Incorrectly or inconsistently calculating COA increases the risk that students may be overawarded or underawarded assistance, or may not be awarded assistance consistently when compared to other students with a similar enrollment status.

**In addition, for 1 (2 percent) of 60 students tested, the University did not adjust the award amount for the student after it appropriately adjusted the student’s COA.** The University prorated that student’s COA to reflect the student’s enrollment status as required by its policy; however, when it made that adjustment, the University did

not adjust the student's award. This resulted in an overaward of \$1,257 in Direct Loans associated with award P268K122328.

#### Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, 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 (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student's eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

**For 2 (6 percent) of 35 students who received Pell Grants tested, the University awarded the students an amount that was less than the amount the students were eligible to receive. Specifically:**

- For one student, the University underawarded the student \$1,387 in Pell Grant assistance because it did not update its records to include hours that the student enrolled in through a consortium agreement.
- For the other student, the University underawarded the student \$50 in Pell Grant assistance because it did not adjust the student's Pell Grant award using the correct EFC after it verified the student's Free Application for Federal Student Aid (FAFSA).

#### Post-baccalaureate and Graduate Students Receiving Pell Grants

In selecting 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, CFR, Section 690.6(a)). For each payment period, an institution may award 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, CFR, Section 690.75(a)).

An otherwise eligible student who has a baccalaureate degree and is enrolled in a post-baccalaureate program is eligible to receive a federal Pell Grant for the period of time necessary to complete the program if (1) the post-baccalaureate program consists of courses that are required by a state for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary or secondary school in that state; (2) the post-baccalaureate program does not lead to a graduate degree; (3) the institution offering the post-baccalaureate program does not also offer a baccalaureate degree in education; (4) the student is enrolled as at least a half-time student; and (5) the student is pursuing an initial teacher certification or licensing credential within a state (Title 34, CFR, Section 690.6(c)). In addition, an institution must treat a student who receives a federal Pell Grant under Title 34, CFR, Section 690.6(c), as an undergraduate student enrolled in an undergraduate program for Title IV purposes (Title 34, CFR, Section 690.6(d)).

**The University awarded five post-baccalaureate students \$16,625 in Pell grants associated with award P063P112328 for which they were not eligible because they had already received the first baccalaureate degree.** That occurred because the University's financial aid system relied on self-reported information from the students' ISIRs, which indicated that the students had not yet received a bachelor's degree. Those students graduated after submitting their FAFSAs but prior to the disbursement of aid for the Fall or Spring terms; however, the University did not have a control to identify students who had received a baccalaureate degree and a Pell Grant.

**Additionally, the University's policy is to award Pell Grants to students who are classified as special graduates and who are enrolled in the University's teacher certification program, which the University considers to be an eligible post-baccalaureate program under the provisions discussed above.** During the 2011-2012 award year, the University awarded 63 students who had earned their baccalaureate degree and were pursuing a teacher certification a total of \$199,003 in Pell Grants. Thirteen of those students were also seeking a graduate degree or graduate certification and may not have been strictly enrolled in teacher certification courses during the terms for which they received Pell Grants. Additionally, the University awarded 1 of those 13 students \$14,770 in Direct Loans, which exceeded the maximum amount available to an undergraduate student (the University is required to treat those students as undergraduate students for the purposes of awarding Title IV assistance). The University's process is to classify those students as special graduates (regardless of whether they are also enrolled in a graduate program not related to teacher certification requirements). However, the University has not established

adequate controls to ensure that those students do not receive Pell grants for terms in which they are not strictly pursuing a teacher certification.

As a result of the issues described above, the University may have awarded Pell Grants to students who were not eligible for that assistance.

#### Federal Supplemental Educational Opportunity Grant

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students. Institutions are required to award FSEOG to federal Pell Grant recipients who have the lowest EFC first. If an institution has FSEOG funds remaining after giving FSEOG awards to all Pell Grant recipients, the institution can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Pell Grants (Title 34, CFR, Section 676.10).

**The University awarded \$17,128 in FSEOG assistance to 10 students who did not receive a Pell Grant during the 2011-2012 award year; it also did not award FSEOG assistance to all other Pell Grant recipients before awarding FSEOG assistance to non-Pell Grant recipients.** The University initially determined that those 10 students were eligible for Pell Grants. However, those students became ineligible for Pell Grants after the University verified their FAFSAs prior to disbursing Fall 2011 assistance. The University's financial aid system removed the Pell Grant assistance from those students' awards as a result of the verification, but the University did not manually remove the FSEOG awards at that time. As a result, at the time the University disbursed FSEOG assistance to those students they were not eligible for that assistance.

#### Satisfactory Academic Progress

Institutions must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive Title IV assistance (Title 34, CFR, Section 668.34(a)). 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 meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). 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)).

The University's policy is to evaluate satisfactory academic progress (SAP) for all students at the end of each period of enrollment. The University's policy is to place students in a warning status for one term when they do not comply with its SAP policy. If the student does not comply with the SAP policy for a second term, the student should be placed in a suspension status and is ineligible to receive Title IV assistance until the student submits an appeal and the University approves the appeal, or until the student regains eligibility by complying with the University's SAP policy. However, in practice, it's the University's process to place the student in a warning status for two terms prior to suspending the student's eligibility for Title IV assistance. The University's process is not consistent with its policy for determining compliance with its established SAP standards, which increases the risk that the University could allow students to receive assistance for one term longer than specified by its policy.

**Based on the process the University used to calculate SAP during the 2011-2012 award year, for 26 (43 percent) of 60 students tested, the University did not determine the student's compliance with its SAP standards for one or more terms or made errors in determining compliance.** Specifically:

- For eight students, the University assigned an inappropriate SAP status. For those students, the University either did not send SAP warnings or sent warnings after the students met SAP. That occurred because of errors in the automated processes the University used to determine compliance with its SAP standards. For example, that process did not correctly determine compliance for prior terms based on the completion requirements that were in effect for those terms.
- For 16 students, the University did not determine SAP status for one or more terms in the award year. The University asserted that errors in its automated SAP determination process caused that issue.
- For two students enrolled in the University's law program, the University did not determine compliance with its SAP policy during the 2011-2012 award year. That occurred because the University did not determine SAP

compliance for students enrolled in its law program during the award year. During the 2011-2012 award year, the University disbursed Title IV assistance to 487 students enrolled in its law program.

As a result of the SAP issues discussed above, the University awarded financial assistance to one student who was not eligible for that assistance. That student received \$9,201 in Direct Loans associated with award P268K122328 when the student should have been suspended from receiving that assistance. Not correctly assigning SAP status increases the risk that the University could award Title IV assistance to students who are not eligible for that assistance.

Recommendations:

The University should:

- Correct its process for assigning COAs to students enrolled less than full-time so that it accurately calculates budgets according to the University's policy.
- Award students the correct Pell Grant amounts according to their EFCs and enrollment status.
- Award Pell Grant and FSEOG assistance only to eligible students.
- Seek guidance from the U.S. Department of Education regarding its process for awarding Pell Grants to post-baccalaureate students enrolled in its teacher certification program.
- Develop and implement controls to identify students whose Pell Grant eligibility is affected by verification results, graduation status, and course enrollment.
- Correctly evaluate and assign SAP statuses to students in accordance with its SAP policy.
- Ensure that its SAP determination process is consistent with its SAP policy.

Management Response and Corrective Action Plan:

- *The process for assigning cost of attendance (COA) to students enrolled less than full-time was corrected during the 2011-12 award year when the inaccuracy was discovered.*
- *We will monitor aid year set up to ensure Pell is paying on Estimated Family Contribution calculated on the Financial Aid Management System by reviewing a sample of students prior to budgeting, packaging and awarding for each semester.*
- *Enrollment Planning and Information Systems (EPIS) updated the disbursement rule for TTU fund, Federal Supplemental Educational Opportunity Grant (TSEOG) on approximately 09-15-12 that automatically deposits any TSEOG award if no Pell is awarded for the same term.*
  - *Created an ad hoc report to identify any student with a SEOG award with no Pell award paid for the same term. The object of the report is to identify any student who had previously been Pell eligible and received a SEOG award but after verification was no longer eligible for Pell or SEOG. Report is scheduled and is delivered each Monday. Report began running 08-30-12.*
- *For students pursuing Teacher Certification, procedures were updated to remove Pell awards and manage students as graduate students for budgeting, packaging and awarding. Created an ad hoc report identifying any student pursuing a second degree with a Pell award paid. Report is scheduled and is delivered each Monday. Report began running 08-30-12.*
- *EPIS is developing a series of control reports monitoring Satisfactory Academic Progress (SAP) codes and subsequent packaging and disbursement.*
  - *Scheduled completion of these control reports is December 21, 2012.*
  - *These reports will be monitored manually by a Student Financial Aid SAP Advisor and if any disbursements or packaging occurs without the appropriate SAP code, Student Financial Aid will report this to EPIS for research and resolution.*
- *EPIS and Student Financial Aid (SFA) adopted the following processes:*
  - *We are assigning all enrolled students with SAP calculated on their academic history.*
  - *We are assigning all historical students with a single SAP code that would change if they enrolled.*
  - *All population selection rules were updated to look for SAP codes before disbursing.*

- We are now running SAP for all students, including law students, each term. Enrolled students are assessed on the SAP rules and their performances in the term. Historical students are getting a standard SAP code.
- We are now performing periodic internal reviews for continued compliance in the area of eligibility.

*Implementation Date:* August 2012 - December 2012

*Responsible Persons:* James Anderson, Paul Blake, Connie Brown, and Shannon Followill

Reference No. 13-129

**Special Tests and Provisions - Verification**

(Prior Audit Issues 12-136, 11-136, and 09-72)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A114151; CFDA 84.033, Federal Work-Study Program, P033A114151; CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328**

**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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

Questioned Cost:	\$1,870
U.S. Department of Education	

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

**For 6 (10 percent) of 60 student verifications tested, Texas Tech University (University) did not retain supporting documentation for all verified amounts. Additionally, the University did not accurately verify all required items on the Institutional Student Information Records (ISIR). Specifically:**

- For two student verifications, the University made manual errors to AGI or tax paid amounts in its financial aid system. For those two students, the University also did not accurately verify other untaxed income (see the issue involving the Making Work Pay tax credit discussed below). Based on information the University provided, those errors resulted in an overaward of \$1,125 in Pell grants associated with award P063P112328.
- For four student verifications, the University could not provide evidence of supporting documentation for all verified amounts, including AGI, taxes paid, and untaxed income. For those students, the University obtained the wrong year tax return, did not retain all pages of the tax return that it used for verification, or could not support that it had obtained a tax return. When auditors brought this issue to management's attention, it subsequently obtained support for all four student verifications. Based on information the University provided, these errors did not result in adjustments to the students' ISIRs or awards.

The above errors occurred because of manual errors the University made in verification. Additionally, the University did not perform supervisory or peer review of completed verifications to help ensure the accuracy of those verifications.

In addition, for 51 (88 percent) of 58 students who received untaxed income, the University did not accurately verify the Making Work Pay tax credit when it verified the information on the students' FAFSAs. Of those 51 students, 26 had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested new ISIRs for those students. According to the University, those errors occurred because it did not become aware of the requirement to include the Making Work Pay credit as untaxed income until November 2011. The exclusion of untaxed income from the ISIRs could affect the students' expected family contribution and increases the risk that students could be overawarded Title IV assistance. Additionally, for 1 of those 26 students, the University incorrectly excluded \$2,024 in retirement deferrals from untaxed income. Based on information the University provided, the student's errors related to untaxed income resulted in an overaward of \$745 in Pell grants associated with award P063P112328.

Recommendations:

The University should:

- Accurately update its records and students' ISIRs based on the results of its verification process.
- Retain all support for its verification calculations.
- Verify all components of untaxed income and benefits as required by the *Application and Verification Guide* section of its *Federal Student Aid Handbook*.
- Consider implementing a required supervisory or peer review of completed verifications to help ensure the accuracy of those verifications.

Management Response and Corrective Action Plan:

- *We educated staff on importance of accurately updated verification records and students' Institutional Student Information Report (ISIR) based on the results of verification process.*
- *Educated staff on untaxed income benefits (e.g., Making Work Pay).*
  - *The Making Work Pay was a one-year program. SFA did an internal review of students sampled in terms of tolerance and the effect of awards, if any, and submitted the results to SAO on September 14, 2012. The total of all students' Pell adjustments was \$4,040, and these funds have been returned.*
- *Beginning with the 2012-13 award year, training was provided to all student financial aid staff in regards to the verification components required for students.*
- *We educated our staff on the importance of retaining and filing documentation for all special circumstances, budget changes and to support decisions based on professional judgment.*
- *We have implemented an internal review by student financial aid management of completed verification to ensure the corresponding verification documents are retained in compliance with record keeping and electronic storage requirements. The first internal review will be December 10, 2012, and will continue on a monthly basis.*
- *Periodic internal review for continued compliance will be administered for areas of verification.*

*Implementation Date: July 2012 and December 10, 2012 for first internal review.*

*Responsible Person: Shannon Followill*

Reference No. 13-130

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.063, Federal Pell Grant Program, P063P112328; and CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114151**

**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 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:	\$2,081
U.S. Department of Education	

**For 4 (7 percent) of 55 students tested who received 6 disbursements of Direct Loans, Texas Tech University (University) did not send required disbursement notifications within 30 days of disbursement during the Summer 2012 term.** The University sent those disbursement notifications between 37 and 58 days after crediting the students’ accounts. Those errors occurred because of an error in the query the University used to identify students who received a disbursement during Summer 2012. As a result, students who received a disbursement for Summer 2012 Direct Loans prior to July 26, 2012 did not receive a notification until auditors brought this issue to the University’s attention during this audit. Not receiving disbursement notifications promptly could impair students’ and parents’ ability to cancel their loans.

Accounting for Post-withdrawal Disbursements

If the total amount of Title IV assistance earned by a student is less than the amount than 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 (Title 34, Code of Federal Regulations, Sections 668.22(a)(4)).

**For 7 (10 percent) of 67 students tested who withdrew during a semester, the University recorded an additional disbursement to the students for the period of enrollment in which the students withdrew.** The additional disbursements occurred after the University had determined that the students withdrew and after it had completed the return of Title IV funds process for those students. Those errors were related to the manner in which the University recorded the disbursements it made to those students in its financial aid system. Specifically:

- For three students, the University’s student financial aid system incorrectly reflected Fall 2011 disbursements when the students had withdrawn during that semester. Those disbursements should have been recorded as Spring 2012 disbursements, during which time the students were enrolled. This occurred because the University did not manually override the default aid packaging in its student financial aid system as Spring-only disbursements. As a result, \$9,587 in Direct Loans funds and \$388 in Federal Supplemental Educational Opportunity Grant funds were incorrectly recorded in the financial aid system as Fall 2011 disbursements instead of Spring 2012 disbursements.
- The University recorded financial aid in the wrong semester for three students who had withdrawn from the University in a prior term, and it disbursed excess aid to two of those students. That occurred because the University incorrectly set up the Summer Pell grant calculation in its student financial aid system. The University identified this issue in early Summer 2012, and it asserted that it reviewed and updated Summer Pell awards based on remaining eligibility. However, the University’s review did not detect that, for one student, a \$347 Pell disbursement was incorrectly recorded in the financial aid system for Spring 2012 instead of for Summer 2012. In addition, the University’s review did not detect that, for the other two students, disbursements

of \$2,775 and \$694 were incorrectly recorded in the financial aid system for Fall 2011 and Spring 2012, respectively, instead of for Summer 2012. For those two students, this error also resulted in a total Pell grant overaward of \$2,081 associated with award P063P112328 (\$1,387 and \$694, respectively).

- For one student, the University incorrectly recorded a disbursement of Direct Loan funds to the student's Spring 2012 law program assistance when the student had withdrawn from that program. The student withdrew from the law program in Spring 2012 and re-enrolled in a graduate program that same semester. However, the student's assistance was incorrectly recorded as a Spring 2012 disbursement in the law program budget group. The University asserted that its student financial aid system does not allow for two different aid periods and budget groups in the same year, and that it could not change the aid period and budget group to the graduate program for Spring 2012. However, the University did not make a manual adjustment to the student's disbursement to correct that error.

Recommendations:

The University should:

- Implement controls to help ensure that it initiates and sends disbursement notifications within required time frames.
- Implement additional controls to help ensure that it correctly records in its student financial aid system disbursements it makes for students who have withdrawn from the University in a previous semester.

Management Response and Corrective Action Plan:

- *We added Teacher Education Assistance for College and Higher Education Grant (TEACH) verbiage in the "right to cancel" notifications to students beginning July 26, 2012.*
- *We updated population selection for summer terms including new account detail codes for processing and reconciliation purposes. Beginning on July 26, 2012, this runs daily for the "right to cancel" letter administration.*
  - *The population selection for summer terms will be reviewed each semester to ensure correct detail codes are included for "right-to-cancel" notifications.*
- *We will monitor aid year set up to ensure Pell is paying on Estimated Family Contribution calculated by the Financial Aid Management System by reviewing a sample of students prior to budgeting, packaging and awarding for each semester.*
- *Periodic internal review for continued compliance will be administered in the areas of disbursements to or on behalf of students.*

*Implementation Date: July 2012 while SAO was on-site*

*Responsible Person: Paul Blake*

Reference No. 13-131

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 12-137, 11-138, and 09-74)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.007, Federal Supplement Educational Opportunity Grants, P007A114151; CFDA 84.038, Federal Perkins Loans, Award Number Not Available; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328**

**Type of finding - Material Weakness 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, Section 668.22(a)).

Questioned Cost:	\$9,881
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)).

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)).

**Texas Tech University’s (University’s) query to identify students who unofficially withdrew from the University incorrectly excluded some students who may have unofficially withdrawn during the 2011-2012 award year.** That occurred because the query included students who received grades of only “F”; as a result, the query excluded students with other combinations of grades that could indicate that they unofficially withdrew. For example, the University’s query did not identify students who dropped some courses and received “Fs” in other courses. Based on information the University provided, the University did not determine whether it needed to return funds for 349 potential withdrawals associated with 335 students. Those students received a total of \$1,995,238 in Title IV assistance for the semesters in which they potentially withdrew during the 2011-2012 award year. Because the University did not request information or calculate returns, auditors could not determine whether the University was required to return Title IV funds for those students.

**In addition, the University did not always document or correctly perform return calculations when required.**

For 9 (16 percent) of 55 students tested who required a Return of Title IV funds calculation, the University either did not document its calculations or did not perform the calculation correctly. Specifically:

- For two students who withdrew from the University’s law program, the University did not adjust the students’ period of enrollment in its return calculations for those students. Instead, the University incorrectly applied the period of enrollment for students enrolled in its non-law programs. As a result, for one of those students, the University returned \$212 in excess Direct Loan funds. For the other student, the University should have returned (but did not return) \$137 in Direct Loan funds associated with award P268K122328.

- For two students who unofficially withdrew, the University did not calculate whether a return was necessary because it did not request any documentation to determine the students' last date of attendance. As a result of that error, the University also did not determine the students' withdrawal dates within 30 days of the end of the period of enrollment. For one student, the University identified the student in its unofficial withdrawals query, but it did not notify the student of the requirement to provide evidence of the student's last date of attendance as specified in its policies and procedures. That student received \$694 in Pell grants associated with award P063P112328 and \$2,737 in Direct Loan funds associated with award P268K122328. For the other student, the University did not request documentation because the student was excluded from the University's unofficial withdrawal report. That student was excluded from the unofficial withdrawal report because the University had not yet disbursed Title IV assistance to the student when it ran its Fall semester unofficial withdrawal report. The University later disbursed Direct Loan funds to the student, but it never requested any documentation of attendance from the student. The University disbursed a total of \$2,775 in Pell funds associated with award P063P112328 and \$3,538 in Direct Loan funds associated with award P268K122328 to that student.
- For five students who unofficially withdrew, the University correctly determined that the students had completed more than 60 percent of the enrollment period; as a result, the University did not need to return funds for those students. However, the University did not document its return calculation using the U.S. Department of Education's calculation worksheet, as required by its internal procedures.

Recommendations:

The University should:

- Correct its automated unofficial withdrawal report and strengthen its monitoring controls to help ensure that it accurately identifies all unofficial withdrawals and that it determines unofficial withdrawal dates within 30 days of the end of the period.
- Strengthen its controls to help ensure that it accurately determines the payment or enrollment period for all students enrolled in its programs.
- Collect information to determine each student's withdrawal date, and consistently complete return calculations as required by its internal procedures.

Management Response and Corrective Action Plan:

- *We have corrected the automated unofficial withdrawal report to include the following grade codes: 'F', 'DP', 'X', 'W', 'DG', 'DW', 'DX', 'NC', 'NP', 'PR', 'WF'. This correction was completed on August 22, 2012 for immediate utilization for Summer 2 2012 semester. The report will pull students with any of the above grade code combinations.*
- *For the students identified who may have unofficially withdrawn during the 2011-12 award year, SFA launched a campaign with support from the Provost's office in an effort to collect documentation for the 335 students affected. As a result, TTU collected documentation to support \$1,527,419 of the \$1,995,238. The remaining \$467,819 will be returned to the Department of Education.*
- *We have strengthened controls to ensure payment and enrollment periods for all students were accounted for by adding the law school calendar to our current checklist. In addition, we educated our staff on the importance of accurately updating dates for Return of Title IV Funds with regards to the law school calendar.*
- *We reviewed our internal procedures and educated our staff to ensure a Return to Title IV calculation is completed for every student regardless of percentage of aid earned (including students earning greater than 60%). We have initiated cross-training for staff with regards to Return to Title IV aid processing.*
- *We have implemented an internal review by student financial aid management of official and unofficial withdrawals and the corresponding documentation retained to ensure compliance with record keeping and electronic storage requirements. The first internal review occurred December 10, 2012, and will continue on a monthly basis or as necessary.*
- *Manual periodic internal review for continued compliance will be administered for areas of return of Title IV funds.*

*Implementation Date: August 2012 while SAO was on-site and December 10, 2012 for first internal review.*

*Responsible Person: Shannon Followill*

Reference No. 13-132

**Special Tests and Provisions - Enrollment Reporting**

(Prior Audit Issues 12-138, 11-139, and 09-75)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loans, P268K122328**

**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 Federal Family Education Loan (FFEL), 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) and 682.610(c)).

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).

**The University did not always report student status changes to NSLDS in an accurate and timely manner.** Specifically:

- For 6 (10 percent) of 61 students tested, enrollment status changes were not reported to NSLDS. For two of those students, the University reported the enrollment status changes in a timely manner to NSC, but the status changes were not reported to NSLDS. The University was unable to determine why NSC did not report these changes to NSLDS. The remaining four students graduated from the University's law school in May 2012, but they were not reported as having graduated to NSC or NSLDS. Those errors occurred because of an inconsistency in the formatting of the file the University uses to send records to NSC. Based on information the University provided, the formatting error resulted in 21 fall law school graduates and 186 spring law school graduates not being reported to NSC or NSLDS.
- For 4 (7 percent) of 61 students tested, an incorrect enrollment status change was reported to NSLDS. The University incorrectly reported all four students as withdrawn when it should have reported them as graduated. The University was unable to identify a cause for those errors.

**Automated controls are not operating effectively to help ensure that enrollment files and degree verifications the University submits to NSC are complete and accurate.** For example, when the University uploaded one enrollment file to NSC, NSC did not receive information for 47 students because of an inconsistency in one data field. Additionally, the University does not have a monitoring process to help ensure that NSC reports enrollment status information to NSLDS in an accurate and timely manner.

Inaccurate and delayed submission of information affects the determinations that lenders and servicers of student loans make 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:

- Strengthen its automated controls to help ensure that the enrollment files and degree verifications it submits to NSC are complete and accurate.

- Establish and implement policies and procedures to monitor the enrollment status changes that NSC reports to NSLDS on the University's behalf.

*Management Response and Corrective Action Plan:*

- *We have reviewed error report procedures and automated controls over the File Transfer Protocol (FTP) to ensure enrollment files and degree verifications submitted to the National Student Clearinghouse (NSC) are complete and accurate.*
- *We implemented an additional step in our procedures to monitor whether the enrollment record upload to NSC is accurate and all records sent to NSC are then uploaded to the NSC database. Any records with errors are manually corrected and then uploaded to the NSC database.*
- *We implemented an additional step to monitor enrollment reporting and status changes from NSC to the National Student Loan Data System (NSLDS) by viewing the NSC website and corresponding with NSC to ensure timely upload.*
- *We will review our agreement with NSC and propose stipulations regarding the required number of days to report enrollment status to NSLDS.*
- *We initiated conversations with the Provost to encourage Law School to submit degree information in a timely manner consistent with undergraduate and graduate reporting.*

*Implementation Date:* August 2012 and December 2012

*Responsible Person:* Bobbie Brown

**Department of Transportation**

Reference No. 13-133

**Activities Allowed or Unallowed**  
**Allowable Costs/Cost Principles**  
**Real Property Acquisition and Relocation Assistance**

**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 its Right of Way Information System (ROWIS) as the system of record for right of way transactions across the state. **However, the Department did not appropriately restrict access to ROWIS.** Specifically, one programmer had access to both authorize transactions within ROWIS and submit approved transactions to the accounting system for payment. In general, programmers should not have access to approve transactions or submit them for payment. Allowing programmers inappropriate access increases the risk of unauthorized or fraudulent transactions. However, in fiscal year 2012, the programmer did not approve any transactions within ROWIS or submit any transactions to the accounting system for payment.

Recommendation:

The Department should modify programmer access to ROWIS so that programmers cannot both approve transactions and submit transactions to the accounting system for payment.

Management Response and Corrective Action Plan:

*A TSD programmer had been provided full rights to the Right of Way Information System (ROWIS) to assist with production support, and the rights were removed at the time SAO initially identified the issue. The specific issue highlighted in the finding has been corrected.*

*The current standard operating process allows a user to gain access to ROWIS by first being added to a LDAP group, followed by the privileges set by the ROW division's ROWIS business analyst. This current process provides ROW the opportunity to vet who has access to ROWIS and at what level; therefore, we believe the current process is adequate.*

*In addition, ROW will review ROWIS access on a quarterly basis to determine whether access rights need to change, based on business needs.*

*Implementation Date: April 30, 2013*

*Responsible Person: Hilda Correa*

## TRANSPORTATION, DEPARTMENT OF

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Reference No. 13-134

### **Davis-Bacon Act**

(Prior Audit Issues 12-142, 11-142, and 10-82)

#### **Highway Planning and Construction Cluster**

**Award years - 2010 and 2011**

**Award numbers - CM 96(732) and STP 1102(311)**

**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, the American Recovery and Reinvestment Act, or 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, Sections 3141-3142).

Questioned Cost:	\$0
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U.S. Department of Transportation - Federal Highway Administration
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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 DOL regulations (Title 29, Code of Federal Regulations (CFR), Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor 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 5.5 and 5.6). 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 weekly certified payrolls from its contractors. **For 2 (3 percent) of 60 projects tested, the Department did not ensure that contractors submitted all weekly certified payrolls for fiscal year 2012.** Specifically, the Department could not provide eight certified payrolls for those two projects during the period tested. The total federal amount expended on those projects, including payroll and non-payroll costs, was \$706,667.

#### **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 certified payrolls. As of December 3, 2012, the Department asserted that its 25 district offices had a total of 89 area offices. Auditors determined the following for the 60 projects tested:

- For 6 (10 percent) of the 60 projects, area offices used the Electronic Project Record System (EPRS), which allows users to detect missing certified payrolls by reviewing system-generated missing certified payrolls for each vendor for a project.
- For 4 (7 percent) of the 60 projects, area offices used EPRS and a tracking sheet to monitor whether contractors had submitted all certified payrolls.
- For 26 (43 percent) of the 60 projects, area offices used a tracking sheet to monitor whether contractors had submitted all certified payrolls.
- For 24 (40 percent) of the 60 projects, area offices did not have formal, documented processes to ensure that contractors submitted 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.

#### 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:

*Management concurs with the recommendation that the Department should consistently review its tool to identify missing certified payrolls. As expressed in the audit there are different means by which this identification is carried out. Because of the ability for the contracting community to use different processes to submit required monthly payrolls, each responsible construction office has resorted to whatever means necessary in an attempt to track payrolls to the best of their ability. If there was a way to require all prime contractors and sub-contractors to utilize our EPRS program for submitting payrolls, this would no longer be an audit finding. However, there is an investment for each business that utilizes EPRS that we are not prepared at this time to require as part of our contracting requirements. We will continue to give direction to the district offices and guidance/support to ensure that all certified payrolls are received on TxDOT projects.*

*CST will continue to search for a tool to address the recommendations, which we concur with.*

*Implementation Date: Ongoing*

*Responsible Person: John Obr*

Reference No. 13-135

**Period of Availability of Federal Funds**

(Prior Audit Issues 12-143, 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 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 make code changes and then migrate those code changes into the production environment for the FPAA system.** In general, programmers should not have access to migrate code changes that they make 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 2012, the Department made only one change to the FPAA system, and different individuals developed and migrated 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 that they make to the production environment.

Management Response and Corrective Action Plan:

Finance and IT have implemented a change management process where the FPAA programmers do not have write privileges to the production FPAA system. FPAA production code migrations were handled by the Finance IT desktop support group. This process was implemented in July 2012. Due to a recent IT reorganization, production code migrations are now handled by the IT Customer Service Helpdesk to ensure proper separation of duties. FPAA programmers do not have the technical capability to make any changes in the production environment, including code migrations.

Implementation Date: March 31, 2013

Responsible Persons: Mark Evans

Reference No. 13-136

**Procurement and Suspension and Debarment  
Subrecipient Monitoring**

(Prior Audit Issues 12-144, 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 - Significant Deficiency and Non-Compliance**

The Department of Transportation (Department) is required by the Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor 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 (Office of Management and Budget (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).

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, Code of Federal Regulations, Sections 25.105 and 25.205).

Auditors tested 60 Department project agreements with subrecipients and identified the following:

- For 7 (12 percent) of 60 agreements tested, the advanced funding agreement did not contain all required elements including the CFDA title and number, award name and number, or name of awarding federal agency.

That occurred because the advanced funding agreement template the Department used did not contain the required information.

- For 5 (8 percent) of 60 agreements tested, the advanced funding agreement did not contain language requiring the subrecipients to certify that they were not suspended or debarred. The Department did not have documentation showing that it had verified that the subrecipients were not suspended or debarred.

The advanced funding agreements the Department used for the projects discussed above were agreements that Department used prior to updating its advanced funding agreement template in September 2009. For subrecipient award agreements signed after September 2009 that auditors tested, the Department communicated all required federal award information.

Additionally, the Department has not established a process to obtain a DUNS number from each subrecipient prior to making a subaward. While the Department provided evidence that it had obtained a DUNS number for subrecipients tested to which it passed federal funds during fiscal year 2012, it could not provide evidence that it had obtained that information prior to making each subaward.

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 local government project procedures for administering and managing a project. Inadequate identification of federal awards and not obtaining DUNS numbers can lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards (SEFA) and Federal Funding and Accountability Transparency Act (FFATA) reports. In fiscal year 2012, the Department passed through \$272,747,553 in federal funds (including American Recovery and Reinvestment Act funds) to subrecipients.

#### During-the-award Monitoring

#### **The Department did not consistently conduct sufficient during-the-award monitoring of its subrecipients.**

Auditors tested documentation of during-the-award monitoring for 60 subrecipients. That documentation included reviews for allowability, period of availability, reporting, compliance with the Davis-Bacon Act, and quality assurance. Auditors identified the following issues at the Department's district offices:

- For 3 (5 percent) of 60 subrecipients tested, the Department could not provide evidence that it conducted onsite inspections for projects those subrecipients managed. Onsite inspections are a tool to monitor subrecipients' compliance with federal requirements; therefore, the Department also did not monitor those subrecipients' compliance with the Davis-Bacon Act or quality assurance requirements.
- For 2 (3 percent) of 58 subrecipients tested that were subject to procurement requirements, 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 carried out by region-level and district-level staff.

Insufficient during-the-award monitoring increases the risk the Department would not detect subrecipients' non-compliance with federal requirements.

#### Recommendations:

The Department should:

- Communicate all required award information to all subrecipients.
- Verify that its subrecipients are not suspended or debarred.
- Develop and implement a process to obtain a DUNS number from each subrecipient prior to making a subaward.
- Consistently monitor subrecipients for compliance with the Davis-Bacon Act, quality assurance requirements, and procurement requirements.

**TRANSPORTATION, DEPARTMENT OF**

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Management Response and Corrective Action Plan:

All contract templates have been updated to include the required information listed. The deficiencies relate to agreements that were executed before the templates were updated and were not identified during prior efforts to locate past agreements.

During FY2012 and the first quarter of FY2013, the Department has implemented the following:

- Created a Local Government Projects Office (LGPO), who developed and distributed a Summary of Best Practices — Local Government Practices to district and division personnel who are involved with managing various elements of LG (subrecipient) projects (an update has also been issued in January 2013).
- Initiated district, area, and project office visits by LGPO staff to review subrecipient monitoring procedures
- Developed enhanced Local Government Project training for Department and local government personnel (initial class with new presentation will be January 2013)
- Provided a central source (LGPO) for district, division, and office personnel to obtain assistance on LG project issues

The purpose of these actions is to develop and implement a more consistent program of local government project oversight within all districts throughout the state (utilizing the best practices previously used within individual districts). This is achieved through the creation of a dedicated staff for understanding subrecipient monitoring requirements, enhancing training programs for Department and local government personnel, and utilizing the LGPO staff to provide support, oversight, and monitoring to Department personnel for compliance with subrecipient monitoring requirements.

During the remainder of fiscal year 2013 and continuing in 2014, the Department will:

- Continue implementation of items listed above
- Update the LGPP
- Further enhance training along with updating the LGPP
- Increase the number of office visits by LGPO staff to review procedures and guide district/area LG project personnel

Implementation Date: August 31, 2013 and ongoing

Responsible Person: John Obr

Reference No. 13-137

**Reporting**

(Prior Audit Issue 12-145)

**Highway Planning and Construction Cluster**

**Highway Planning and Construction Cluster - ARRA**

**Award years - 2010 and 2011**

**Award numbers - STP 1102(301)SRS, STP 2011(446)MM, DMO 2012(224), STP 2011(674)SRS, and STP 2009 (489)ES**

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

Federal Funding Accountability and Transparency Act Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Questioned Cost:	\$0
U.S. Department of Transportation – Federal Highway Administration	

**The Department did not always submit reports in a complete and timely manner as required by FFATA.** Specifically:

- For 3 (5 percent) of the 60 subaward projects tested for which the Department was required to submit FFATA reports, the Department did not submit the required reports to the FFATA Subaward Reporting System (FSRS). Two of those errors occurred because the Department's process to identify subawards that it is required to report to FSRS is not sufficient. Specifically, the Department relies on the federal award identification numbers (FAIN) on the USAspending.gov Web site to identify awards that are subject to FFATA requirements. Using that information, the Department cross-references the FAIN to an award number to determine which projects have associated subawards that are subject to FFATA reporting. However, that process does not ensure that the Department reports on all subawards subject to FFATA requirements, including those that may not be listed on USAspending.gov. For the remaining error, although the FAIN was listed on USAspending.gov the Department did not identify that the subaward met the reporting requirements in Title 2 CFR, Chapter 170 and, as a result, it did not submit that report.
- For 1 (2 percent) of the 57 subaward projects tested for which the Department submitted a FFATA report, the Department did not submit the required report to FSRS within the required time frame. The Department submitted that report 21 days late and asserted this occurred because it was the Department's first report submission and the Department was still developing its process for submitting required reports.

Not submitting all required reports to FSRS in a complete and timely manner decreases the reliability and availability of information provided to the awarding agency and other users of that information

#### American Recovery and Reinvestment Act Reporting

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 FFATA (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 Department obtains that information from its subrecipients and submits it to the federal government.

**For 1 (2 percent) of 60 Recovery Act Section 1512 reports tested, the Department understated its total federal Recovery Act funds received by \$1,342,560.** That was the result of a manual data entry error. The Department did not detect the error because it did not review the Recovery Act expenditure data it imported into its reporting system before it submitted the report.

Quarterly reports must be submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act expenditures. When the Department submits an inaccurate report, that decreases the reliability of the information intended for the federal government and the general public.

#### Recommendations:

The Department should:

- Develop and implement a process to ensure that it identifies and submits all required FFATA reports, including reports related to subawards that are not identified by USAspending.gov.
- Submit required FFATA reports in a timely manner.
- Develop and implement a review process to ensure that it reports accurate information required by the Recovery Act.

Management Response and Corrective Action Plan:

The Department has identified fields in DCIS and FIN imaging that can help us identify projects that should be reported.

This is a temporary workaround, and we feel the most efficient method to address FSRS reporting requirements is to move reporting to the districts (typically TP&D) and divisions/offices that are administering these projects, who are aware of all the obligations and obligation adjustments as they occur and they could easily report these actions in FSRS.

Integral Construction Division ARRA support employees receive detailed ARRA information from our TxRADS database comparing key values from our previous quarter's 1512 submissions to those of the pending quarter. Key values such as job, expenditures and obligations are compared and if abnormalities are discovered they are investigated. Investigation will include reviewing documentation, data entry, and if necessary conversations with the FIN Division.

Implementation Date: Ongoing

Responsible Person: John Obr

Reference No. 13-138

**Special Tests and Provisions - Quality Assurance Program**

(Prior Audit Issues 12-146, 11-146, 10-87, and 09-81)

**Highway Planning and Construction Cluster**

**Award years - 2009, 2010, and 2011**

**Award numbers - STP 2011(771)HES, NH 2008(508)G, STP 2011(450)ES, STP 2011(309), STP 2011(751), CM 96(732), STP 2009(667)MM, BR 2005(25), STP 2011(773), and HP 2009(628)**

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

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 (CFR), 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).

Questioned Cost:	\$0
U.S. Department of Transportation - Federal Highway Administration	

**The Department of Transportation (Department) did not always comply with its quality assurance program approved by the FHWA.** Twenty-two (10 percent) of 212 quality assurance samples tested (associated with 60 projects) contained errors related to the test documentation in SiteManager, the Department's automated system for quality assurance testing. Specifically:

- For 12 (6 percent) of the 212 quality assurance samples tested (associated with 5 projects), the Department did not document the name of the individual who was the tester. As a result, auditors were unable to determine (1) whether the sample tests were conducted, reviewed, and approved by the same individual and (2) whether the individual who conducted the test was a certified tester.
- For 10 (5 percent) of the 212 quality assurance samples tested (associated with 5 projects), the tester and reviewer were the same individual. Management at Department district offices attributed those errors to limited resources and reductions in staff levels.

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. Not segregating testing and reviewing responsibilities and having potentially unqualified personnel perform sample testing increases the risk that the Department may not detect project deficiencies that could affect safety and increase costs.

Recommendations:

The Department should:

- Implement appropriate segregation of duties among the personnel who conduct quality assurance sample testing and personnel who review that testing.
- Implement controls to ensure that only qualified personnel perform quality assurance sample testing.
- Document the names of the testers for quality assurance sample testing.

Management Response and Corrective Action Plan:

*Management will be meeting with FHWA to ensure that the quality assurance program approved by the FHWA accomplishes the goals of both agencies. We will also ensure that separate testers and reviewers are designated and documented in Sitemanager.*

Implementation Date: August 31, 2013

Responsible Person: John Obr

Reference No. 13-139

**Special Tests and Provisions - Value Engineering**

**Highway Planning and Construction Cluster**

**Award year - 2006**

**Award numbers - STP 2006(434) MM, IM 6107(410), and STP 2006(151)MM**

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

State departments of transportation (DOT) are required to establish a value engineering program and perform a value engineering analysis on all applicable projects (Title 23, Code of Federal Regulations (CFR), Section 627.1).

In establishing its value engineering program, a DOT must (1) establish and document program policies and procedures that ensure the required analysis is conducted on all applicable projects, and encourage analyses on other projects that may benefit; (2) ensure the analysis is conducted and all approved recommendations are implemented and documented prior to letting; (3) monitor and assess its value engineering program, and provide an annual report to the Federal Highway Administration; (4) establish and document policies, procedures, and contract provisions that identify when Value Engineering Change Proposals (VECP) may be used; identify the analysis, documentation, basis, and process for evaluating and accepting a VECP; and determine how the net savings of each VECP may be shared between the DOT and contractor; (5) establish and document policies, procedures, and controls to ensure a value engineering analysis is conducted and all approved recommendations are implemented for all applicable projects administered by local public agencies, and ensure the results of these analyses are included in program monitoring and reporting; and (6) provide for the review of any project for which a delay occurs between when the final plans are completed and the project advances to a letting for construction to determine whether a change has occurred to the project's scope or design where a value engineering analysis would be required to be conducted (Title 23, CFR, Section 627.7).

Questioned Cost: \$0

U.S. Department of  
Transportation- Federal  
Highway Administration

Projects for which a value engineering analysis must be performed include (1) projects located on the National Highway System with an estimated total project cost of at least \$25 million that use federal-aid highway program funding; (2) bridge projects with an estimated total cost of at least \$20 million that use federal-aid highway program funding; and (3) any other projects that the Secretary of the U.S. Department of Transportation determines to be appropriate (Title 23, United States Code, Section 106(e) and Title 23, CFR, Section 627.5).

The Department of Transportation's (Department) value engineering program does not address the review of projects for which a delay occurs between completion of the final plans for the project and letting for construction to determine whether a change in the project's scope or design requires a value engineering analysis.

**Additionally, for 3 (12 percent) of 26 projects tested that required a value engineering analysis, the Department did not perform that analysis.** For two of those three projects, the original estimates for the projects were below the threshold for a value engineering analysis. However, changes made prior to the final design of those two projects increased the cost to amounts that exceeded \$25 million. As a result, a value engineering analysis was required. For the third project, the Department district office staff responsible for the project asserted that they did not recall receiving communication from Department management advising them of the criteria for performing a value engineering analysis.

The Department's Design Division most recently notified each district office of the requirement to perform a value engineering analysis on projects that meet the criteria for that analysis in April 2011. However, that notification informed district offices only about the criteria for determining which projects require a value engineering analysis and did not include a list of potential projects that may have required a value engineering analysis. As a result, district offices may not be aware of projects that require a value engineering analysis.

Not performing required value engineering analyses increases the risk that the Department will not identify opportunities to improve quality, minimize cost, reduce construction time, ensure safe operations, and achieve environmental and ecological goals.

Recommendations:

The Department should:

- Ensure that its value engineering program addresses projects for which a delay occurs between the planning and letting phases.
- Develop and implement documented policies and procedures to review the status of projects when the original estimates have been changed resulting in a cost increase that could make a project subject to value engineering requirements.
- Perform a value engineering analysis on all projects that meet the criteria of for that analysis.

Management Response and Corrective Action Plan:

*The Department continues to make improvements to the Value Engineering (VE) program to assure that projects meeting the requirements have a value engineering analysis conducted. Although 3 of 26 projects tested did not have an analysis conducted, these projects were awarded in 2006 prior to these changes and strides are being made to ensure that VE analysis is conducted on all applicable projects.*

*Each year a memorandum is issued to the districts reminding them of the need for VE, the availability of a facilitator, and a list of possible applicable projects in the upcoming 3 years. (The memorandum in 2011 did not include a list of projects but did give the district the criteria for VE analysis requirements.) Future memorandums will include a list of projects.*

*In September, 2012, the Design Division issued the latest memorandums (Attachment A) addressing updates to the VE requirements per changes in Federal Legislation (Moving Ahead for Progress in the 21st Century Act or MAP-21). These memos indicated that the project costs had increased to \$50 million for roadway projects and \$40 million for bridge projects. The memos also indicated that a VE analysis would be required when the estimated cost increased and reached the threshold due to cost and/or scope creep near construction letting.*

*The Project Development Process Manual, and PS&E Preparation Manual are currently being updated (Attachment B) to include the changes due to MAP-21 and will include language advising the project engineer to check for VE analysis requirements if the project estimate, scope, or a delay from design completion to letting occurs.*

*Another improvement the Design Division will be undertaking is reviewing the letting schedule for the upcoming two fiscal years (Attachment C) for any possible projects at or near the cost requirements and comparing the project with VE analyses completed, or scheduled.*

*Implementation Date: April 30, 2013 (Manual Change)*

*Responsible Person: Rory Meza, P.E.*

## TRANSPORTATION, DEPARTMENT OF

Reference No. 13-140

### Davis-Bacon Act

(Prior Audit Issue 12-147)

#### CFDA 20.106 - Airport Improvement Program

Award years - Multiple

Award numbers - 3-48-SBGP-49-2008, 3-48-SBGP- 54-2009, 3-48-SBGP-57-2009, 3-48-SBGP-73-2011, and 3-48-SBGP-75-2011

#### 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, the American Recovery and Reinvestment Act, or 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, Sections 3141-3142).

Questioned Cost: \$0

U.S. Department of  
Transportation - Federal  
Aviation 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 DOL regulations (Title 29, Code of Federal Regulations (CFR), Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor 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 5.5 and 5.6). 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 unable to provide documentation that it consistently collected certified weekly payrolls required by the Davis-Bacon Act.** Specifically, for 4 (44 percent) of 9 projects tested, the Department could not provide at least one of the required weekly certified payrolls for the time period tested. For each of those projects, the Department collected most, but not all, certified payrolls for those projects during fiscal year 2012. The total federal amount expended on those projects in fiscal year 2012, including payroll and non-payroll costs, was \$2,273,021.

Those errors occurred because the Department did not sufficiently review its tracking spreadsheet to ensure that contractors had submitted all required certified payrolls. For three of the four projects tested for which the Department did not have all certified payrolls, the Department could not provide evidence that it communicated with the contractors regarding the missing certified payrolls prior to the time that auditors began testing.

When contractors do not consistently submit all certified payrolls, the Department is unable to ensure that contractors and subcontractors properly classify and pay their employees the appropriate wage rate in accordance with the Davis-Bacon Act.

#### Recommendations:

The Department should:

- Consistently review its tracking spreadsheet to identify missing certified payrolls.
- Request missing certified payrolls from contractors.

#### Management Response and Corrective Action Plan:

*All files found in non-compliance were still under construction, and payrolls had been received and audited for the majority of the contract term to date. The missing weeks would have been requested upon routine review of the file or upon notification of final payment. While the Act requires weekly payroll reports, there is no guidance as to when a report is considered to be late or missing and how rapidly follow-up with the contractor is required.*

*The Division hired a full-time employee to be responsible for all Davis Bacon Act requirements in late March of 2012. The new employee assumed the duties as well as the Division's tracking documents that had previously been handled by temporary employees. She had to catch-up files, create new files for new projects, and all other*

necessary duties for proper tracking. Learning the duties, developing new processes, and updating files and procedures took several months. All the while, she worked to track weekly payrolls for 40+ projects, and spent more time auditing the reports she received to ensure proper wage rates were being paid. She has worked with her Lead Worker to streamline previous processes, has developed a more efficient tracking process, and is routinely contacting contractors when necessary requesting required documentation. Additionally, monthly oversight of the tracking documentation is performed by the Lead Worker. Finally, upon closeout of construction, a Lead Worker is reviewing payroll compliance files for completeness and accuracy.

Implementation Date: Action Completed December 31, 2012

Responsible Person: David Fulton

Reference No. 13-141

**Eligibility**

**Subrecipient Monitoring**

(Prior Audit Issues 12-149 and 10-92)

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas - ARRA**

**Award years - 2009 and 2010**

**Award numbers - TX-18-X032, TX-18-X033, TX-86-X001, TX-86-X002, and TX-86-X003**

**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 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 public transportation coordinators located within the Department’s 25 district offices, who oversee various federal programs within their jurisdictions. The Department is required to certify the eligibility of applicants and project activities, ensure compliance with federal requirements by all subrecipients, and monitor local project activity (Federal Transit Administration Circular C\_9040.1f, page II-3).

Questioned Cost:	\$0
U.S. Department of Transportation - Federal Transit Administration	

Subrecipient Eligibility

For 1 (3 percent) of 30 subrecipient agreements tested, the Department did not provide evidence that it verified that the subrecipient was eligible to participate in the Formula Grants for Other Than Urbanized Areas program. This occurred because the Department could not provide evidence that it obtained a request for proposal from one of its private entity subrecipients, which the Department uses to determine eligibility for its private entity subrecipients. Auditors determined that the subrecipient was eligible to receive federal funds. However, not maintaining adequate documentation of eligibility increases the risk that the Department could award federal funds to ineligible subrecipients.

During-the-award Monitoring

The Department is required to conduct on-site quarterly visits to review agency financial records that support requests for payment (Title 43, Texas Administrative Code, Section 31.48(c)(3)). Additionally, the Department’s grant’s management manual requires that on-site visits be documented using a PTN-126 form. During fiscal year 2012, the Department did not consistently conduct during-the-award monitoring for all subrecipients. Specifically:

- For 1 (3 percent) of 30 of subrecipients tested, the Department did not conduct required quarterly onsite visits. This error occurred because management in the Department’s Public Transportation Division incorrectly determined that quarterly onsite visits were not necessary for that for-profit subrecipient. As a result, the Department did not monitor that subrecipient for compliance with allowable costs requirements through onsite visits. However, the Department provided evidence that it reviewed that subrecipient’s invoices prior to payment.

- For 1 (11 percent) of 9 of subrecipients tested that were subject to the requirements of the Davis-Bacon Act, the Department could not provide evidence that it monitored the subrecipients' compliance with the requirements of the Davis-Bacon Act. The Department asserted that the coordinator responsible for monitoring that subrecipient was unaware of procedures for monitoring compliance with Davis-Bacon Act requirements.
- For 1 (3 percent) of 30 of subrecipients tested, the Department did not monitor supporting documentation to ensure that subrecipients' activities occurred within the period of availability established in the project grant agreement. The Department's review of the subrecipient's reimbursement request did not detect that the subrecipient submitted expenditures after the end of the period of availability established by the project grant agreement. However, those expenditures were for allowable activities that occurred within the period of availability for the federal award as a whole.
- For 3 (20 percent) of 15 subrecipients tested that were subject to procurement requirements, the Department could not provide evidence that it monitored the subrecipients' compliance with procurement requirements using its procurement checklist, which it requires for procurements exceeding \$25,000. For one of those projects, the Department asserted that the coordinator responsible for monitoring the subrecipient was unaware of the requirement. For the remaining two projects, the Department was unable to provide evidence that it monitored the projects using the required checklist.
- When the Department does not consistently monitor its subrecipients, it is not able to ensure the most efficient use of federal transportation funds to develop, maintain, and improve transportation systems in non-urbanized areas.

Recommendations:

The Department should:

- Certify and maintain documentation of eligibility for all subrecipients, including private entity subrecipients, prior to awarding federal funds.
- Perform and maintain documentation of monitoring all subrecipients, including private entity subrecipients.
- Train staff on the Department's internal policies and procedures for subrecipient monitoring, including monitoring for compliance with requirements related to period of availability, the Davis-Bacon Act, and procurement.

Management Response and Corrective Action Plan:

*In general, we concur with the finding.*

*In most cases, the incidents cited in the finding involved former employees who may not have been trained on practices currently in place. A meeting with staff was held 1/15/13 and 1/17/13, to discuss these audit findings and remind staff of current monitoring practices related to subrecipient eligibility, period of availability, procurement and the Davis-Bacon Act. The next training, slated for July, will again include training on these issues. We feel our current monitoring procedures are adequate and will explore opportunities for improvement.*

*In the incident involving the lack of a quarterly review, we agree the PTN 126 form was not used. This was a large capital project in multiple geographic locations. The decision was made to review all detailed supporting documents with each request for reimbursement, thereby increasing the level of scrutiny beyond the standard quarterly review process. Onsite visits to monitor and inspect the project were performed routinely throughout the life of the project and were coordinated with staff housed in the various locations. In the future, we will document these activities. In this environment, use of the PTN 126 form (designed to review a sample of supporting documents on a quarterly basis) was considered redundant and inadequate for the level of monitoring conducted.*

*Implementation Date: August 31, 2013*

*Responsible Person: Donna Roberts*

**TRANSPORTATION, DEPARTMENT OF**

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Reference No. 13-142

**Reporting**

(Prior Audit Issues 12-148 and 10-91)

**CFDA 20.509 - Formula Grants for Other Than Urbanized Areas**

**Award years - 2008, 2009, 2010, 2011, and 2012**

**Award numbers –TX-18-X031, TX-18-X032, TX-18-X033, TX-18-X034, and TX-18-X035**

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

Federal Funding Accountability and Transparency Act Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Questioned Cost:	\$0
U.S. Department of Transportation - Federal Transit Administration	

**The Department of Transportation’s (Department) Public Transportation Division did not report subawards as required by FFATA during fiscal year 2012.** Specifically the Department did not submit reports for 54 subawards made under grants TX-18-X034 and TX-18-X035—which exceeded \$25,000 and were obligated after October 1, 2010—to the Federal Funding Accountability and Transparency Act Reporting System (FSRS). As a result, the Department did not report that it had obligated \$42,862,467 for projects associated with those 54 subawards. The Department previously submitted some FFATA reports in fiscal year 2011; however, it does not have an effective control to ensure that it submits the required reports. The staff responsible for those reports did not submit reports during fiscal year 2012 due to an oversight.

Not submitting all required reports to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

SF-425 Reports

A grantee must submit a federal financial report for each active/executed grant (Federal Transit Administration Circular 5010.1D, page III-2(3)(a)(b)). The SF-425 report 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 must be based on actual cash disbursements or outlays, including payments to subrecipients and contractors.

For all three SF-425 reports tested for which matching requirements were applicable, the Department reported non-federal share amounts that were not supported by its accounting records. The Department determined the non-federal share of expenditures by multiplying its federal outlays by the required matching percentage. According to the Department, these errors occurred because the Federal Transit Administration directed the Department to provide the required match, and not the actual match, on its SF-425 reports. However, that practice resulted in the Department reporting amounts that were not based on actual cash disbursements or outlays as required.

Inaccurate reporting on financial reports decreases the reliability of information provided to funding agencies and other stakeholders.

RU-20 Reports

Recipients are required to submit an annual report containing financial and operating information. The state agency administering a Formula Grants for Other Than Urbanized Areas program is responsible for submitting rural reports on behalf of the state and its subrecipients. This data is submitted using the Rural General Public Service Transit form (RU-20).

**For all six RU-20 reports tested, the Department could not provide evidence to support the amounts it reported for local operating assistance and annual capital costs.** The Department asserted that support for those amounts was previously maintained by an employee who no longer works for the Department and the Department did not maintain that support after the employee’s departure. As a result, auditors could not determine whether those amounts were accurate.

Unsupported information in reports increases the risk that federal agencies could rely on inaccurate information.

Recommendations:

The Department should:

- Develop and implement a documented process to identify and report projects subject to FFATA requirements.
- Report actual non-federal share amounts on its SF-425 reports.
- Maintain supporting documentation for RU-20 reports.

Management Response and Corrective Action Plan:

*We concur with the finding.*

*During fiscal year 2012 FFATA reporting was carried out intermittently. This audit identified areas which did not report as required. We have reorganized functions within the division and devoted resources to a staff position to become a reports clearinghouse to track any and all required reports, including FFATA. This position will inventory all required reports, alert management and other staff when reports are due, and will report on status of completing required reporting.*

*Implementation Date: March 30, 2013*

*Responsible Person: Bobby Killebrew*

*SF-425 reports are completed in accordance with guidance from our funding agency, the Federal Transit Administration (FTA). The SAO has determined that such guidance does not adhere to requirements from OMB. Several attempts to have the FTA and SAO discuss this item were unsuccessful. We will continue to work through this issue with all parties.*

*Implementation Date: May 31, 2013*

*Responsible Person: Bobby Killebrew*

*The RU-20 reports are individual rural transit district reports that are part of the National Transit Database (NTD) annual report. In a prior year (calendar year 2011), staff created documentation to reconcile the NTD RU-20 reports to the PTN-128 reporting database. This was not done in calendar year 2012. PTN staff will prepare this documentation for current and future reporting years.*

*Implementation Date: March 30, 2013*

*Responsible Person: Bobby Killebrew*

**University of Houston**

Reference No. 13-143

**Eligibility**

(Prior Audit Issue 12-150)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.033, Federal Work-Study Program, P033A114166; CFDA 84.038, Federal Perkins Loans - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.268, Federal Direct Student Loans, P268K122333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333**

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

Post-baccalaureate Student Receipt of 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 (CFR), Section 690.1). An institution must determine whether a student is eligible to receive a Pell grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may pay a 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, CFR, Section 690.75 (a) (2)).

Questioned Cost: \$ 10,894  
U.S. Department of Education

**One (4 percent) of 26 post-baccalaureate students who received a Pell grant from the University of Houston (University) during the 2011-2012 award year was not eligible for that assistance.** The University awarded the student a Pell grant because it did not identify and update its records regarding this student's degree status in a timely manner. Specifically, the University did not update the student's record in its financial aid system in a timely manner to reflect that the student had earned a bachelor's degree in May 2011. As a result, the financial aid system did not prevent disbursement of a Pell grant to the student. This resulted in the disbursement of \$700 in Pell funds associated with award P063P112333 for which the student was not eligible.

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, 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 or other comparable factors that are measurable 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 668.34).

**For 1 (2 percent) of 44 students tested for whom the University was required to review SAP, the University incorrectly determined that the student had made satisfactory academic progress.** This error occurred because of incorrect programming logic the University's financial aid system used to determine whether the student had enrolled in credit hours that exceeded 150 percent of the student's degree plan. The University's financial aid system was programmed to identify undergraduate students who exceeded 190 hours as not meeting the University's SAP policy, but it did not detect that the student exceeded 150 percent of the student's specific degree plan (180 hours). As a result, the University awarded the student \$10,194 in assistance for which the student was not eligible. This issue affected the following awards:

<u>CFDA Name</u>	<u>CFDA</u>	<u>Agency</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
Perkins Loans	84.038	U.S Department of Education	Award Number Not Applicable	July 1, 2011 to June 30, 2012	\$1,200
Federal Pell Grant Program	84.063	U.S Department of Education	P063P112333	July 1, 2011 to June 30, 2012	\$2,775
Federal Direct Student Loans	84.268	U.S Department of Education	P268K122333	July 1, 2011 to June 30, 2012	\$6,219

Recommendations:

The University should:

- Ensure that all students who receive Pell grants are eligible to receive those grants.
- Limit financial aid system tables for determining compliance with its SAP policy to a maximum time frame of 150 percent of the published length of the each educational program.

Management Response and Corrective Action Plan:

*We determined why the computer system did not reflect the student’s baccalaureate degree in a timely manner which resulted in that student receiving a Pell Grant award. We have worked with our Admissions and Student Records Offices to modify their business processes to help ensure that the baccalaureate degree is posted timely and that applicants with a degree will not be admitted into an undergraduate program. We have modified our procedures to generate and review a report of all students that transfer with a large number of hours. We have updated our Satisfactory Academic Progress (SAP) policy to comply with Federal requirements and we have changed the maximum time frame limit in the financial aid system to reflect a maximum time frame of 150 percent of the published length of the each educational program.*

*Implementation Date: November 2012*

*Responsible Persons: Sal Loria, Scott Moore, and Candida DuBose*

Reference No. 13-144

**Reporting**

(Prior Audit Issues 12-151, 11-151, 10-94, and 09-83)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.063, Federal Pell Grant Program, P063P112333**

**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 2012, Part 5, Student Financial Assistance Cluster, III.L.1.d (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, June 2012, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-33)).

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

**For 1 (2 percent) of 60 students tested, the University of Houston (University) did not report a disbursement to the COD System within 30 days of the disbursement for the Fall 2011 semester.** The University reported that disbursement to the COD System 53 days after disbursement. The University initially submitted the disbursement record within the required time frame; however, the COD System rejected that disbursement record because of an inconsistency in the data. Additionally, during the Fall 2011 semester the University did not regularly review files that the COD System rejected. As a result, the University could not ensure that the U.S. Department of Education received all Pell disbursement data in a timely manner during the Fall 2011 semester.

Recommendation:

The University should submit Pell disbursement records to the COD System within the required 30-day time frame and regularly review files that the COD System rejects.

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 review files that the COD System rejects within 24-48 hours. 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: November 2012

Responsible Persons: Scott Moore, Candida Dubose, and Claudia Guzman

Reference No. 13-145

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.0007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333; CFDA 84.033, Federal Work-Study Program, P033A114166; and CFDA 84.268, Federal Direct Student Loans, P268K122333**

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

Making Work Pay Tax Credit

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; 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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations, Section 668.56).

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

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the 2011-2012 Application and Verification Guide section of its Federal Student Aid Handbook, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (2011-2012 Application and Verification Guide, page AVG-19).

**For 11 (20 percent) of 55 students who received untaxed income, the University of Houston (University) did not verify the Making Work Pay tax credit when it verified the information on the students' FAFSAs.** Of those 11 students, 4 had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested a new Institutional Student Information Record (ISIR) for those students. According to the University, those errors occurred because it did not begin verifying the Making Work Pay credit until after receiving guidance from the National Association of Student Financial Aid Administrators (NASFAA) in April 2011. The exclusion of this tax credit from the ISIRs could affect the students' expected family contribution and increases the risk that students could be overawarded Title IV assistance.

Verification Policies and Procedures

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 34, 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).

**The University’s policies and procedures for the verification process did not include three of the seven requirements.** Specifically, the University’s verification policies and procedures did not include:

- The period within which applicants selected for verification are required to provide the documentation.
- The methods by which the University notifies applicants of the results of verification if it identifies changes in the applicant’s EFC or award or loan amounts.
- The procedures for making referrals under Title 34, Code of Federal Regulations, Sec. 668.16.

While the University’s revised verification policies and procedures for the 2011- 2012 award year were reviewed and approved by management, that review was not sufficient to detect that certain required elements were not included.

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 all required FAFSA elements, including the Making Work Pay tax credit, and request an updated ISIR when required.
- Include all required elements in its FAFSA verification policies and procedures.

Management Response and Corrective Action Plan:

*We have reviewed all students that were required to verify the Making Work Pay tax credit and we have verified all outstanding items and have requested an updated ISIR when necessary. We have implemented a new procedure in the PeopleSoft computer system to identify these students in a timely manner which will help to ensure that FAFSA verifications requirements are being met. We have updated our verification policies and procedures to comply with Federal requirements.*

*Implementation Date: October 2012*

*Responsible Persons: Sal Loria, Scott Moore and Candida DuBose*

Reference No. 13-146

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 12-152, 11-153, 10-97, and 09-86)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333; CFDA 84.033, Federal Work-Study Program, P033A114166; and CFDA 84.268, Federal Direct Student Loans, P268K122333**

**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 the student earned 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 the student earned is less than the amount that was disbursed to

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

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)).

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 27 (69 percent) of the 39 students tested who unofficially withdrew, the University of Houston (University) did not determine the withdrawal dates within the required 30-day time frame. Specifically:**

- For 24 students with unofficial Fall semester withdrawals, the University's determination of the withdrawal date was 31 days after the end of the semester. The University's procedures to identify unofficial withdrawals require 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, to determine the withdrawal dates the University incorrectly used the date on which it ran the query to identify students who received all Fs (instead of the date on which it actually determined that the students had withdrawn or never attended).
- For two students with unofficial Fall semester withdrawals, the University determined the withdrawal dates for the students 115 days and 156 days after the end of the period of enrollment. Those errors resulted from an error in the University's January 2012 query to identify students who received all Fs for the Fall semester. The University identified the error in March 2012, more than 30 days after the end of the Fall semester. Based on a discussion with management, the error resulted in an additional 43 students whose withdrawal dates were identified more than 30 days after the end of the Fall semester. Additionally, the University granted one of the two students an extension to the deadline for submission of acceptable proof of course completion documentation.
- For one student with an unofficial Spring semester withdrawal, the University's determination of the withdrawal date occurred 90 days after the end of the period of enrollment. The University identified the student in the query it ran in May 2012; however, the University did not request proof of course completion from the student until August 2012.

When the University does not identify unofficial withdrawals within the required time frame, this increases the risk that it will not return unearned funds to the U.S. Department of Education in a timely manner.

Recommendations:

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 ensure that this date is no later than 30 days after the end of the semester.
- Identify all unofficial student withdrawals in a timely manner.
- Implement additional review controls to consistently (1) send out proof of course completion form requests to all students with unofficial withdrawals and (2) enforce deadlines that it grants to students for returning acceptable proof of course completion documentation.

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. 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. 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 have been implemented to send out proof of course completion form requests to all students with unofficial withdrawals and to enforce deadlines that it grants to students for returning acceptable proof of course completion.

Implementation Date: November 2012

Responsible Persons: Sal Loria, Scott Moore, and Candida DuBose

Reference No. 13-147

**Special Tests and Provisions - Enrollment Reporting**  
(Prior Audit Issues 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loans, P268K122333**

**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 Federal Family Education Loan (FFEL), 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, Sections 685.309(b) and 682.610(c)).

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).

Additionally, the *NSLDS Enrollment Reporting Guide* specifies that, in the case of a student who completes a term and does not return for the next term, the institution should report the final day of the term in which the student was last enrolled as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix A-3).

**For 8 (13 percent) of 60 student status changes tested, the University did not report the change to NSLDS in an accurate or timely manner.** Specifically:

- One student officially withdrew from the University for medical reasons in December 2011 with an effective withdrawal date of October 11, 2011. However, because the registrar’s office did not process the student’s medical withdrawal until January 2012, which was after the end of the Fall term, the University’s automated process to report status changes did not capture the medical withdrawal date recorded in the financial aid system. Instead, in February 2012, the University incorrectly reported the student’s withdrawal date as the last day of the Fall term. In May 2012, the University corrected the effective date of the withdrawal manually. However, that manual correction was overwritten by the University’s automated process to report status

changes in June 2012, when the University again reported the student's withdrawal date as the last day of the Fall term.

- For three students who completed the Fall 2011 term and subsequently canceled their Spring 2012 enrollment after they were placed on academic suspension, the University incorrectly reported the withdrawal date. Although the University initially reported the final day of the Fall term as the withdrawal date, it subsequently reported the date on which the academic suspension process ran in the financial aid system as the withdrawal date because that was the withdrawal date recorded in the financial aid system.
- For four students who unofficially withdrew in the Spring 2012 term, the University reported incorrect withdrawal dates to NSC. All four students earned all non-passing grades in the Spring and did not provide evidence that they attended during the term. As a result, in June 2012, financial aid staff determined that those students had never attended the Spring 2012 term and returned all Title IV assistance as required. In August 2012, the financial aid office manually reported the four students as withdrawn to NSLDS using the first day of the Spring 2012 term as the withdrawal date instead of the final day of the Fall 2011 term as required. The University asserted that this error occurred because staff were unaware of the requirement to report the final day of the term in which the student was last enrolled. (In addition, for one student, the financial aid office manually reported the student's withdrawal three days late.) The registrar's office subsequently ran its automated process for reporting student status changes to NSC; that process overrode the manual updates for three of the four students: the automated process incorrectly reported two students with withdrawal dates at the end of the Spring 2012 term and it incorrectly reported the other student as full-time. Those errors occurred because the University does not have a process to ensure that financial aid staff and the registrar's office coordinate on enrollment reporting, including communicating unofficial withdrawals to the registrar.

Not reporting student status changes accurately and within the required time frame could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Ensure that its automated process for reporting student status changes captures the withdrawal dates for students whose official withdrawals are processed after the end of a term.
- Report the final day of the term in which a student was last enrolled as the withdrawal date for students who complete a term and do not return for the next term.
- Implement a process to help ensure that financial aid staff and the registrar's office coordinate on enrollment reporting, including communicating unofficial withdrawals to the registrar's office so that the University accurately reports student status change dates and types to NSLDS in a timely manner.

Management Response and Corrective Action Plan:

*Procedures have been implemented to help ensure that automated processes for reporting student status changes captures the withdrawal dates for students whose official withdrawals are processed after the end of a term. Procedures have been implemented to report the final day of the term in which a student was last enrolled as the withdrawal date for students who complete a term and do not return for the next term. 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. We work with the Registrar's staff weekly on enrollment reporting, including communicating unofficial withdrawals to the registrar's office so that we can help to ensure that we accurately report student status change dates and types to NSLDS in a timely manner.*

*Implementation Date: December 2012*

*Responsible Persons: Sal Loria, Scott Moore, and Candida DuBose*

Reference No. 13-148

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

(Prior Audit Issues 12-154 and 11-155)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loans, P268K122333**

**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 on a monthly basis. 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, Section 685.102(b), and *Direct Loans School Guide*, Chapter 6, Reconciliation).

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

**For 1 (2 percent) of 60 students tested, the University of Houston (University) did not report a disbursement to the COD System within 30 days of the disbursement.** While the University originally reported the disbursement within 30 days, the COD system rejected it and the University’s financial aid system placed it on hold. The University did not review its *Loan on Hold* report regularly and, as a result, it did not identify the error promptly. The University later adjusted the award amount and reported the disbursement again to the COD System 156 days after the disbursement. As a result, the U.S. Department of Education did not receive Direct Loan disbursement data for the student associated with that disbursement in a timely manner.

**While the University has developed and implemented procedures to reconcile its detailed financial aid disbursement records to the SAS files it receives each month, it did not document the reconciliations it performed during the award year for disbursement records.** The University uses an automated process to reconcile the SAS files to the University’s financial aid system. While the reconciliation produces a report that the University asserts it reviews, the University did not document that review. Additionally, the reconciliation does not include a review of the cash detail or cash summary records as required by the *Direct Loan School Guide*, Chapter 6, Reconciliation, pages 6-71 through 6-76.

Not documenting reconciliations increases the risk that the reconciliations will not be performed and that inaccurate and incomplete Direct Loan disbursement data could be reported to the DLSS. That could result in the University being required to make repayments.

Recommendations:

The University should:

- Submit Direct Loan disbursement reports to the COD System within the required 30-day time frame.
- Document its reconciliations between SAS files and its financial aid system in accordance with the requirements in the *Direct Loan School Guide*.

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. 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 document the reconciliation of financial records of loan disbursements against SAS data files on a monthly basis. New procedures are in place to help ensure that we are in accordance with the requirements in the Direct Loan School Guide.*

*Implementation Date: November 2012*

*Responsible Persons: Sal Loria, Scott Moore, and Lear Hickman*

Reference No. 13-149

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles  
Procurement and Suspension and Debarment**

**Research and Development Cluster  
Award year - Multiple  
Award number - Multiple  
Type of finding - Significant Deficiency**

Segregation of Duties

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 Provide R&D Awards	

The University of Houston (University) uses its financial management system to initiate and approve purchase requisitions and purchase vouchers. **The University does not have adequate segregation of duties for the initiation and approval of purchase requisitions, purchase vouchers, and journal entries.** Specifically, user access rights associated with the final approval role in the University’s financial management system include the privilege to initiate and approve purchase requisitions, purchase vouchers, and journal entries. The University asserted that this is a limitation of its software.

As a result of the issue discussed above, auditors identified instances in which the same individual initiated and approved purchase requisitions, purchase vouchers, and journal entries. The lack of segregation of duties between initiating and approving transactions increases the risk that unallowable costs could be charged to federal awards.

Approval of Transfers

**The University did not obtain the appropriate approvals for 7 (21 percent) of 34 cost transfers tested.** The University’s policy requires all non-payroll expenditure reallocations to be approved by the Office of Contracts and Grants before they are processed in its financial system. The seven cost transfers were processed without obtaining the required approval of the Office of Contracts and Grants.

Not ensuring that the Office of Contracts and Grants approves cost transfers increases the risk that unallowable costs could be charged to federal awards.

Recommendations:

The University should:

- Establish appropriate segregation of duties for initiating and approving purchase requisitions, purchase vouchers, and journal entries.
- Strengthen controls to ensure that its Office of Contracts and Grants approves all non-payroll cost transfers for federal funds as its policy requires.

Management Response and Corrective Action Plan:

*We have informed all voucher and requisition final approvers that all vouchers and requisitions must be initiated into workflow by someone other than the final approver. We have reminded journal approvers that all expenditure transfer journals involving grant cost centers must be routed through the Office of Contracts and Grants before final approval. We have requested modifications to the UHS Finance System that would prevent final approvers from being able to both initiate and approve the same voucher or requisition and that would alert journal final approvers when a grant expenditure transfer journal pending final approval was not routed through the Office of Contracts and Grants.*

Implementation Date: April 1, 2013

Responsible Person: Mike Glisson

## University of North Texas

Reference No. 13-150

### Eligibility

(Prior Audit Issue 12-155)

### Student Financial Assistance Cluster

Award year - July 1, 2011 to June 30, 2012

Award numbers - CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114085; CFDA 84.033, Federal Work-Study Program, P033A114085; CFDA 84.038, Federal Perkins Loan-Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112293; CFDA 84.268, Federal Direct Student Loans, P268K122293; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122293

Type of finding - Significant Deficiency and Non-Compliance

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) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). 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: \$8,776

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 668.2 and 673.5).

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).

**During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment.** As a result, for 7 (12 percent) of 60 students tested, the University incorrectly calculated the students' COA for the Fall 2011 semester. However, based on those students' actual enrollment information, those seven errors did not result in overawards of Title IV assistance. Although those errors did not result in overawards, using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of overawarding financial assistance.

The University revised its process to begin surveying some students to determine their anticipated enrollment and manually adjust COA for those students, when necessary, for the Spring 2012 semester. However, it surveyed only students who were originally budgeted at full-time in Fall 2011 and did not enroll in sufficient hours to be classified as a full-time student in Fall 2011. That approach increases the risk of awarding financial assistance that exceeds financial need because not all students received the University's survey. The University further revised that process for the Summer 2012 term.

**In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student's Spring 2012 assistance.** The University originally calculated that student's COA based on full-time enrollment for the Fall 2011 and Spring 2012 semesters. However, the student did not attend during Fall 2011 and attended three-quarter time during Spring 2012. The University asserted that this error occurred because it did not correctly adjust the student's assistance when the

student was listed on an automated exception report that indicated a potential overaward resulting from the student's Spring-only enrollment.

Recommendations:

The University should:

- Develop a process to determine each student's COA and financial need based on the student's expected or actual enrollment.
- Make adjustments to assistance when students attend only one semester to help ensure that it does not award assistance to students who are not eligible to receive that assistance.

Management Response and Corrective Action Plan:

- *Management has developed a process to determine each student's COA and financial need based on the student's expected enrollment.*

*Implementation Date: January 2012*

- *Management has addressed the overaward with the employee responsible for making the error for the student in question. The overaward is being corrected.*

*Implementation Date: December 2012*

*Responsible Persons: Zelma DeLeon and Lacey Thompson*

Reference No. 13-151

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award years - October 1, 2007 to September 30, 2012 and October 1, 2008 to September 30, 2013**

**Award numbers - CFDA 84.217, TRIO\_McNair Post-Baccalaureate Achievement, P217A070021 and CFDA 47.076, Education and Human Resources, 0833706**

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

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, Appendix A, C.2).

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

**One (1 percent) of 70 direct cost transactions tested at the University of North Texas (University) was unallowable.** The University reimbursed \$19 in gratuity charges as part of a travel reimbursement. When the University reviewed and approved that travel reimbursement request, it charged the total amount of the travel expenses, including the gratuity, to the federal award. However, the gratuity portion of the expenses should have been charged to an institutional account. At the time of the audit, the University transferred the cost of the gratuity to an institutional account and reduced a subsequent federal reimbursement request by the amount of the gratuity.

**For 1 (1 percent) of 70 direct cost transactions tested, the University incorrectly calculated the amount of the federal expenditure.** The University miscalculated a partial month's salary payment, resulting in an underpayment to an employee of \$32. At the time the University incurred that expenditure, its payroll office manually calculated the partial payment amount with no separate review of that process. After auditors identified this error, the University corrected the error and paid the employee the correct amount.

Without proper review and approval, there is a risk that the University could charge unallowable and incorrect expenditures to federal grants.

Recommendation:

The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.

Management Response and Corrective Action Plan:

The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include:

- Provided additional training to Travel staff regarding unallowable expenses on federal funds.
- Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds.
- ERP (PeopleSoft) system now calculates partial months using an annualized hourly rate of pay (2,080 hours). The manual calculation is no longer necessary.

Implementation Date: Complete

Responsible Persons: Susan Sims and Connie Ross

Reference No. 13-152

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - June 1, 2012 to May 31, 2016; August 15, 2011 to January 14, 2013; September 1, 2011 to August 31, 2012; and September 18, 2008 to November 18, 2014**

**Award numbers - CFDA 47.074, Biological Sciences, IOS-1146758; CFDA 12.300, Basic and Applied Scientific Research, HQ0034-11-C-0039; CFDA 12.431, Basic Scientific Research, W911NF-11-1-0402; and CFDA 12.800, Air Force Defense Research Sciences Program, FA8650-08-C-5226 (P00002)**

**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 nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210 through 180.220 and 180.970).

Questioned Cost:	\$0
National Science Foundation U.S. Department of Defense	

**The University of North Texas (University) did not ensure that vendors associated with 4 (40 percent) of 10 procurements tested that exceeded \$25,000 were not suspended or debarred.** For limited competition procurements, the University's process is to verify that vendors are not suspended or debarred by checking the EPLS. However, for those four limited competition procurements, the University did not maintain evidence that it verified that the vendors were not suspended or debarred. Auditors reviewed the EPLS and verified that the vendors were not suspended or debarred.

Not verifying vendors' suspension and debarment status could result in contracting with vendors that are not eligible to receive federal funds.

Recommendation:

The University should document its vendor suspension and debarment verifications for all procurements of at least \$25,000.

Management Response and Corrective Action Plan:

The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include:

- Added a clause/condition to the UNT System Purchase Order Terms and Conditions on October 26, 2012.
- Provided additional training to Purchasing staff on EPLS Search and documentation requirements on January 16, 2013.
- Created a procedure to ensure all procurements of at least \$25,000 are documented appropriately and are audited by management daily on January 22, 2013.

Implementation Date: Complete

Responsible Person: Carolyn Cross

Reference No. 13-153

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award year - June 1, 2009 to May 31, 2012**

**Award number - CFDA 47.082, Trans-NSF Recovery Act Research Support, OISE-0854350**

**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
National Science Foundation	

**The University of North Texas (University) did not send the required notification of Recovery Act information 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. Without receiving a notification at the proper time, subrecipients could report inaccurate Recovery Act expenditures.

Recommendation:

The University should establish and implement procedures to help ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.

Management Response and Corrective Action Plan:

The UNT Office of Research Services agrees. The subrecipient vendor record in PeopleSoft has been enhanced so that check stubs of future payments, if any, will include the following:

- Federal award number.
- CFDA number.
- Amount of ARRA recovery funds.

Implementation Date: Complete

Responsible Person: Britt Krhovjak

**University of Texas at Arlington**

Reference No. 13-154

**Eligibility**

**Special Tests and Provisions - Institutional Eligibility**

(Prior Year Audit Issue 12-156)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.268, Federal Direct Student Loans, P268K122335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122335; CFDA 84.033, Federal Work-Study Program, P033A114172; CFDA 93.264, Nurse Faculty Loan Program, E01HP12986; CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP18579; CFDA 93.407, ARRA - Scholarships for Disadvantaged Students, T0AHP18297; and CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable**

**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) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). 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:	\$3,203
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 (CFR), Sections 668.2 and 673.5).

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).

**For 12 (20 percent) of 60 students tested, the University of Texas at Arlington (University) incorrectly calculated COA. Specifically:**

- For seven of those students, the University incorrectly calculated COA because it used full-time budgets to determine the COA for all students receiving assistance in the Summer 2011 and Fall 2011 semesters, regardless of each student’s actual or expected enrollment. The University awarded one of those students Title IV assistance that exceeded his financial need, which resulted in an overaward of \$1,344 in Direct Subsidized Loans associated with award P268K122335.
- For the other five students, the University incorrectly calculated COA because it calculated COA for Summer 2011 graduate students using undergraduate room and board budgets.

**In addition, for 1 (2 percent) of 60 students tested, the University did not adjust the award amount for a student after it appropriately adjusted that student’s COA.** The University originally calculated that student’s COA at a full-time status, and it later updated that COA to reflect three-quarter-time enrollment. However, when it

made that adjustment in accordance with its policy for determining COA, it did not adjust the student's award. That resulted in an overaward of \$1,859 in Direct Unsubsidized Loans associated with award P268K122335.

#### Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, 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 (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student's eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

In selecting 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, CFR, 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, CFR, Section 690.75(a)).

**For 1 (3 percent) of 38 Pell Grant recipients tested, the University incorrectly calculated and awarded a Pell Grant.** That error occurred because the University made a manual error while calculating the student's Pell grant amount, which resulted in an overaward of \$63 in Pell grant funds. After auditors brought this issue to its attention, the University provided evidence that it corrected that error.

**In addition, the University disbursed \$10,513 in Pell Grants to four students who had previously obtained an undergraduate degree.** That error occurred because the students did not indicate on their ISIRs that they had already graduated. After auditors brought this issue to its attention, the University provided evidence that it corrected those errors.

#### 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 academic progress that meet 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 specify the grade point average (GPA) that a student must achieve at each evaluation or, if GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm. The SAP policy also should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the program's maximum time frame, and it should specify how a student's GPA and pace of completion are affected by incompletes, withdrawals, repetitions of courses, and transfers of credits from other institutions. For an undergraduate program measured in credit hours, the maximum time frame for a student to complete the program is no longer than 150 percent of the published length of that program (Title 34, CFR, Section 668.34).

**The University's SAP policy does not comply with all federal requirements.** Specifically, the policy does not explain how transfer credits affect a student's pace of completion and it also does not restrict the maximum number of hours allowed to 150 percent of the published length of the programs for some programs. The SAP policy establishes a maximum time frame of 186 hours for undergraduate students; however, the University offers programs that require fewer than 124 credit hours. That issue increases the risk that the University could award assistance to students who may not have made satisfactory academic progress and, therefore, may not be eligible for that assistance.

**The University established guidelines in its student financial aid system that are inconsistent with its SAP policy; therefore, its student financial aid system does not ensure that the University will correctly identify some students who may not comply with its SAP policy.** While the SAP policy states that students working toward a master's degree can attempt a maximum of 54 hours and post-baccalaureate students can attempt a maximum of 45 hours, the University established limits in its student financial aid system of between 60 and 100 hours for students working toward a master's degree and 175 hours for post-baccalaureate students. Additionally, while the University's SAP policy states that repeated and remedial coursework should be included in the student's GPA calculation, the GPA calculation in the University's student financial aid system does not include that

coursework. Those issues increase the risk that the University could award financial assistance to students who do not comply with its SAP policy.

Recommendations:

The University should:

- Calculate each student's COA based on the student's actual or expected enrollment status.
- Calculate each student's COA based on the correct budget.
- Correctly calculate and review all Pell Grant awards and award Pell Grant only to eligible students.
- Update its SAP policy to comply with federal requirements.
- Program its student financial aid system in a manner that is consistent with its SAP policy.

Management Response and Corrective Action Plan:

1. *UT Arlington has developed a process where students report expected enrollment directly into the PeopleSoft system. This information is then used to calculate the COA based on expected enrollment.*

*Implementation Date:                      Developed in March 2012 and implemented for the 2012-2013 award year.*

*Responsible Persons:                      Beth Reid and Karen Krause*

2. *UT Arlington Financial Aid staff has developed a new query to identify all students who are admitted as a second bachelor's degree student but who incorrectly indicated on the FAFSA that they do not yet have a bachelor's degree. The query has been tested, and is currently being run monthly to ensure that no students who have bachelor's degrees are awarded Federal Pell Grants. The query was run for the 2011-2012 award year, and awards for all ineligible students have been returned to the U. S. Department of Education.*

*Implementation Date:                      Query was developed, tested, and implemented in October 2012.*

*Responsible Person:                      Jason Young*

3. *UT Arlington has developed an SAP policy that meets federal requirements.*
  - *UT Arlington revised its academic programs in 2009-2010 in the Undergraduate Catalog to reduce the number of hours required for undergraduate programs from 124 to 120. For 2011-2012, undergraduate students completing their degrees were under the academic requirements of the previous University Catalog. Therefore, the decision was made to allow those students up to 186 hours to complete the degrees. The maximum number of hours allowed under the SAP policy has been revised for the 2012-2013 award year based on the revisions to the academic programs as outlined in the updated Undergraduate Catalog.*
  - *There was a set up error in one table defining the maximum attempted hours for the master's degree that was corrected in September, 2012. However, because there is an additional table that also monitors the maximum hours for master's students, no ineligible students received financial aid.*
  - *The SAP policy for post-baccalaureate students indicates that these students have eligibility to receive aid for 45 hours. Because the rules established in the University's student information system also includes all undergraduate hours attempted, the hours indicated in the system set up must accommodate all undergraduate hours.*

*Implementation Date:                      The SAP calculation actually matches the policy; however, the language in the written policy for post-baccalaureate students was revised in November 2012 to more clearly describe the actual set up in the student information system.*

*Responsible Persons:                      Karen Krause Beth Reid, and Tanya Vittitow*

Reference No. 13-155

**Special Tests and Provisions - Verification**

(Prior Audit Issue 12-158)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants (TEACH Grants), P379T122335; CFDA 84.033, Federal Work-Study Program, P033A114172; CFDA 84.268, Federal Direct Student Loans (Direct Loan), P268K122335; and CFDA 93.264, Nurse Faculty Loan Program, E01HP12986**

**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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in identifying an error in the non-dollar items (such as household size) used to calculate the student's expected family contribution, or in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

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

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

**For 2 (3 percent) of 60 students tested, the University of Texas at Arlington (University) did not accurately verify the number of household members enrolled in college.** As a result, the University did not request new Institutional Student Information Records (ISIRs) for those students at the time of verification. For one student, the University determined that one household member was enrolled in college when the supporting documentation indicated that two household members were enrolled in college. Based on information the University provided, that resulted in an underaward of \$1,275 in Pell grants. However, the University corrected that underaward after auditors brought this issue to its attention. For the other student, the University determined that two household members were enrolled in college when the supporting documentation indicated that one household member was enrolled in college. Based on information the University provided, that did not affect the amount of assistance awarded.

According to University personnel, those errors were due to manual errors made during the verification process.

**Additionally, for 17 (28 percent) of 60 students who received untaxed income, the University did not accurately verify the amount of other untaxed income, including the Making Work Pay tax credit, when it verified the students' FAFSAs.** Nine of those 17 students had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested (but did not request) new ISIRs for those students. Those errors occurred because the University did not consistently verify the Making Work Pay tax credit when it initially completed verifications for the 2011-2012 award year in March 2011 and April 2011. Based on information the University provided, those errors resulted in an overaward of \$800 in Pell grant funds associated with award P063P112335. However, the University corrected those overawards after auditors brought this issue to its attention. Additionally, for one of those students, the University did not accurately verify the amount of child support received in untaxed income. Based on information the University provided, that error resulted in an underaward of \$200 in Pell grant funds associated with award P063P112335. However, the University corrected that underaward after auditors brought this issue to its attention.

Recommendation:

The University should implement controls to verify FAFSA information, correctly update its records, and request updated ISIRs when required.

Management Response and Corrective Action Plan:

*The UT Arlington Office of Financial Aid staff had completed over 4,000 verifications for the 2011-2012 award year prior to the Making Work Pay regulation publication in March, 2011. In late November, 2011, the University was instructed by the U.S. Department of Education to review all of the files that were verified prior to the announcement. We began that process in December, 2011; however, due to the late notification, we were unable to complete a 100% review. For those reviewed, the majority ISIRS called for verification were within the \$400 tolerance. Corrections were made to those outside the tolerance. The requirement to include this data element in the verification process is no longer in place; therefore, there is no corrective action required for this specific item for 2012-2013.*

*The UT Arlington Office of Financial Aid management team has provided training opportunities for the verification staff to ensure that they understand the verification requirements, specifically those related to determining household members enrolled in college. The Assistant Director for Processing also completes a sample review of all verified files on a monthly basis to determine if there are training issues or errors made in the sample files. If so, corrective action is taken.*

*Implementation Date: The review process began during the 2010-2011 award year and continues.*

*Responsible Person: Jason Young.*

Reference No. 13-156

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 12-160 and 10-112)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.268, Federal Direct Student Loans, P268K122335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122335**

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

Calculation and Return of Title IV Assistance

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 (CFR), 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, CFR, Section 668.22(a)(4-5)).

Questioned Cost:	\$5,132
U.S. Department of Education	

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, CFR, Section 668.22(e)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that 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, CFR, Section 668.22(f)(2)(i)).

Within 30 days of the date that an institution determines that a student has withdrawn, it must send a notice to the student if that student owes a grant overpayment as a result of the student's withdrawal from the institution in order to recover the overpayment (Title 34, CFR, Section 668.22(h)(4)(ii)). A student who owes an overpayment under this section remains eligible for Title IV assistance through and beyond the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment if the student (1) repays the overpayment in full to the institution, (2) enters into a repayment agreement with the institution in accordance with repayment arrangements satisfactory to the institution, or (3) signs a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(i)). If the student does not meet those requirements or fails to meet the terms of the repayment agreement with the institution or with the Secretary of the U.S. Department of Education, that student is not eligible for Title IV assistance (Title 34, CFR, Section 668.22(h)(4)(iv)).

An institution must refer to the Secretary of the U.S. Department of Education, in accordance with procedures required by the Secretary of the U.S. Department of Education, an overpayment of Title IV, Higher Education Act grant funds owed by a student as a result of the student's withdrawal from the institution if (1) the student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution or the Secretary of the U.S. Department of Education within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment, (2) at any time the student fails to meet the terms of the student's repayment agreement with the institution, or (3) the student chooses to enter into a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(iv)).

**For 26 (51 percent) of 51 students tested for whom the University of Texas at Arlington (University) was required to determine whether a return was required, the University did not correctly calculate the required return using its return calculation process. Specifically:**

- **For 12 students who unofficially withdrew, the University did not accurately determine their withdrawal dates.** For 11 of those students, those errors occurred because the University initially noted the withdrawal dates as halfway through the semester, and it did not revise those dates in its return calculations for students who did not provide evidence that they attended during the term. Although the University initially incorrectly calculated the amount it should return, it later returned all required funds for those students when it determined that those students had not begun attendance for a term. For the remaining student, the University calculated the amount to be returned based on a date that differed from the date of the student's last attendance that was specified in supporting documentation. As a result of that error, the University returned \$3,769 in excess funds for that student.
- **For 14 students, the University did not correctly calculate the number of days in the payment period.** That occurred because (1) the University used an incorrect number of days for its spring break period when it determined the length of the period of enrollment and (2) the University incorrectly calculated the enrollment period for some students enrolled in its dynamic sessions, which vary in length. For five of those students, although the University incorrectly calculated the number of days in the payment period, it was not required to return funds for those students. For seven students, the University did not return \$763 in Direct Loan funds associated with award P268K122335. Additionally, for one of those seven students, the University did not return funds or notify the student that the student was required to return \$136 in Pell Grant funds associated with award P063P112335. The University also did not report a grant overpayment to the U.S. Department of Education as required. For the remaining two students, the University returned \$1,085 in excess funds.
- **In addition, for 2 (6 percent) of 34 students tested for whom the University correctly calculated the amount to be returned, the University did not ensure that all required grant funds were returned to the U.S. Department of Education or notify the U.S. Department of Education of grant overpayments to those students.** The University's process is to calculate the amount that both it and the student are required to

return, and to return its portion of those funds. The University then notifies the student of the amount it returned, but it does not inform students of the portion they are required to return. As a result, the students did not return \$501 in Pell Grant funds associated with award P063P112335. In addition, the University did not provide evidence that it reported those grant overpayments to the U.S. Department of Education as required by Title 34, CFR, Section 668.22(h)(4)(iv). Additionally, for one of those students, the University disbursed \$3,732 in Direct Loan funds associated with award P268K122335 more than 45 days after the date that it was required to notify the student that a return of Title IV funds was processed.

The University has not established adequate controls to ensure that it correctly calculates return amounts or that it notifies students of the amount of Title IV funds they are required to return. Specifically, auditors noted that the University manually enters some student information into the return of Title IV calculator in its PeopleSoft accounting system instead of relying on automated controls in that system. In addition, the University does not review the calculations after this data entry. This increases the risk of errors in return calculation and the risk that the University will not return the correct amount of Title IV assistance to the U.S. Department of Education.

#### Timeliness of Returns and Withdrawal Date Determinations

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, CFR, Section 668.22(j)(2)). In addition, 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 as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (Title 34, CFR, Sections 668.22(j)).

**For 15 (36 percent) of 42 students tested for whom the University was required to return funds, it did not return those funds within 45 days of determining those students' withdrawal dates.** For 14 of those students, the University returned required funds between 68 and 353 calendar days after it determined that the students withdrew. For the remaining student, the University had not yet returned funds at the time of the audit due to errors in its calculations discussed above.

**In addition, for 9 (50 percent) of 18 students tested who unofficially withdrew, the University did not determine the students' withdrawal dates within 30 days of the end of the semester.** For those nine students, the University determined their Fall term withdrawal dates 220 calendar days after the end of that term. Those errors resulted from the University's manual process to identify and process returns, and from a lack of supervisory review over that process.

#### Unofficial Withdrawals Query

**The University's query to identify students who unofficially withdrew during the 2011-2012 award year incorrectly excluded some students who may have unofficially withdrawn during the year.** That occurred because the query included students who only received grades of "F"; as a result, the query excluded students with other combinations of grades that could indicate that they unofficially withdrew. For example, the University's query did not identify students who dropped some courses and received "Fs" in other courses. Based on information the University provided, the University did not determine whether it needed to return funds for 235 students who received a total of \$1,278,103 in Title IV assistance for the semesters in which they potentially withdrew during the 2011-2012 award year. Because the University did not request information or calculate returns, auditors could not determine whether the University was required to return Title IV funds for those students.

#### Recommendations:

The University should:

- Calculate returns correctly.
- Strengthen controls to help ensure that it accurately determines the payment period or period of enrollment for all students enrolled in its programs.
- Notify students of required returns and, when required, report grant overpayments to the U.S. Department of Education.

- Establish and implement a sufficient review process to help ensure that it calculates and processes manually initiated returns in a timely manner.
- Return funds within 45 days of determining that students withdrew.
- Correct its unofficial withdrawals query and strengthen its monitoring controls to help ensure that it accurately identifies all unofficial withdrawals and that it determines unofficial withdrawal dates within 30 days of the end of the period.

Management Response and Corrective Action Plan:

1. *For students who unofficially withdraw, the University is returning all Title IV funds for the period when we are unable to determine that the student began attendance for the term. UT Arlington management team has provided training opportunities for the R2T4 staff to ensure the policies and procedures for determining attendance in a term are followed.*

*Implementation Date: December 2012*

*Responsible Persons: Karen Krause and Lea Anne Sikora*

2. *The Office of Financial Aid will work more closely with the Office of Admissions, Records and Registration to correctly calculate the number of break days specifically in the spring term. The Office of Financial Aid was provided incorrect information concerning the spring break period due to a misunderstanding about how we should count Saturday classes. A full discussion between office personnel has occurred, and correct information has been provided to our office for the 2012-2013 award year.*

*Implementation Date: The review discussion occurred in September 2012 for implementation in spring 2013.*

*Responsible Persons: Karen Krause, Lea Anne Sikora, Richard Jimmerson, and Tanya Vittitow*

3. *The university has revised its policy and procedures with regard to grant overpayments due from the student to the U.S. Department of Education. Per the updated policy, all grant funds to be returned by the student will be returned by UT Arlington on the student's behalf. The university will then collect the funds from the student. A 100% review of all students subject to the R2T4 calculation has been completed of the 2011-2012 and the 2012-2013 award years, and all identified required grant funds to be returned by the student were returned by UT Arlington on the students' behalf.*

*Implementation Date: This process was implemented in November 2012.*

*Responsible Persons: Lea Anne Sikora and Tanya Vittitow*

4. *Not all students that were withdrawn and/or making an "F" were captured in the original R2T4 query. The query has been tested and found to be accurate. The university ran the updated query and has returned the funds required for all students who appeared on the updated query for the 2011-2012 and 2012-2013 award years. All students were notified of the changes as a result of the R2T4 calculation.*

*Implementation Date: The query was updated in September 2012 and implemented immediately.*

*Responsible Persons: Dennis O'Hare, Tanya Vittitow, and Lea Anne Sikora*

5. *For all of the unofficial withdrawals, the University has completed a thorough review of the R2T4 calculations and returned all required funds for all students identified by the auditors and by our own review process in October, 2012. The same review is being conducted for the 2012-2013 award year. We have added a new position in the Office of Financial Aid - an Associate Director for Financial Aid Audit, Compliance and*

*Training. This staff member, Tanya Vittitow, has been tasked with internal oversight of the R2T4 process. She will complete regular internal audits of students subject to R2T4 to ensure that the calculations are being done accurately, and that returns are occurring in a timely manner. She will also review student notifications to ensure that they follow departmental policies and procedures.*

*Implementation Date: A training and corrective action plan for the staff member assigned to completing the R2T4 calculations was established in August 2012, and is currently being monitored.*

*Responsible Persons: Tanya Vittitow, Lea Anne Sikora, and Karen Krause*

Reference No. 13-157

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

(Prior Audit Issue 12-161)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award number - CFDA 84.268, Federal Direct Student Loans, P268K122335**

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

Each month, the U.S. Department of Education's Common Origination and Disbursement (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 on a monthly basis. 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, Section 685.102(b), and *Direct Loans School Guide*, Chapter 6, Reconciliation).

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

**The University of Texas at Arlington (University) did not document its reconciliations of the SAS data files from the COD System with its financial records during the award year.** Although the University has a policy that requires it to reconcile the monthly SAS data file with its student financial aid records, it could not provide evidence that it performed those reconciliations or that it reconciled the data files with its financial system. Not preparing 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.

Recommendation:

The University should perform and document its monthly reconciliations of the SAS data files from the COD System with its student financial aid records and its financial system.

Management Response and Corrective Action Plan:

*The University hired a new Director of Grant Accounting in May, 2012 that is responsible for the monthly SAS reconciliation.*

*Implementation Date: May 2012*

*Responsible Persons: Kim Green, Amber Holcomb, Lea Anne Sikora, and Karen Krause*

**University of Texas at Austin**

Reference No. 13-158

**Special Tests and Provisions - Verification**

**Activities Allowed or Unallowed**

**Cash Management**

**Eligibility**

**Period of Availability of Federal Funds**

**Reporting**

**Special Tests and Provisions - Separate Funds**

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Special Tests and Provisions - Return of Title IV Funds**

**Special Tests and Provisions - Enrollment Reporting**

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

(Prior Audit Issues 12-164, 12-165, 12-166, and 12-167)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112336; CFDA 84.007, Federal Supplemental Educational Opportunity Grant Program, P007A114173; CFDA 84.033, Federal Work-Study Program, P033A114173; CFDA 84.038, Federal Perkins Loan Program, P038A044173; CFDA 84.268, Federal Direct Student Loans, P268K122336; and CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP12963-03-00**

**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, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in identifying an error in the non-dollar items (such as household size) used to calculate the student's expected family contribution, or in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59; 2011-2012 *Application and Verification Guide*, page AVG-91).

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

**For 8 (13 percent) of 60 students tested, the University of Texas at Austin (University) did not accurately verify all required items reported on the FAFSA. Specifically:**

- For two students, the University incorrectly identified the household size. For both students, the household size the University identified was smaller than what was reported on the verification form. As a result, the University did not request an updated Institutional Student Information Record (ISIR) for the students at the time of verification. This increases the risk that those students were underawarded Title IV assistance.
- For two students, the University incorrectly identified the AGI. For one student, the discrepancy was below the \$400 threshold; therefore, the University was not required to request an updated ISIR or determine whether an adjustment to Title IV assistance was required. For the other student, the University also incorrectly identified the parent U.S. income tax paid. The amount the University identified was less than the amount reported on the tax return. As a result, the University did not request an updated ISIR for the student at the time of verification. This increases the risk that the student was underawarded Title IV assistance.
- For four students, the University incorrectly identified the untaxed income and benefits. For two of those students, the University identified untaxed income and benefits that exceeded the amounts reported on the tax returns. As a result, the University did not request an updated ISIR for those students at the time of verification. This increases the risk that those students were underawarded Title IV assistance. For the other two students,

the University identified less untaxed income and benefits than was reported on the tax returns. As a result, for one of those students, the University did not request an updated ISIR at the time of verification, which increases the risk that this student was overawarded Title IV assistance. For the other student, the discrepancy was below the \$400 threshold; therefore, the University was not required to request an updated ISIR or determine whether an adjustment to the Title IV assistance was required.

According to University personnel, the errors were due to manual errors made during the verification process.

#### 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, reporting, special tests and provisions – separate funds, special tests and provisions – disbursements to or on behalf of students, special tests and provisions – return of title IV funds, special tests and provisions – enrollment reporting, and special tests and provisions – borrower data transmission and reconciliation (Direct Loan) 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)).

During the 2011-2012 award year, the University did not have sufficient change management controls for the information systems that its Office of Student Financial Services uses. Specifically, the Office of Student Financial Services did not segregate the duties of making programming changes and migrating 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.

Based on information the University provided, in May 2012 the University implemented additional change management controls for the information systems that its Office of Student Financial Services uses.

#### Recommendations:

The University should:

- Improve controls over the verification process to help ensure that it verifies all required items reported on the FAFSA accurately and requests an updated ISIR when necessary.
- Maintain sufficient change management controls to prevent programmers in the Office of Student Financial Services from making programming changes and also migrating those changes to the production environment.

#### Management Response and Corrective Action Plan:

*The University concurs with the finding. The Office of Student Financial Services (OSFS) reviewed the files that were incorrectly verified and found the errors made were the result of human errors during the verification process. The errors were made to different items in several categories; in addition, OSFS did not request an updated ISIR.*

*OSFS will update its verification procedures provided to staff to better explain their responsibilities in reviewing files including the requirement to request updated ISIRs. Additionally, OSFS will review options to implement a secondary auditing system within the office to determine what will provide successful results.*

*For the 2012-2013, OSFS participated in a pilot program with a vendor to process verification files. We conducted a 100% re-verification of those files and found no errors. Based on the success of the pilot program, we will continue to review the option of outsourcing verification. OSFS envisions these efforts will lead to accurately reviewed files and reduce the risk of over awarded and under awarded students.*

*We agree with the principle that controls surrounding programmer access to alter and deploy software are necessary, and the Office of Student Financial Services (OSFS) spent significant resources in the last audit year implementing such controls. As a matter of policy, OSFS practiced a strict separation of duties for all software*

changes last year, which can be seen in the deployment logs. As a matter of enforcement, and as noted in the finding, OSFS implemented controls segregating programmer and migrator duties in May 2012.

Implementation Date: Verification – July 2013 and General Controls – May 2012

Responsible Person: Verification – Gloria De Leon and General Controls – Graham Chapman

Reference No. 13-159

**Special Tests and Provisions - Student Loan Repayments**

(Prior Audit Issues 12-168, 11-167, 10-116, and 09-91)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.038, Federal Perkins Loan Program, P038A044173 and CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP12963-03-00**

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

Defaulted Borrowers

Under the Federal Perkins Loan Program, an institution must ensure that it conducts exit counseling with each borrower in person, by audiovisual presentation, or by interactive electronic means (Title 34, Code of Federal Regulations, Section 674.42(b)(1)).

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

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)).

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 of Texas at Austin (University) did not consistently perform required collection procedures for defaulted borrowers. Specifically:**

- For 1 (2 percent) of 60 defaulted borrowers tested, the University did not send a first overdue or second overdue notice to the student. This error occurred because the University placed a hold on the student’s account when the student exited forbearance and because the University did not manually send the notices while the student’s account was in the hold status. Borrowers who do not receive overdue notices may not have full knowledge of their loan status and their final obligation.
- For 2 (3 percent) of 60 defaulted borrowers tested, the University did not send a first overdue notice within 15 days after the payment due date or did not send the notice at all. These errors occurred because of weaknesses in the University’s process for posting rejected payments to student accounts. Specifically, when the University

determines that a student had insufficient funds for a payment the student made on a loan, it uses a manual process to determine the default date. For these two students, the University entered the wrong default date into its financial aid system; as a result, the University sent the first notice late for one student and did not send a first notice to the other student. Borrowers who do not receive overdue notices in timely manner may not have full knowledge of their loan status and their final obligation.

- For 1 (5 percent) of 21 defaulted borrowers tested with nine-month grace periods, the University did not send the student's required third grace period notice. The University uses the third grace period notice as its 30-day billing notice; as a result, the student also did not receive the required billing notice. This occurred because the University erroneously assigned the student a six-month grace period instead of a nine-month grace period when it made a manual adjustment to the student's account. Borrowers who do receive grace period letters may not understand the requirements and obligations for the funds they received. If borrowers do not receive a billing notice, they may be unaware of payment 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)).

During the 2011-2012 award year, the University did not have sufficient change management controls for the information systems that its Office of Student Financial Services uses. Specifically, the Office of Student Financial Services did not segregate the duties of making programming changes and migrating 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.

Based on information the University provided, in May 2012 the University implemented additional change management controls for the information systems that its Office of Student Financial Services uses.

#### Recommendations:

The University should:

- Strengthen the manual process it uses when borrower payments are returned due to insufficient funds.
- Strengthen controls to ensure that manual adjustments to deferments are accurate and do not interfere with sending required notices to defaulted borrowers.
- Maintain sufficient change management controls to prevent programmers in the Office of Student Financial Services from making programming changes and also migrating those changes to the production environment.

#### Management Response and Corrective Action Plan:

*Beginning October 1, 2011, new procedures were implemented by Student Accounts Receivable (SAR) -Federal Loans to send correct warning letters and make the two required collection calls prior to sending loans previously in forbearance to a collection agency. The loan for the student changed during the implementation and was inadvertently missed. Based on the current audit finding, SAR has revised and implemented a new procedure for loans in forbearances:*

- *30-days prior to the date the forbearance ends a loan collector runs a report displaying all accounts in forbearance ending on a specified date. Based on the results of the report, a letter to the borrower(s) is sent notifying them of the forbearance end date, amount of accrued interest that will be due, and the payment due date.*
- *15-days after the forbearance end date the loan status is changed to "on hold at the university and delinquent" (MPSPH) and the 1st overdue notice is sent.*
- *If no payment is received 15-days after the 1st overdue notice was sent a 2nd overdue notice is sent.*
- *If no payment has been received 15-days after the 2nd overdue notice is sent a final demand letter is sent informing the borrower they have 30 days to pay the past due amount.*
- *If no payment is received 30-days after the final demand letter was sent the account is sent to a collection agency or the Office of General Counsel (OGC).*

SAR-Federal Loans has implemented the procedure outlined below on August 16, 2012 to ensure overdue notices are sent when a returned check from a borrower occurs. When a returned check is posted back to a borrower's account, resulting in a status change from "current" to "past due," the information is provided to the SAR-Federal Loans processor who sends a letter to the borrower. The following written procedure was implemented in August 2012:

- Payments returned as "insufficient funds" results in an account status change to "past due" and issuance of a letter to the borrower informing them of the chargeback to their loan and change in loan status.
- SAR provides SAR-Federal Loans processor a list of all returned payments that have been charged back.
- The SAR-Federal Loans processor verifies past-due status in \*DEFINE by EID.
- A letter is sent to each borrower providing payment amount, past due amount, and any late charges.
- A notation is made in DEFINE that a letter was sent to the borrower
- A copy of each letter is included in the borrower's file and retained based on the university's record retention schedule.

The procedure in place for processing in-school deferments when Verifications of Enrollment are submitted to SAR — Federal Loans after the borrower's loan goes into repayment is as outlined below. For the student in defaulted status, the loan collector inadvertently missed writing the instruction to federal loan processor to change the grace periods used from 1 to 0.

- Upon receipt of a Verification of Enrollment from a borrower, a SAR-Federal Loans collector documents deferment instructions for the time periods during which the borrower was enrolled half time or more and indicates the start and end date of the deferment and grace period.
- If the borrower's 9-month grace period will not expire, the federal loans collector indicates on the deferment instructions to update the grace periods used to 0 from 1.
- If the borrower's 9-month grace period would have been used completely before the next deferment started, then field is left as 1, and the next grace period the borrower receives is automatically calculated as 6 months.
- The Federal Loan Processor makes the appropriate changes on the borrower's loan record in DEFINE as per the Collector's instructions.

The following change management controls were implemented in March 2012 to systems in the Office of Accounting:

- Developers no longer have access to make modifications to the production code directly. The system now enforces that changes must be initiated on the testing or quality assurance environments first and then be migrated to production.
- Upgrades were made to \*TXAPPL (the tool that manages migrations) to enforce that code cannot be migrated to production by the person who made the change. The system enforces that the migrator must a different person than the one who last changed the code.

As a matter of policy, the Office of Student Financial Services practiced a strict separation of duties for all software changes last year, which can be seen in the deployment logs. As a matter of enforcement, and as noted in the finding, OSFS implemented controls segregating programmer and migrator duties in May 2012.

Implementation Date:      Forbearance Procedure Change – October 2011  
   Returned Check Procedure Change – August 2012  
   General Controls (Accounting) – March 2012  
   General Controls (OSFS) – May 2012

Responsible Persons:      Forbearance Procedure Change – Joanna Sollinger  
   Returned Check Procedure Change – Joanna Sollinger  
   General Controls (Accounting) – Juan Ortiz  
   General Controls (OSFS) – Graham Chapman

Reference No. 13-160

**Allowable Costs/Cost Principles**

(Prior Audit Issues 12-169 and 11-168)

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

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

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. The costs of each service shall consist normally of both its direct costs and its allocable share of all facilities and administrative costs. 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).

Questioned Cost:	\$0
Federal Agencies that Provide R&D Awards	

The University of Texas at Austin's (University) *Handbook of Operating Procedures* states that a service center manager is required to submit a rate proposal to the Office of Accounting on a biennial basis; retain all costs, projections, and any other information used to develop rates to substantiate charges; ensure that rates include only costs directly related to the operation of the service center and the service or good the user receives; and analyze internal expenses and income to ensure that the service center is operating on a break-even basis.

**The University did not always ensure that the costs of services provided by service centers were designed to recover only the aggregate costs of the services. In addition, the University did not always perform a biennial review of service centers' rates.** Specifically:

- For 1 (8 percent) of 12 service centers tested, the University could not provide a rate proposal; therefore, auditors could not determine whether the rates that the service center charged were designed to recover only the related costs of the services provided.
- For 5 (42 percent) of 12 service centers tested, the University had not reviewed rates within the past two years to ensure that it adjusted rates to recover only the related costs for services provided. The University performed the last rate review in 2005 for three of those service centers and in 2007 for one of those services centers; it had no rate review on file for the remaining service center.

Without a rate proposal or biennial review of rates, rates that service centers charge may not be designed to recover only the related costs of the services provided.

Recommendations:

The University should:

- Ensure that service center rates are designed to recover only the costs for the services provided.
- Develop and maintain a rate proposal for each service center.
- Perform biennial reviews of service centers' rates.

Management Response and Corrective Action Plan:

*The University was unable to provide a prior approved proposal for the service center noted above, but did provide a copy of the current draft rate proposal at the request of the SAO. Four of the five service centers are currently under review and will be completed by February 2013. The fifth service center's review will begin May 2013. Proposals for service centers are saved in a central network server and a final copy is provided to the service center manager for their records.*

Balances for all service centers are reviewed annually to ensure a service center does not operate at a deficit or surplus. In addition, budgets are reviewed annually against all current and historical expenditures by the service center analyst to ensure they are appropriate and associated with the purpose of the service center.

To ensure timely review and updates of service centers, cross-training in the Accounting Department is taking place to allow additional resources to be allocated to Service Center reviews. As of January 2013, 77% of biennial reviews were completed with 9% to be finalized by February. The remaining 14% will be completed by fiscal year end.

Implementation Date: Service Center Reviews – August 2013

Responsible Person: Virginia Oviedo

Reference No. 13-161

**Equipment and Real Property Management**

(Prior Audit Issue 12-170)

**Research and Development Cluster**

Award years - See below

Award numbers - See below

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

A recipient’s equipment records for equipment acquired with federal funds and federally-owned equipment shall be maintained accurately and include all of the following: a description of the equipment; manufacturer’s serial number, model number, federal stock number, national stock 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:	\$ 59,950
U.S. Department of Energy	

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 causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and 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’s (University) *Handbook of Business Procedures* requires an inventory tag with a bar code to be affixed to new equipment items that are capitalized (items with a unit cost of \$5,000 or more) or controlled (certain items with a unit cost of \$500 to \$4,999.99). The University then enters appropriate data into its automated inventory system.

**The University did not always maintain adequate property records for its equipment items or ensure that items were adequately safeguarded.** For 5 (8 percent) of 65 equipment items tested, the University’s records did not accurately reflect the location and status of the items. Specifically:

- The University was unable to locate one item during the audit, and that item is now considered missing. There were no questioned costs associated with that item because the federal award that the University used to purchase that item was complete; as a result, the University had ownership of that item.
- The University was unable to locate three items listed in its property records. The University showed auditors pieces of equipment that it asserted were those items; however, the property identification numbers on those pieces of equipment did not match the numbers listed in the property records. There were no questioned costs associated with two of those items because the federal awards that the University used to purchase those items

**UNIVERSITY OF TEXAS AT AUSTIN**

were complete; as a result, the University had ownership of those items. The University purchased the third item in fiscal year 2011 under award DE-FG02-01ER15186, and there were \$59,950 in questioned costs associated with that award.

- The University’s property records did not accurately reflect the location of one item at the time of the audit.

Those errors occurred as a result of weaknesses in the University’s inventory and record-keeping processes.

**In addition, 1 (2 percent) of the 61 equipment items tested that were required to have an inventory tag did not have an inventory tag affixed to it.** The University asserted that it had tagged that item; however, it was unable to locate the tag on that item.

Without properly maintaining property records and tagging equipment items, the University cannot ensure that it safeguards equipment adequately, which increases the risk that assets may be unidentified, lost, or stolen.

The issues above affected the following awards:

<u>CFDA</u>	<u>CFDA Name</u>	<u>Agency</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
12.800	Air Force Defense Research Sciences Program	U.S. Department of Defense - Air Force	FA9550-04-1-0331	May 1, 2004 to June 30, 2006	\$ 0
47.049	Mathematical and Physical Sciences	National Science Foundation	CHE-9875315	March 1, 1999 to February 28, 2003	0
43.000	National Aeronautics and Space Administration	National Aeronautics and Space Administration	NAG2-067	September 1, 1980 to September 30, 1998	0
81.049	Offices of Science Financial Assistance Program	U.S. Department of Energy	DE-FG02-01ER15186	September 1, 2001 to October 31, 2013	59,950
12.000	U.S. Department of Defense	U.S. Department of Defense - Army	DAAA21-93-C-0101	October 1, 1993 to September 30, 1998	0
93.859	Biomedical Research and Research Training	U.S. Department of Health and Human Services	5 R01 GM065956-03	May 1, 2003 to October 31, 2007	0
Total Questioned Costs					<u>\$ 59,950</u>

Recommendations:

The University should:

- Strengthen controls to ensure that it maintains accurate and complete property records.
- Strengthen controls to ensure that it tags all capitalized and controlled equipment items.
- Develop and implement controls to adequately safeguard equipment from loss, damage, or theft.

Management Response and Corrective Action Plan:

*The University agrees with the finding noted above. We continuously strive to improve controls surrounding property management. Since many of the controls associated with inventory occur at the departmental level, Inventory Services has continuous outreach with University Business Officers for their support in improving inventory controls. This is demonstrated through such on-going efforts like increasing the number of departmental spot reviews, enhancement of the spot review program, creation of a reporting calendar, an internal self-assessment program as required by the Department of Defense, a training/coaching/remediation program, continued updates to the Inventory Guidance section of the University’s Handbook of Business Procedures, inventory awareness training and routine exception reporting to identify high-profile missing items. These efforts are ongoing. We will also share these findings with the college and school business officers and property managers to emphasize the importance of compliance with Inventory Guidance.*

Implementation Date: Property Record Management outreach - ongoing  
Share Findings with Business Officers - April 2013

Responsible Person: Janie Kohl

Reference No. 13-162

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - May 1, 2010 to April 30, 2015; October 1, 2010 to December 31, 2013; and August 3, 2009 to August 31, 2014**

**Award numbers - CFDA 12.800, Air Force Defense Research Sciences Program, FA9550-10-1-0169; CFDA 81.089, Fossil Energy Research and Development, DE-FE-0005917 and DE-FE-0005902; and CFDA 93.859, Biomedical Research and Research Training, 5R00GM088384-04**

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

Competition in Procurement

All procurement transactions shall be conducted in a manner to provide, to maximum extent practical, open and free competition. In addition, 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. (Title 2, Code of Federal Regulations (CFR), Sections 215.43 and 215.46). Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action (Title 2, CFR, Section 215.45).

Questioned Cost:	\$10,821
U.S. Department of Health and Human Services	

The University of Texas at Austin's (University) *Handbook of Business Procedures* requires that it perform a cost reasonableness analysis and include a justification for sole source purchases for all non-competitive procurements that exceed \$5,000. In its sole source justification, the University's purchasing department is required to (1) identify the unique features of the particular product or service, (2) explain the need for the unique features of the product or service, and (3) explain why other products or services are not acceptable. Additionally, the University's procedures allow it to use the sole source purchasing option when the goods or services are available only through a single source or when it determines that the purchase provides the best value to the University. **The University did not always document the basis for contractor selection, the rationale for the method of procurement, a cost or price analysis for the procurement, or a justification for limited competition.** For 1 (2 percent) of 60 procurements tested, the University made a limited competition purchase through its electronic marketplace program. However, the University did not retain documentation of its justification for limited competition. In addition, the University did not retain documentation regarding how it selected the vendor to participate in its electronic marketplace program or whether the vendor offered the best value for the University. This resulted in questioned costs of \$10,821 associated with award 5R00GM088384-04.

Not recording and retaining documentation related to limited competition procurement transactions and vendor selection increases the risk that procurements may not provide the best value and that limited competition procurements could be inappropriate.

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 University did not always document that it verified that vendors were not suspended or debarred from federal procurements.** For 2 (8 percent) of 25 procurements tested that were at least \$25,000, the University could not provide evidence that it verified the vendors' suspension and debarment status. For one of those two

procurements, the University did not retain the documentation in the procurement file. For the other procurement, the University traded an existing equipment item toward the purchase of a new equipment item whose total value exceeded \$25,000; however, the University did not perform a verification of the vendor's suspension and debarment status because the resulting net purchase price did not exceed \$25,000. Auditors searched the EPLS and verified that the vendors for the procurements tested were not suspended or debarred.

When the University does not verify that vendors are not suspended or debarred, this increases the risk that it could enter into procurements with vendors that are not eligible to receive federal funds.

Recommendations:

The University should:

- Maintain documented justification to support procurements for which competition is limited.
- Document its basis for contractor selection, its rationale for the method of procurement, and its cost or price analysis for procurements it makes through its electronic marketplace program.
- Document and maintain its suspension and debarment verification for vendors associated with purchases of at least \$25,000.

Management Response and Corrective Action Plan:

*The University agrees with the findings. The purchasing staff that reviews and approves order requests greater than \$5,000 will be reminded of the documentation required to support procurements where competition is limited. The ability to upload supporting documents to our ecommerce system so documents are not misplaced after order approval is on our future roadmap.*

*The purpose of an ecommerce platform is to reduce the transactional processing costs for the university. Suppliers selected to participate in UT Market are those that have high volume of both purchase orders and invoices. Most orders using the University's ecommerce system are less than \$5,000 and considered open market purchases. Orders that do exceed \$5,000 are final approved by the Purchasing Office and follow normal guidelines for purchases of that amount. Purchasing Office staff that perform the final review and approval of these orders will be instructed in the proper way to verify cost/price analysis when appropriate and keep copies of all documentation.*

*Policy states debarment checks must be performed for purchases over \$25,000. Our interpretation of the policy is that the total value of the order must exceed \$25,000. As our interpretation differs from that of the state, we will update our procedures so that the gross amount of the order prior to any trade-ins or discounts, is taken into account when deciding whether a debarment check is appropriate.*

*Implementation Date:      Review of documentation with purchasing staff - February 2013  
Update of online procedures - May 2013*

*Responsible Person:      Jerry Fuller*

**University of Texas at Dallas**

Reference No. 13-163

**Eligibility**

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P113234 and CFDA 84.268, Federal Direct Student Loans, P268K123234**

**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 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 1087II).

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

**The University of Texas at Dallas (University) incorrectly calculated COA for 30 graduate students who lived on campus.** Specifically:

- The University overestimated COA for 1 (3 percent) of 40 students that auditors tested. The University incorrectly used an off-campus room and board budget for graduate students who lived on campus during the award year. That occurred because of errors in budget formulas that the University's financial aid system used to calculate COA.
- After auditors communicated the error described above to the University, it performed additional analysis on the graduate student population; as a result of that analysis, the University asserted that it overestimated COA for 29 additional graduate students who lived on campus during the award year.

Based on the University's calculations, it awarded 11 (37 percent) of the 30 graduate students described above \$3,280 in federal Direct Loans for which they were not eligible. After auditors brought this matter to its attention, the University provided evidence that it corrected those overawards in June 2012.

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, Section 668.16(e), and, if applicable, the provisions of Title 34, Code of Federal Regulations, Section 668.34 (Title 34, Code of Federal Regulations, 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)).

The University's SAP policy requires all students to successfully complete at least two-thirds of attempted hours each term.

**For 1 (3 percent) of 40 students tested, the SAP status in the University's financial aid system was not calculated in accordance with the University's SAP policy.** That occurred because the University incorrectly calculated completion rates for students who were enrolled in more than 12 hours for undergraduate students and for more than 9 hours for graduate students. For those students, the University calculated the completion rate based on an enrollment of only 12 hours for undergraduate students and only 9 hours for graduate students; as a result, it did not detect that the student did not complete two-thirds of attempted hours as required by its SAP policy. Based on

information the University provided, that issue affected a total of 47 students. The University determined that 3 (6 percent) of those 47 students received a total of \$25,631 in Title IV financial assistance for which they were not eligible. After auditors brought this matter to its attention, the University provided evidence that it corrected those overawards.

Other Compliance Requirement

Although the general control weakness described below affects all student financial assistance awards administered by the University and applies to special tests and provisions – disbursements to or on behalf of students, auditors identified no compliance issues regarding that compliance requirement.

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 adequately manage user access to the database for its PeopleSoft application.** Specifically, the University did not remove 20 database user accounts for terminated employees and contractors. Those accounts had direct access to the database and are considered higher risk than normal application user accounts. Although the University periodically reviewed user access at the PeopleSoft application level and identified one of those 20 users, it did not communicate the results of its review to the database administrators in the Arlington Regional Data Center; as a result, the University did not remove that user's access to the database.

Additionally, although the University periodically reviews active users and access rights to its PeopleSoft Campus Solutions accounts, that process is not working as intended. Auditors identified a user who was listed in the February 2012 periodic review as being retired, but the University did not disable or remove that individual's access until after auditors brought this matter to the University's attention. In addition, auditors identified six individuals whose employment had been terminated but for whom the University had not disabled or removed their user accounts for the student financial aid application.

Not maintaining appropriate access to the database increases the risk of unauthorized access to key financial aid data.

Recommendations:

The University should:

- Update the budget formulas in its financial aid system to correctly calculate COA for all students.
- Update the SAP calculation process in its financial aid system to correctly calculate completion rates for students as defined in the University's SAP policy.
- Include the database administrators at the Arlington Regional Data Center in the distribution of periodic user access review reports so that they can identify and remove database accounts in a timely manner.
- Remove the access of terminated database and application users in a timely manner, and ensure that active user accounts belong to users whose job responsibilities require that access.

Management Response and Corrective Action Plan:

Cost of Attendance and Satisfactory Academic Progress

*Management concurs with the SAO regarding the cost of attendance overestimation and the satisfactory academic progress calculation error. As indicated by the finding, UT Dallas identified all affected students and took corrective action as necessary. In the future, the Office of Financial Aid will conduct an annual secondary review of both the programmatic and business elements to ensure correct calculations.*

General Control

*Management acknowledges that the users identified by the SAO had access to the database and applications after transfer or termination. After extensive review, all terminated employees and contractors have been removed from*

*all instances. A formal checkout procedure has been implemented for the Information Resources department to ensure proper termination of access.*

*Database access reports are now produced by Arlington Regional Data Center (ARDC) monthly and sent to UT Dallas for review by Information Resources and the PeopleSoft Access Security team. Information Resources is continuing to improve the communication process between UT Dallas and ARDC surrounding personnel changes affecting the validity of access to UTD databases or applications.*

*Information Resources will work collaboratively with all stakeholders and ARDC to establish and publish University-wide guidelines for PeopleSoft access controls for all personnel changes. The PeopleSoft Access Team will begin to manage queries on a weekly basis to identify terminations, transfers, and job changes that require access changes. In addition, quarterly access reviews will be conducted; reviews will always include steps to assure continued effectiveness of aforementioned controls. All processes described will be implemented by June 30, 2013.*

*Implementation Date: June 2013*

*Responsible Persons: Beth Tolan and Jal Chitkara*

**University of Texas at El Paso**

Reference No. 13-164

**Eligibility**

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Audit Issues 11-170 and 11-171)

**Student Financial Assistance Cluster**

**Award year - July 1, 2011 to June 30, 2012**

**Award numbers - CFDA 84.063, Federal Pell Grant Program, P063P112338; CFDA 84.268, Federal Direct Student Loans, P268K122338; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122338; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114176; CFDA 84.033, Federal Work-Study Program, P033A114176; CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22396-01-00; CFDA 93.264, Nurse Faculty Loan Program, E01HP112947-02-00; and CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, 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 academic progress that meet the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution’s satisfactory academic progress (SAP) policy should specify the grade point average (GPA) that a student must achieve at each evaluation or, if GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm. The SAP policy also should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the program’s maximum time frame (Title 34, CFR, Section 668.34).

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

The University of Texas at El Paso’s (University) policy requires that a student must maintain at least a 2.00 GPA if pursuing an undergraduate degree and a 3.00 GPA if pursuing a graduate degree. Additionally, students receiving financial aid cannot attempt more than 150 percent of the published length of the eligible degree program as measured by credit hours. A student also must make “measurable progress,” which is determined by the cumulative completion of at least 75 percent of all attempted hours toward the student’s eligible degree plan in an academic year.

**For 1 (2 percent) of 45 students for whom the University was required to review compliance with its SAP policy, the University did not evaluate whether the student was making satisfactory academic progress to receive financial assistance.** As a result, the University awarded that student \$15,917 in Direct Loans, associated with award P268K122338, when the student was not eligible to receive that assistance. That occurred because the University dismissed the student on financial aid probation from the University following the Spring 2011 term. When the student enrolled in Spring 2012, the University did not review the student’s SAP status prior to awarding financial assistance.

After auditors brought this matter to its attention, the University provided evidence that it had corrected those awards.

Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules that the U.S. Department of Education provides each year for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student can receive for a full academic year for a given enrollment status, expected family contribution (EFC), and cost of attendance (COA). There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student’s eligibility for a Pell Grant must first be determined and considered before the student is awarded other financial assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

**For 1 (2 percent) of 47 Pell Grant recipients tested, the University awarded the student \$1,050 more in Pell Grants than the student was eligible to receive.** That occurred because of a data entry error. Specifically, the University manually locked the student's enrollment status as full-time when the student was enrolled only half-time. The University did not verify the student's enrollment status at the time of disbursement and awarded the student a Pell Grant based on full-time enrollment status.

After auditors brought this matter to its attention, the University provided evidence that it had corrected that overaward.

#### 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 COA minus the EFC (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). 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 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, CFR, Sections 668.2 and 673.5).

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).

**For 3 (5 percent) of 60 students tested, the University incorrectly calculated COA because it incorrectly classified the students in its financial assistance system, Banner.** For two of those students, the University incorrectly assigned the students an in-state COA budget when the students indicated that they were not Texas residents. For the remaining student, the University incorrectly calculated COA because it classified the student as an undergraduate student when the student was a graduate student. Those errors resulted from manual COA adjustments to students' status that the University made in its financial aid system. The three students were not overawarded assistance; however, calculating incorrect COA amounts increases the risk that students could be awarded assistance in excess of their financial need.

#### Other Compliance Requirement

Although the general control weakness described below affects all student financial assistance awards administered by the University and applies to special tests and provisions – disbursements to or on behalf of students, auditors identified no compliance issues regarding that compliance requirement.

#### 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 implemented adequate logical access controls to its Banner student financial assistance application and associated database, its operating system, and its network.** This increases the risk of unauthorized system access and could result in compromise or loss of data.

Additionally, **the University did not have sufficient segregation of duties in its change management processes.** Specifically, one programmer had access to change application code and migrate it 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:

- Implement a process to conduct SAP reviews on students who are readmitted to the University following withdrawals and dismissals.
- Implement a process to review manual changes to students' status in its financial aid system.
- Implement a process to review manual adjustments to COA budgets.
- Strengthen logical access controls to prevent unauthorized system access and better safeguard critical data.
- Establish controls to prevent programmers from making programming changes to application code and migrating those changes to the production environment.

Management Response and Corrective Action Plan:

Satisfactory Academic Progress (SAP):

*The current SAP programs and the Financial Aid Management System (Banner) rules are excluding students who have stopped out and their student record is marked as inactive. Thus, causing these students to be marked erroneously as "Eligible". The University of Texas at El Paso (UTEP) will take the following steps eliminate these errors.*

*1. Starting in the Summer semester of 2013, a new process is being develop to create a new student term record for every term a student is registered. Along with this a process, a change was developed and implemented in the Summer of 2012 to inactivate a students' record after two "long" semesters of registration inactivity, excluding Summer semesters. Students now are required to re-apply to the university to change their student status to active.*

*Implementation Date: August 2012 and August 2013*

*Responsible Person: Dr. Craig Westman*

*2. SAP programs and Banner rules will be updated to not exclude students with inactive records who have previous academic history at UTEP. These changes will insure their correct SAP eligibility coding. Additionally, UTEP will review all current 12-13 financial aid awardees that fall in this category to verify proper eligibility.*

*Implementation Date: March 2013*

*Responsible Persons: Ron Williams and Maria Carrizales*

Pell Grant Award:

*UTEP will develop a report to identify all locked non-zero Pell awards for a given semester. This report will be reviewed on a weekly basis. Any discrepancy will be corrected at that time.*

*Implementation Date: February 2013*

*Responsible Persons: Ruben Torres and Silvia Pena*

Cost of Attendance:

*First 2 findings*

*It is UTEP's financial aid policy to default all students to the lower resident budget. Out-of-state students may request a budget adjustment to increase their budget if they are truly paying non-resident tuition. Large percentages (85%) of the out-of-state students at UTEP are provided waivers which allow them to pay resident tuition rates per the State of Texas. It is for this reason that UTEP has chosen to default to the lower budget to prevent over awards. Also, Banner has developed a modification to the Financial Aid module to allow for term-by-term budgeting. This will work nicely in consort with the changes noted for activating and inactivating students on a semester-by-semester basis.*

*Third finding*

*New functionality has been added to Banner which will allow the calculation and recalculation of student budgets on a term-by-term basis. This functionality will allow the Financial Aid Office to automatically and/or manually change student's individual budgets on a semester-by-semester basis, based on various parameters (e.g. students degree type, level [undergraduate, Graduate, etc.], and enrollment [full-time, three-quarter time, etc.,]) in the student information system.*

*Implementation Date: August 2013*

*Responsible Persons: Ron Williams, Silvia Pena, and Ruben Torres*

*General Controls:*

*Password standards have been developed and approved by the Chief Information Security Officer. The deployment of those standards will begin after the 1st of the year to allow for timely notification to all customers.*

*Implementation Date: January 31, 2013*

*Responsible Person: Luis Hernandez*

*Change management process has been modified to sign off by end user on all changes to application code prior to implementation into the production database, as well as removing access to migrate application code into production by the programming group. Migration of code to production will be handled by the DBA group.*

*Implementation Date: Implemented*

*Responsible Person: Luis Hernandez*

**University of Texas Health Science Center at Houston**

Reference No. 13-165

**Activities Allowed or Unallowed**

**Allowable Costs/Cost Principles**

(Prior Audit Issue 11-172)

**Research and Development Cluster**

**Award years - See below**

**Award numbers - See below**

**Type of finding - Significant Deficiency**

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)).

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

**The University of Texas Health Science Center at Houston (Health Science Center) did not complete in a timely manner certifications of after-the-fact time and effort reports for 8 (18 percent) of 45 payroll transactions tested.** According to Health Science Center policy, certification is considered timely if it occurs within 30 calendar days after the time and effort reports are made available to department personnel for certification. Department personnel certified the 8 time and effort reports between 3 and 89 days after certification was due. The Health Science Center has a process to notify department academic and administrative leadership or department deans if certifications are not completed in a timely manner. However, because those notifications are sent after the 30-day period has expired, the process is not adequate to ensure that department personnel submit certifications in a timely manner.

A prolonged elapsed time between activity and certification of the activity can decrease the accuracy of reporting and increase the time between payroll distribution and any required adjustments to that distribution.

The following awards were affected by the issue noted above:

<u>CFDA</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>
84.305	Education Research, Development and Dissemination	R305A090212-10	March 1, 2010 to February 28, 2013
12.420	Military Medical Research and Development	W81XWH-11-1-0240	September 1, 2011 to August 31, 2012
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK035566-26	July 1, 2011 to June 30, 2012
93.855	Allergy, Immunology and Transplantation Research	5P01A1077774-01	August 1, 2011 to July 31, 2012
93.728	ARRA - Strategic Health IT Advanced Research Projects (SHARP)	90TR0004-01	April 1, 2011 to March 31, 2012
93.701	Trans-NIH Recovery Act Research Support	1RC4HD67977-01	September 1, 2011 to August 31, 2012
93.701	Trans-NIH Recovery Act Research Support	U01NS062835	September 1, 2011 to August 31, 2012
93.701	Trans-NIH Recovery Act Research Support	5R01EY0118352-02	August 1, 2010 to July 31, 2012

Recommendation:

The Health Science Center should ensure that all departments certify after-the-fact time and effort reports in a timely manner according to its policy.

Management Response and Corrective Action Plan:

*The institutional procedures established in June 2010 provide three notifications during the effort reporting certification period. The notifications remind the responsible parties of their obligation to certify. After the implementation of this procedure, the compliance with completing effort reports in a timely manner was greatly improved.*

*The procedures established in June 2010 are being enhanced to include five notifications/reminders:*

- *Initial: Effort Report now available*
- *Notification 1 at 21 days prior to due date: Effort Report still outstanding*
- *Notification 2 at 14 days prior to due date: Effort Report still outstanding*
- *Notification 3 at 7 days prior to due date: Effort Report still outstanding*
- *Notification 4 at the due date: Effort Report still outstanding, last day to comply with institutional policy and federal guidelines.*

*Implementation Date: July 2013*

*Responsible Person: Ryan Bien*

Reference No. 13-166

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award years - April 1, 2010 to March 31, 2014; March 1, 2011 to February 29, 2012; November 15, 2011 to March 31, 2012; and August 31, 2011 to September 30, 2012**

**Award numbers - CFDA 93.728, ARRA - Strategic Health IT Advanced Research Projects (SHARP), 90TR000401; CFDA 93.865, Child Health and Human Development Extramural Research, 5R01HD060617-03; CFDA 93.837, Cardiovascular Diseases Research, N01-HC-05268; and CFDA 84.371, Striving Readers, ISAS# 2743**

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

All procurement transactions shall be conducted in a manner to provide, to maximum extent practical, open and free competition. In addition, 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 (Title 2, Code of Federal Regulations, Sections 215.43 and 215.46).

Questioned Cost:	\$11,672
U.S. Department of Health and Human Services	

The University of Texas Health Science Center at Houston's (Health Science Center) *Procurement Handbook* requires it to provide a fair opportunity for all suppliers to bid or submit proposals and be awarded contracts for goods and services. It also specifies that most contract determinations are based upon best value and that sole source procurements should be used if there is only one supplier that can provide the goods or services requested. The Health Science Center's procurement procedures also require documentation of the due diligence performed to support a sole source purchase.

**For 2 (5 percent) of 43 procurements tested, the Health Science Center did not provide an adequate justification for sole source procurements.** Specifically:

- The Health Science Center selected a hotel to host an annual meeting and listed its justification for the procurement as a best value purchase; it also cited the centralized location of the hotel. However, the Health Science Center did not solicit bids from any other hotels. In addition, the Health Science Center did not

document the due diligence performed to support a sole source purchase. This resulted in questioned costs of \$5,115 associated with award 90TR000401.

- The Health Science Center awarded a contract to a local medical supply company as a sole source purchase. The contract was for name-brand pharmaceutical drugs that were available at other medical supply companies. The Health Science Center listed its justification for the procurement as a best value purchase; however, it did not solicit bids from any other medical supply companies. In addition, the Health Science Center did not document the due diligence performed to support a sole source purchase. This resulted in questioned costs of \$6,557 associated with award 5R01HD060617-03.

In addition, the Health Science Center's purchase award summary documentation requires that a minimum of two bids be obtained from certified historically underutilized businesses. **However, for 2 (50 percent) of 4 competitively bid contracts tested, the Health Science Center did not solicit bids from at least 2 historically underutilized businesses.** Those errors occurred because the Health Science Center did not follow its requirement to solicit two bids from historically underutilized businesses for those two contracts.

Recommendations:

The Health Science Center should:

- Comply with its requirements for all procurements by obtaining competitive bids, providing justification for limiting competition, or identifying an emergency basis for limiting competition.
- Strengthen controls to ensure that it performs and documents due diligence for sole source purchases and to ensure that it solicits at least two bids from historically underutilized businesses when required.

Management Response and Corrective Action Plan:

Response-Sole source procurement for a hotel: *The sole source was determined to be Best Value procurement. As the selected host for the two day event, the department reviewed other hotels in the area, but believed this particular hotel provided the most central location with ease of access and best suited their annual meeting requirements.*

Corrective Action Plan: *Management will meet with Buyers to ensure they understand and implement the required level of documentation for any Best Value determination.*

Response-Sole Source procurement for pharmaceuticals: *This sole source was determined to be a Best Value procurement as outlined in the Texas Government Code Section 2155.074 which allows for determining factors other than cost such as "the quality and reliability of the goods and services" and "indicators of probable vendor performance under the contract such as past vendor performance . . . the vendor's experience or demonstrated capability and responsibility". The department has a longstanding successful relationship (7-8 years 180 orders) of utilizing this company for drugs. Of the 180 orders, 98% of them are under \$5000.*

Corrective Action Plan: *Management will meet with Buyers to ensure they understand and implement the required level of documentation for any Best Value determination.*

Response-Obtaining a minimum of two bids from Historically Underutilized Businesses: *Management supports the use of HUBs and acknowledges the requirement when sources are available or file documentation when HUBs cannot be located on the CMBL for a particular good or service.*

Corrective Action Plan: *Management will meet with Buyers to reinforce the understanding that all informal bidding must also include solicitation of a minimum two bids from Historically Underutilized Businesses when available. If no HUBs can be located on the CMBL for a particular good or service, the file shall also include this documentation.*

Implementation Date: January 2013

Responsible Person: Richard Rawson

Reference No. 13-167

**Reporting**

**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 funds 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 Provide R&D Awards	

**The University of Texas Health Science Center at Houston (Health Science Center) does not have sufficient controls to ensure that the American Recovery and Reinvestment Act (Recovery Act) Section 1512 reports and Federal Funding Accountability and Transparency Act (FFATA) reports it submits to the federal government are complete and accurate.** The Health Science Center did not document its review of the expenditure reports it used to report Recovery Act and FFATA information. Performing and documenting that review is important to help ensure the completeness and accuracy of the reports the Health Science Center submits.

Auditors did not identify any errors in a sample of 14 Recovery Act Section 1512 reports tested or in a sample of 7 FFATA reports tested that the Health Science Center submitted during fiscal year 2012. However, the lack of a review increases the risk that information intended for the federal government and the public could be incomplete or inaccurate.

Recommendation:

The Health Science Center should establish and implement controls to help ensure that the Recovery Act and Transparency Act reports it submits are complete and accurate.

Management Response and Corrective Action Plan:

*Due to the short turnaround for ARRA reporting (ten days are allocated for reporting), UTHealth assigned this task to a senior member of the Post Award Finance team, specifically an Assistant Director. We acknowledge the concern expressed and will implement an after-the-fact report review by another PAF team member.*

*Implementation Date: January 2013*

*Responsible Person: Jodi Ogden*

**University of Texas M. D. Anderson Cancer Center**

Reference No. 13-168

**Allowable Costs/Cost Principles**

(Prior Audit Issue 11-176)

**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 funds 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 Provide R&D Awards	

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)).

During fiscal year 2012, the University of Texas M. D. Anderson Cancer Center (Cancer Center) used its general ledger accounting system as the basis for calculating indirect costs that it had incurred related to federal research and development expenditures. The Cancer Center's process was to calculate indirect costs each month by applying the federally approved indirect cost rate to the appropriate cost base. **However, at the time of the audit, the general ledger accounting system was not available for the purpose of testing the controls over the Cancer Center's indirect cost calculation process; therefore, auditors were unable to determine whether those controls were operating effectively during fiscal year 2012.** Auditors identified no compliance errors in a sample of 40 indirect cost charges tested.

Recommendation:

The Cancer Center should maintain evidence that its controls for indirect cost calculations are operating effectively.

Management Response and Corrective Action Plan:

*The Cancer Center's financial system is the basis for calculating indirect costs which have been incurred related to federal research and development expenditures. The Cancer Center will maintain evidence that the control for the indirect cost calculation are operating effectively.*

*Implementation Date: September 2012*

*Responsible Person: Claudia Delgado*

Reference No. 13-169

**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 funds 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 Provide R&D Awards	

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)).

During fiscal year 2012, the University of Texas M. D. Anderson Cancer Center (Cancer Center) used its general ledger accounting system as the basis for its drawdowns of federal funds. The Cancer Center produced a weekly report from that system to determine the amount of its expenditures for each week, and then it adjusted that amount for other factors as necessary. However, at the time of the audit, the Cancer Center's general ledger accounting system was not available for the purpose of testing the controls used to produce that weekly report; **therefore, auditors were unable to determine whether those controls were operating effectively in fiscal year 2012.** Auditors identified no compliance errors in a sample of 40 draws tested.

Recommendation:

The Cancer Center should maintain evidence of its controls over the drawdown of federal funds.

Management Response and Corrective Action Plan:

*The Cancer Center maintains evidence of its controls over the drawdown of federal funds.*

*Implementation Date: September 2012*

*Responsible Person: Claudia Delgado*

Reference No. 13-170

**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**

Period of Availability

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(b)).

Questioned Cost:	\$ 24,869
U.S. Department of Health and Human Services	

**For 15 (25 percent) of 60 transactions tested that occurred after the end of the grants' period of availability, the University of Texas M. D. Anderson Cancer Center (Cancer Center) did not obligate the transactions within the funding period.** Specifically:

- Thirteen of those errors were associated with salary or fringe benefit payments to employees for periods after the funding period for the grant had ended. As a result, the Cancer Center charged \$10,888 in unallowable payroll costs to federal awards after the end of the period of availability for those grants.
- Two of those errors were associated with hospital services that the Cancer Center provided in support of the projects after the funding period for the grants had ended. As a result, the Cancer Center charged \$2,310 in unallowable costs after the period of availability for those grants.

**In addition, the Cancer Center did not always liquidate obligations within 90 calendar days after the end of the funding period.** For 19 (36 percent) of 53 transactions tested that were not adjustments for prior expenditures, the Cancer Center liquidated its obligations more than 90 calendar days after the end of the funding period. In addition to the 15 transactions identified as errors above, the University liquidated four additional expenditures totaling \$11,671 more than 90 days after the end of the period of availability. Although those expenditures were initially obligated during the period of availability, they were not liquidated within the required time frame and, as a result, were unallowable.

The Cancer Center has a process to establish the period of availability for each award in its general ledger system. However, it has not established sufficient processes within that system to prevent expenses from posting to an award after the period of availability has ended.

Cost Transfer Review and Approval

The Cancer Center's *Cost Transfer Standard Operating Procedures* require that transfers and adjustments be reviewed and approved by staff within its Office of Sponsored Programs to ensure that all adjustments to federal funds were for obligations incurred during the funding period.

**The Cancer Center did not adequately review 7 (17 percent) of 42 adjustments and transfers of federal grant expenditures as required by its procedures.** Although the Grants and Contracts Department reviewed these adjustments and transfers, that review was not sufficient to identify whether those transactions were within each grant's period of availability. Three of those errors were associated with transactions identified above; for the remaining four errors, the Cancer Center subsequently identified and corrected its errors to remove those charges from federal grants.

A lack of automated controls in the general ledger system, as well as an inadequate review of adjustments and transfers, increases the risk that expenditures could be charged to federal awards after the end of the period of availability.

All of the issues discussed above affected the following awards:

<u>CFDA</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>	<u>Questioned Cost</u>
93.XXX	Untitled	5 N01 AR62279	October 1, 2010 to March 29, 2012	\$ 84
93.XXX	Untitled	HHSA29020010015C 03	October 6, 2010 to October 5, 2011	1,872
93.XXX	Untitled	N01-CM-62202 09	January 1, 2010 to September 30, 2011	6,428
93.XXX	Untitled	ACOSOG-Z1041	July 2, 2007 to March 31, 2012	562
93.393	Cancer Cause and Prevention Research	5 R01 CA137625 02	December 1, 2010 to November 30, 2011	2,972
93.393	Cancer Cause and Prevention Research	1 R01 CA151899 01 A1	July 5, 2011 to April 30, 2012	186

**UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER**

<b>CFDA</b>	<b>CFDA Title</b>	<b>Award Number</b>	<b>Award Year</b>	<b>Questioned Cost</b>
93.393	Cancer Cause and Prevention Research	5 R01 CA119215 05	August 5, 2010 to August 31, 2011	9,244
93.393	Cancer Cause and Prevention Research	5 R01 CA139020 02	March 18, 2010 to August 31, 2011	0
93.393	Cancer Cause and Prevention Research	5 U01 CA118444 05	August 23, 2006 to July 31, 2011	0
93.394	Cancer Detection and Diagnosis Research	5 R01 CA132032 02	March 1, 2009 to February 28, 2012	2,228
93.395	Cancer Treatment Research	5 U10 CA98543 09	March 1, 2011 to February 29, 2012	470
93.395	Cancer Treatment Research	5 U10 CA010953 42	September 1, 1978 to December 31, 2010	0
93.395	Cancer Treatment Research	5 R01 CA096652 07	July 18, 2002 to July 31, 2011	0
93.839	Blood Diseases and Resources Research	U01 HL69334	July 1, 2011 to June 30, 2012	812
93.855	Allergy, Immunology and Transplantation Research	5 U19 AI071130 05	July 1, 2010 to June 30, 2011	11
Total Questioned Costs				<u>\$24,869</u>

**Recommendations:**

The Cancer Center should:

- Strengthen controls to help ensure that it obligates funds within the period of availability for those funds and that it liquidates obligations within required time frames.
- Strengthen controls to help ensure that it adequately reviews all adjustments and transfers to federal grant expenditures.

**Management Response and Corrective Action Plan:**

*While the Cancer Center allowed these expenditures to post to our accounting system, manual controls are in place to ensure these expenses were not included in the Financial Status Reports and not requested for reimbursement from the sponsoring agency.*

*The Cancer Center will strengthen its controls to help ensure these expenditures are within the period of availability and that transfers are adequately reviewed.*

*Implementation Date: March 2013*

*Responsible Person: Claudia Delgado*

Reference No. 13-171

**Reporting**

**Research and Development Cluster**

**Award years - Multiple**

**Award numbers - Multiple**

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

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations, Chapter 170).

Questioned Cost:	\$0
Federal Agencies that Provide R&D Awards	

**The University of Texas M. D. Anderson Cancer Center (Cancer Center) did not report subawards as required by FFATA during fiscal year 2012.** The Cancer Center has not established a process to report subawards to the FFATA Subaward Reporting System (FSRS). In fiscal year 2012, the Cancer Center passed through \$12,155,143 in federal funds to non-American Recovery and Reinvestment Act subrecipients.

Not reporting required subawards to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Recommendation:

The Cancer Center should develop and implement a process to identify and report subawards that are subject to FFATA requirements.

Management Response and Corrective Action Plan:

*The Cancer Center is developing and will implement a process to identify and report subawards that are subject to FFATA requirements.*

*Implementation Date: May 2013*

*Responsible Person: Claudia Delgado*

Reference No. 13-172

**Subrecipient Monitoring**

**Research and Development Cluster**

**Award years - September 30, 2003 to September 29, 2014; September 25, 2001 to August 31, 2012; September 1, 2009 to August 31, 2013; and September 30, 1996 to May 31, 2012**

**Award numbers - CFDA 93.XXX, (CFDA is untitled), N01-CN-35159-07; CFDA 93.397, Cancer Centers Support Grants, P50 CA091846 10; CFDA 93.397, Cancer Centers Support Grants, 5 P50CA136411-03; and CFDA 93.399, Cancer Control, 5U10CA045809-23**

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

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, Code of Federal Regulations, Sections 25.105 and 25.205).

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

**For 4 (17 percent) of 24 non-American Recovery and Reinvestment Act (Recovery Act) subawards tested that were awarded after October 1, 2010, the University of Texas M. D. Anderson Cancer Center (Cancer Center)**

**did not obtain a DUNS number prior to making a subaward.** The Cancer Center uses a pre-award process to document subrecipient information, including an entity's DUNS number. However, the Cancer Center did not consistently apply that process.

Not obtaining a DUNS number could lead to improper reporting of federal funding on the Cancer Center's Federal Funding Accountability and Transparency Act (FFATA) reports.

Recommendation:

The Cancer Center should strengthen procedures to ensure that it obtains a DUNS number prior to making an award to a subrecipient.

Management Response and Corrective Action Plan:

*The Cancer Center is developing and implementing a process to strengthen procedures to ensure that we obtain a DUNS number prior to issuing an award to a subrecipient.*

*Implementation Date: May 2013*

*Responsible Person: Claudia Delgado*

Reference No. 13-173

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - September 1, 2009 to August 31, 2012 and September 1, 2010 to August 31, 2013**

**Award numbers - CFDA 93.701, Trans-NIH Recovery Act Research Support, 3R01CA138239-02-S1 and 5RC2DE020958-02 and CFDA 93.715, Recovery Act - Comparative Effectiveness Research - AHRQ, 1R18HS019354-01-A2**

**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 number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

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

**The University of Texas M. D. Anderson Cancer Center (Cancer Center) did not always notify subrecipients of required Recovery Act information at the time of award and disbursement of funds.** Specifically:

- For 1 (7 percent) of 15 Recovery Act subawards tested, the Cancer Center did not identify required Recovery Act information to the subrecipient at the time of the disbursement of funds.
- For 2 (13 percent) of 15 Recovery Act subawards tested, the Cancer Center did not send the required notification of Recovery Act information at the time it made those subawards.

The Cancer Center uses an attachment to communicate Recovery Act information in its subawards, and it notifies subrecipients of Recovery Act information at the time of disbursement through emails. However, for the errors identified above, the Cancer Center did not consistently send those communications. Inadequate identification of Recovery Act information at the time of award and disbursement by the Cancer Center may lead to improper reporting of federal funds in a subrecipient's schedule of expenditures of federal awards.

Recommendation:

The Cancer Center should consistently apply its process to notify its subrecipients of required Recovery Act information both at the time of the award and at the time of disbursement.

Management Response and Corrective Action Plan:

*The Cancer Center will review its process to ensure that we are consistently notifying our subrecipients of required Recovery Act information both at the time of the award and at the time of disbursement.*

*Implementation Date: February 2013*

*Responsible Person: Claudia Delgado*

**University of Texas Medical Branch at Galveston**

Reference No. 13-174

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award years - September 13, 2010 to December 30, 2012 and September 4, 2003 to February 28, 2014**

**Award numbers - CFDA 93.855, Allergy, Immunology and Transplantation Research, 2R44AI055225-03 and 5U54AI057156-09**

**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).

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

**One (2 percent) of 65 direct cost transactions tested at the University of Texas Medical Branch at Galveston (Medical Branch) was unallowable.** The Medical Branch reimbursed \$11 in gratuity charges as part of a travel reimbursement. The gratuity charge was misidentified as a food expense during the travel reimbursement process. After auditors identified this issue, the Medical Branch removed the cost of the gratuity from the federal account and reduced a subsequent federal reimbursement request by the amount of the gratuity.

Indirect Costs

The negotiated rates for facilities and administration costs in effect at the time of the initial award shall be used throughout the life (each competitive segment of a project) of the sponsored agreement. If negotiated rate agreements do not extend through the life of the sponsored agreement at the time of the initial award, then the negotiated rate for the last year of the sponsored agreement shall be extended through the end of the life of the sponsored agreement (Title 2, CFR, Part 220, Appendix A, Part G, Section 7(a)).

**The Medical Branch charged an incorrect indirect cost rate for 2 (3 percent) of 60 indirect cost charges tested.** That occurred because the Medical Branch entered an incorrect indirect cost rate into its financial system. As a result, the Medical Branch overcharged the federal award by \$1,854 during fiscal year 2012. After auditors identified this issue, the Medical Branch transferred the charges to an institutional account and reduced a subsequent federal reimbursement request by that amount.

Internal Service Charges

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, CFR, 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 Circular A-133 Compliance Supplement, Part 3, Section B).

**The Medical Branch did not always ensure that the costs of the services its service centers provided were designed to recover only the aggregate costs of the services.** For 2 (10 percent) of 20 service centers tested, working capital reserves exceeded 60 days of cash expenses. During fiscal year 2012, those two service centers had 767 and 839 days worth of cash expenses in working capital reserves. The Medical Branch could not provide evidence of a consistent process for reviewing and adjusting service centers' rates or reviewing service centers'

working capital reserves. Maintaining excessive working capital reserves increases the risk that federal awards are not charged an equitable rate and that service centers recover more than the aggregate costs of the services.

Recommendations:

The Medical Branch should:

- Establish and implement procedures to ensure that it does not charge unallowable costs to federal awards.
- Establish and implement a process to ensure that it uses the correct rate to calculate indirect costs.
- Establish and implement policies and procedures to ensure that it reviews service center rates at least every two years and that service centers' working capital reserves do not exceed 60 days of cash expenses.

Management Response and Corrective Action Plan:

*Management agrees with the auditor's recommendation and will take steps to review and update our institutional travel procedures to ensure that unallowable costs are not charged to federal awards.*

*Implementation Date: August 2013*

*Responsible Person: Ken Hall*

*Management agrees with the auditor's recommendation and will take steps to establish and implement a process to ensure that the correct rate is used to calculate indirect costs. Research Operations and Grants and Contracts Accounting will each establish a process for review and correction, if necessary, of the indirect cost rate at the time of notification of the new award by the Pre-Award office.*

*Implementation Date: May 2013*

*Responsible Persons: Laura Rosales and Glenita Segura*

*Management agrees with the auditor's recommendation and will take steps to establish and implement policies and procedures to ensure a review of service center rates occur at least every two years and that service centers' working capital reserves do not exceed 60 days of cash expenses. A service center monitoring matrix has been developed for service centers. A monitoring plan will be developed. The Grants and Contracts Accounting, General Accounting and Budget and Analysis offices will monitor each service center on a bi-annual basis. The Budget and Analysis office will complete the Annual Service Center Compliance Report on an annual basis for the service centers reviewed in that fiscal year.*

*Implementation Date: August 2013*

*Responsible Persons: Glenita Segura, Craig Ott, and Britt Madden*

Reference No. 13-175

**Equipment and Real Property Management**

**Research and Development Cluster**

**Award years - Unknown**

**Award numbers - Unknown**

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

A recipient’s property management standards for equipment acquired with federal funds and federally-owned equipment shall 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:	\$0
Federal Agencies that Provide R&D Awards	

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 causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and 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 always maintain adequate property records or adequately safeguard its equipment.** For 2 (3 percent) of 60 equipment items tested, the Medical Branch’s property records did not contain information on the ultimate disposition of the items. Specifically:

- For one item, the property records indicated that the item was in service; however, the Medical Branch had sold that item. The Medical Branch provided disposal documentation for that item after auditors identified this issue.
- For one item, the property records indicated that the item was in service, but the Medical Branch asserted that it had sold that item. However, the Medical Branch could not provide documentation showing that the item had been sold or the location of the item, and the item is now considered missing. There were no questioned costs associated with that item because the federal award the Medical Branch used to purchase that item was complete; as a result, the Medical Branch had ownership of that item.

At the time the Medical Branch disposed of those items, its process for the disposal of auctioned assets was to remove the asset tag from the item and send it to asset management accounting for entry into the asset management system. However, that process was not always effective in ensuring that the Medical Branch adequately documented the disposal of equipment in its property records.

Without properly maintaining property records with ultimate disposition data, the Medical Branch cannot ensure that it adequately safeguards equipment, which increases the risk that assets may be unidentified, lost, or stolen.

Recommendations:

The Medical Branch 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 loss, damage, or theft of equipment.

Management Response and Corrective Action Plan:

UTMB concurs with the recommendation. The two (2) items in question were disposed of during FY 2010. During that time, communication of items disposed of via auction involved the physical transfer of property tags removed by Surplus Warehouse personnel to the Asset Management (AM) accounting group. The manual nature of this process provided opportunity for auctioned assets to remain on UTMB's property records post auction.

Since then, the process has been modified and controls strengthened. Currently, the Surplus Warehouse scans all asset tags that are disposed of and an electronic file is created and sent to Asset Management. The file is not only used to effectively communicate auctioned assets, but also to appropriately and timely remove the assets from the property records. Tags being misplaced in transit from the Surplus Warehouse are no longer an issue and Asset Management no longer relies upon physical inventory tags to initiate manual asset processing.

Implementation Date: These process enhancements are already in place and have been implemented.

Responsible Person: Craig Ott

Reference No. 13-176

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - August 1, 2010 to July 31, 2012; August 1, 2009 to July 31, 2012; and July 1, 2011 to June 30, 2013**

**Award numbers - CFDA 93.701, Trans-NIH Recovery Act Research Support, 7U01AI082197-02, 5U01AI082202-02, 5U01AI082103-02, and 5U01AI082960-02**

**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 schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

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

**The University of Texas Medical Branch at Galveston (Medical Branch) did not send all of the required notifications at the time of disbursement of funds to all six of its Recovery Act subrecipients that received disbursements during fiscal year 2012.** The Medical Branch sent letters to its subrecipients with each disbursement that included the amount of Recovery Act funds disbursed; however, the letters did not include all of the required Recovery Act information, including the federal award number and the CFDA number. Inadequate identification of Recovery Act awards and disbursements by the Medical Branch may lead to improper reporting of federal funds in subrecipients' schedules of expenditures of federal awards.

Recommendation:

The Medical Branch should establish and implement procedures to ensure that it includes all required Recovery Act information in its notifications when it disburses Recovery Act funds to subrecipients.

Management Response and Corrective Action Plan:

Management agrees with the auditor's recommendation and has taken the necessary steps to establish and implement procedures to ensure that all required Recovery Act information is included in the notifications when disbursements of Recovery Act funds to subrecipients are made. A new ARRA subaward payment notification form template with all required information has been created and implemented.

Implementation Date: November 2012

Responsible Person: Glenita Segura

Reference No. 13-177

**Period of Availability of Federal Funds**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**Award year - September 13, 2008**

**Award number - FEMA-1791-DR**

**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 pre-award costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations (CFR), 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, CFR, Section 215.71(b)).

Questioned Cost:	\$16,396
U.S. Department of Homeland Security	

The Federal Emergency Management Agency (FEMA) enters into an agreement with the State of Texas (State) for each federally declared disaster. That agreement outlines requirements and responsibilities related to the funds provided by the federal government for the disaster. As specified in the FEMA-State Agreement for Hurricane Ike, each approved project must be completed within the time period described in FEMA regulations and documents. Additionally, the State Administrative Plan for Hurricane Ike establishes project time limitations of 6 months for work classified as emergency work and 18 months for work classified as permanent work. Time limitations can be extended in 6-month increments by request to the Texas Division of Emergency Management or FEMA.

**The University of Texas Medical Branch at Galveston (Medical Branch) charged costs to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program outside of the performance period established in the project worksheets for the applicable projects.** Specifically, for 36 (60 percent) of 60 transactions tested that were recorded after the end of the performance period listed in the Medical Branch's tracking system, the Medical Branch incurred the associated expense after the end of the performance period established in the approved project worksheet. Specifically:

- For three of those transactions, the Medical Branch requested a project extension after the performance period had expired for the applicable projects. However, at the time it incurred the expenses associated with those transactions, the Medical Branch had not received a letter approving an extension. The Medical Branch subsequently provided evidence that it had received an extension, but it could not provide evidence of when that extension was approved. Because the evidence of an extension covered the dates of those transactions, there were no questioned costs associated with those transactions.
- For the remaining 33 transactions, the Medical Branch was unable to provide evidence that it had received a project extension. As a result, those transactions were unallowable because the associated expenses were incurred outside of the performance period. This resulted in \$16,396 in questioned costs associated with award FEMA-1791-DR.

In addition, for 28 of the transactions that the Medical Branch incurred after the performance period, it also liquidated those obligations more than 90 days after the end of the period.

The Medical Branch's process is to request project extensions every six months; however, it did not consistently request extensions for the projects discussed above. Additionally, the Medical Branch has not developed controls to prevent it from charging costs to its federal account for Hurricane Ike after it has reached the end of the period of performance for each project.

Recommendations:

The Medical Branch should:

- Request all necessary extensions within a sufficient amount of time to ensure compliance with funding period requirements.
- Establish controls to prevent it from charging expenses incurred outside of the performance period of project worksheets to the related federal award.

Management Response and Corrective Action Plan:

*UTMB Management agrees with the auditor's recommendation and will work with our third party contractors to ensure that all necessary requests for time extensions are submitted within sufficient time to ensure compliance. UTMB will also improve controls to prevent the charging of expenses incurred outside the period of performance of each project worksheet.*

*Implementation Date: March 31, 2013*

*Responsible Person: John B. States*

**University of Texas at San Antonio**

Reference No. 13-178

**Activities Allowed or Unallowed  
Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award year - July 1, 2011 to December 31, 2011**

**Award number - CFDA 47.041, Engineering Grants, IIP-1110189**

**Type of finding - Significant Deficiency**

Allowable costs must be reasonable, allocable to sponsored agreements, and treated consistently. 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 at the institution, in proportions that can be approximated through reasonable methods (Title 2, Code of Federal Regulations, Section 220, Appendix A, (C)(2-4(a))). 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, Appendix A, (C)(4)(b)).

Questioned Cost:	\$0
National Science Foundation	

**The University of Texas at San Antonio (University) charged non-federal expenditures to a federal grant account but subsequently corrected that error.** Specifically, for 2 (3 percent) of 60 transfers tested, the University charged non-federal expenditures totaling \$863 to a federal grant account while waiting for an institutional account to be established for fiscal year 2012. The University transferred the non-federal charges from the federal grant account to the institutional account after the institutional account was established. The two expenditures were part of a larger transaction that included 13 additional non-federal expenditures totaling \$6,898 that were originally charged to the federal grant account while waiting for the institutional account to be established. The University did not charge indirect costs on the 15 expenditures and did not request reimbursement for those 15 expenditures. Those errors occurred because the University incorrectly approved those expenditures when they were not associated with a federal grant.

Without the proper levels of review and approval, there is a risk that inappropriate and unallowable expenditures could be charged to federal grants.

Recommendation:

The University should ensure that it does not charge institutional expenditures or non-federal expenditures to federal grants.

Management Response and Corrective Action Plan:

*We acknowledge this finding and recognize it as a rare instance and isolated case. The previous Office of Post Award Administration (OPAA) became aware of this issue at the time of processing a cost transfer correction. Proper levels of review and approval have been in place for monitoring expenditures.*

*The transactions identified in this finding were related to purchase orders initiated and approved by the Principal Investigator (PI) and department prior to review and approval by OPAA. The purchase orders related to the expenditures identified as findings included typical research related items. The payment of purchase order related expenditures is handled by processing payment of an invoice by the Disbursements and Travel Services Office. Within a reasonable time frame and per our institutional cost transfer policy, the department requested a correction justifying these expenditures as needing to be removed from the federal grant to an institutional start-up account.*

*Effective September 1, 2012, the University restructured its Vice President for Research division to include six (6) Research Service Centers (RSC) under the Office of Sponsored Project Administration (OSPA). Each RSC contains specialized staff to facilitate proposal submissions and grant administration. This restructuring has allowed for the RSC staff to work more closely with the departments and principal investigators. As part of the restructuring,*

*business processes for postaward activities were reviewed and updated. There has been more emphasis on training and improved communications with principal investigators and departments concerning A-21 Cost Principles to ensure institutional expenditures or non-federal expenditures are not charged to federal grants.*

*Implementation Date: January 2013 and ongoing*

*Responsible Person: James J. Casey Jr., J. D.*

Reference No. 13-179

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award years - August 1, 2009 to July 31, 2013; August 15, 2009 to September 30, 2013; and August 1, 2009 to January 31, 2012**

**Award numbers - CFDA 47.082, Trans-NSF Recovery Act Research Support, CNS-0855247 and HRD 0932339 and CFDA 16.808, Recovery Act - Edward Byrne Memorial Competitive Grant Program, 2009-SC-B9-0101**

**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 schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Questioned Cost:	\$0
National Science Foundation U.S. Department of Justice	

**The University of Texas at San Antonio (University) did not send the required notifications at the time of disbursement of funds to all four Recovery Act subrecipients to which it made disbursements during fiscal year 2012.** The University did not have a process to ensure that it sent those notifications when it disbursed funds. Without receiving notifications at the proper time, subrecipients could report inaccurate Recovery Act expenditures.

Recommendation:

The University should establish and implement procedures to help ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.

Management Response and Corrective Action Plan:

*Effective September 1, 2012, the University restructured its Vice President for Research division to include six (6) Research Service Centers (RSC) under the Office of Sponsored Project Administration (OSPA). The centralized OSPA has established and implemented new procedures for the RSCs to include the required notifications on voucher payments processed for disbursement of funds to subrecipients funded by ARRA. The RSCs enter and/or review and approve voucher payments prior to final approval by the Disbursements and Travel Services Office. OSPA will monitor compliance of the procedure.*

*Implementation Date: October 2012*

*Responsible Person: James J. Casey Jr., J. D.*

**Water Development Board**

Reference No. 13-180

**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 August 31, 2014; June 6, 2011 to August 31, 2015; and October 1, 2008 to August 31, 2014**

**Award numbers - CS-48000210, CS-48000211, and 2W-96692401**

**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 20, 2006 to September 15, 2013; January 1, 2008 to December 31, 2014; September 1, 2009 to August 31, 2014; September 1, 2010 to August 31, 2015; September 1, 2011 to August 31, 2016; and February 1, 2009 to August 31, 2014**

**Award numbers - FS-99679510, FS-99679511, FS-99679513, FS-99679514, FS-99679515, and 2F-96692301**

**Type of finding - Significant Deficiency**

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 (OMB Circular A-133, Subpart C, Section 300(b)).

Questioned Cost:	\$0
U.S. Environmental Protection Agency	

The Water Development Board (Board) has not implemented adequate logical access controls for its automated timekeeping system, the electronic Time Sheet Solution (eTSS). This increases the risk of unauthorized system access and could result in the compromise of data.

Recommendation:

The Board should strengthen logical access controls for eTSS.

Management Response and Corrective Action Plan:

*Management will enable password controls consistent with agency policy.*

*Implementation Date: March 31, 2013*

*Responsible Person: Rebecca Trevino*

Reference No. 13-181

**Reporting**

**CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds**

**Award year - June 6, 2011 to August 31, 2015**

**Award number - CS-48000211**

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

Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or

Questioned Cost:	\$0
U.S. Environmental Protection Agency	

## WATER DEVELOPMENT BOARD

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cooperative agreement award and that is awarded to an eligible subrecipient (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 Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number.

**For 1 (14 percent) of 7 subaward projects tested for which the Water Development Board (Board) was required to submit FFATA reports, the Board did not accurately report the subaward number.** That occurred because of a data input error that occurred when the Board entered the information into the FFATA Subaward Reporting System (FSRS).

The Board did not have a control, such as a review prior to submission, to ensure that all information it reported in FSRS was accurate.

Additionally, the Board performs a reconciliation to ensure that all subawards that require reports are identified; however, it did not perform that reconciliation on a monthly basis, as required by its procedures. Performing those reconciliations on a monthly basis could help to ensure compliance with the requirement to report subaward information through FSRS by the end of the month following the month in which the subaward was signed. Although auditors did not identify compliance issues regarding the timeliness of reports during testing, not reconciling subaward information increases the risk that the Board may not submit all required reports in a timely manner.

Reporting inaccurate information to FSRS decreases the reliability of information provided to the awarding agency and other intended users of that information.

### Recommendations:

The Board should:

- Review reports prior to submission to ensure that reports are accurate.
- Perform its subaward reconciliation each month to help ensure that it submits all required reports in a timely manner.

### Management Response and Corrective Action Plan:

*To ensure proper controls are exercised for accurate, complete and timely reporting, two staff members are now required to perform the monthly exercise as a team activity. The first staff person will ensure that all data elements are correct before submitting the report. The second staff person (team lead position) will review the printed reports, on a monthly basis, to ensure that the data was correctly entered. If an inaccuracy is detected upon reconciliation, it will be corrected during the required submission period for the subaward thereby ensuring that subawards are entered accurately and in a timely fashion. All submissions are saved to our electronic files, as well as printed for review.*

*Implementation Date: January 2013*

*Responsible Person: Mary Fear*

## WATER DEVELOPMENT BOARD

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Reference No. 13-182

### **Procurement and Suspension and Debarment**

#### **Subrecipient Monitoring**

(Prior Audit Issue 12-191)

**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 20, 2006 to September 15, 2013; January 1, 2008 to December 31, 2014; September 1, 2009 to August 31, 2014; September 1, 2010 to August 31, 2015; September 1, 2011 to August 31, 2016; and February 1, 2009 to August 31, 2014**

**Award numbers - FS-99679510, FS-96679511, FS-99679513, FS-99679514, FS-99679515, and 2F-96692301**

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

#### 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 (CFR), Section 180.300). Covered transactions include procurement contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed \$25,000 (Title 2, CFR, Section 180.220) and all nonprocurement transactions (i.e., subawards to subrecipients) irrespective of award amount (Title 2, CFR, Section 180.210).

Questioned Cost:	\$0
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U.S. Environmental Protection Agency
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**For 1 (8 percent) of 13 subrecipients tested, the Water Development Board (Board) could not provide evidence that the subrecipient had certified that it was not suspended or debarred.** The Board asserted that, although it received the certification form from the subrecipient, it did not retain the form due to a manual error. Auditors determined that the subrecipient was not currently suspended or debarred by checking the EPLS.

When the Board does not maintain evidence of its verification that subrecipients are not suspended or debarred, this increases the risk that it could enter into an agreement with a subrecipient that is not eligible to receive federal funding.

#### Award Identification

As a pass-through entity, the Board is required by Office of Management and Budget (OMB) Circular A-133, Subpart D, 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 was unable to provide evidence that it communicated the CFDA number and other required information to 1 (8 percent) of 13 subrecipients tested.** Although the Board sent an award letter to the subrecipient at the time of commitment, that letter did not contain the CFDA title and number or the award name and number. The Board asserted it changed the award letter template in fiscal year 2011 to include the CFDA title and number and the award name and number and that it sent an award letter to that subrecipient prior to making those changes. Auditors did not identify similar errors for awards tested after the beginning of fiscal year 2011.

Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards.

#### During-the-award Monitoring

As a pass-through entity, the Board is required by OMB Circular A-133, Subpart D, Section 400(d), to monitor the activities of subrecipients to ensure that federal awards are used in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

## WATER DEVELOPMENT BOARD

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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 (OMB Circular A-133, Subpart C, Section 300(b)).

The Board conducts monthly onsite inspections of subrecipients to monitor compliance with requirements related to projects in the construction phase. Based on the Board's policy, individuals in its Inspection and Field Support Division conduct those inspections, and a team lead in that division reviews the inspection reports.

**For 3 (23 percent) of 13 subrecipients tested, the Board was unable to provide evidence that a team lead reviewed inspection reports.** The Board asserted that, due to limitations in its Inspection and Field Support Services database, the Board did not consistently require review of inspection reports when the inspection was conducted by a field office manager or team lead. Although this lack of review increases the risk that the Board may not detect subrecipient non-compliance with federal requirements, auditors identified no compliance issues regarding the Board's inspection activities for the subrecipients tested.

### Recommendations

The Board should:

- Maintain evidence that the subrecipients certified they were not suspended or debarred.
- Communicate required award information, including the CFDA title and number and the award name and number, to all subrecipients and maintain evidence of that communication.
- Consistently perform and document reviews of inspection reports.

### Management Response and Corrective Action Plan:

*Recommendation: The Board should maintain evidence that the subrecipients certified they were not suspended or debarred.*

*TWDB agrees that one subrecipient tested could not provide evidence of certification that they were not suspended or debarred, in compliance with current procedures. Since the time of this project, staff has standardized the preparation of approval memos associated with this test, and has automated the associated checklists in TxWise. In addition, staff is now scanning the certification documents into TxWise, which provides a back-up to the file room. Management feels that the automation of the process, including the scanning of documents into TxWise, which has been implemented, will address the issue going forward. However, management will evaluate the scanning procedure to ensure that it is reliable.*

*Implementation Date: April 2013*

*Responsible Person: Mark Hall*

*Recommendation: The Board should communicate required award information, including the CFDA title and number and the award name and number, to all subrecipients and maintain evidence of that communication.*

*Management enhanced its procedures in March 2011 by implementing an Award Letter Policy for entities subject to Single Audit, and a letter template which includes all the required elements for use by staff. Commitments executed prior to that date may show noncompliance.*

*Implementation Date: March 2011*

*Responsible Party: Carleton Wilkes*

*Recommendation: The Board should consistently perform and document reviews of inspection reports.*

## WATER DEVELOPMENT BOARD

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*This issue was first identified in a prior SAO audit of the Water Infrastructure Fund. In response to that audit, management enhanced its procedures to include secondary review and approval of all inspection reports, including manager generated reports, effective September 2012. The reviews will be documented within the IFSS database.*

*Implementation Date: September 2012*

*Responsible Person: Jeff Dunsworth*

Reference No. 13-183

### **Reporting**

#### **CFDA 97.110 - Severe Repetitive Loss Program**

**Award years - September 12, 2011 to February 28, 2015 and June 25, 2012 to June 24, 2015**

**Award numbers - EMT-2011-SR-0002 and EMT-2012-SR-0001**

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

#### Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations, Chapter 170).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

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 Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number.

**The Water Development Board (Board) did not always submit reports to the FFATA Subaward Reporting System (FSRS) in a complete and timely manner as required.** Specifically:

- For 1 (14 percent) of 7 subaward projects tested for which the Board was required to submit reports, the Board did not submit the required report to FSRS. Although the Board correctly identified that a FFATA report was required for that project, it did not have a control to ensure that it submitted the required report.
- For all 6 subaward projects tested for which the Board did submit FFATA reports to FSRS, the Board did not submit the reports within the required time frame. Specifically, the Board submitted those reports between 8 and 99 days late. Those errors occurred because the Board did not have a control to ensure that it submitted reports within the required time frame.

In addition, while auditors identified no compliance issues regarding the accuracy of required reports during testing, the Board did not have a formal, documented control to ensure that all information it reported in FSRS was accurate.

Not submitting all required reports to FSRS in a complete and timely manner decreases the reliability and availability of information provided to the awarding agency and other users of that information.

#### Recommendations:

The Board should:

- Submit all required FFATA reports.
- Implement controls to help ensure that it submits FFATA reports within required time frames.

## WATER DEVELOPMENT BOARD

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- Implement controls to help ensure that it reports accurate and complete information in FFATA reports.

### Management Response and Corrective Action Plan:

*Formalized and documented procedures are in place for FFATA reporting for Severe Repetitive Loss contracts. The procedures are maintained and performed by staff in Contract Administration. To ensure proper controls are in place for accurate, complete and timely reporting, two staff members are now required to perform the monthly exercise as a team activity. Printed logs of reporting activities and any issues are now also maintained and kept by the manager of Contract Administration for verification and audit purposes.*

*While the TWDB agrees that reporting was delayed as described above, it should be noted that the delays were beyond the control of TWDB staff. TWDB staff was unable to report within required time frames as specified because the Federal awarding agency, FEMA, was delayed in entering the prime award information. Without FEMA's prime award entry, agencies cannot report subrecipient information. This consequently affected our timeliness.*

*In the other instance where the TWDB did not submit the required report to FSRS, there was a conflict between the subaward entity and the subrecipient identified by the DUNS. TWDB staff sought clarification from the subaward entity and the Federal Service Desk as to whether or not reporting would be acceptable under the questioned DUNS. A response was received in October 2012, six months after the original inquiries were made, and reporting has been completed.*

*TWDB has submitted all subawards where prime awards have been entered into the FFATA Subaward Reporting System by our federal partners. The timeliness of our federal partners entering their awards continues to be our greatest challenge. As mentioned previously, Board staff is keeping printed logs of all activities related to federal award reporting as part of our standard procedure to support our good faith efforts, consistent with instructions from the Federal Service Desk.*

*Implementation Date: December 2012*

*Responsible Persons: David Carter*

Reference No. 13-184

### **Subrecipient Monitoring**

#### **CFDA 97.110 - Severe Repetitive Loss Program**

**Award years - September 11, 2008 to September 10, 2013; September 8, 2009 to May 13, 2013; and September 12, 2011 to February 28, 2015**

**Award numbers - EMT-2008-SR-0001, EMT-2009-SR-0002, and EMT-2011-SR-0002**

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

### Subrecipient Audits

According to Office of Management and Budget (OMB) Circular A-133, the Water Development Board (Board) 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 Board within nine months of the subrecipient's fiscal year end (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, Section 225).

Questioned Cost:	\$0
U.S. Department of Homeland Security	

**The Board did not effectively monitor or enforce subrecipient compliance with the requirement to obtain Single Audits.** Prior to August 2012, the Board did not have a process to determine whether subrecipients for the Severe Repetitive Loss Program were subject to Single Audit requirements; therefore, it did not review those subrecipients' Single Audit reports. After auditors inquired about the Board's process for reviewing those

subrecipients' Single Audits reports, the Board began monitoring those subrecipients' compliance with the requirement to obtain a Single Audit.

For 5 (63 percent) of 8 subrecipients tested, the Board completed its review of the subrecipients' Single Audit reports between August 28, 2012, and August 29, 2012. For all five of those subrecipients, the Single Audit reports (or the subrecipients' certification that no audit was required) were provided to the Board more than nine months after the end of the subrecipients' fiscal years. The Board had previously reviewed the Single Audit reports for the remaining three subrecipients tested because those subrecipients received federal funds for other programs the Board administers.

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.

During-the-award Monitoring

OMB Circular A-133, Subpart D, Section 400(d), requires the Board to monitor the activities of subrecipients 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. Pass-through entities must ensure that subrecipients conform substantially to the same standards of timing and amount that apply to cash advances by federal agencies (Title 44, Code of Federal Regulations (CFR), Section 13.37 (a)(4)). Additionally, grantees and subgrantees must promptly, but at least quarterly, remit interest earned on advances to the federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses (Title 44, CFR, Section 13.21(i)).

**For all three subrecipients tested that received advances of federal funds, the Board did not monitor the interest the subrecipients earned.** The Board has not established a process to monitor subrecipients that may be required to return interest or to ensure that subrecipients remit interest in a timely manner. As a result, the Board drew funds on an advance basis for subrecipients, but it did not determine whether interest associated with those advances was due.

When the Board does not monitor interest earned on advances of federal funds to subrecipients, that increases the risk that subrecipients may not remit interest as required.

Recommendations:

The Board should:

- Monitor and enforce subrecipient compliance with the requirement to obtain Single Audits, and promptly review all Single Audit reports that subrecipients submit.
- Monitor the interest that subrecipients earn on advances of federal funds.

Management Response and Corrective Action Plan:

*Recommendation: The Board should monitor and enforce subrecipient compliance with the requirement to obtain Single Audits, and promptly review all Single Audit reports that subrecipients submit.*

*Management has implemented procedures to monitor and enforce subrecipient compliance with the requirement to obtain Single Audits.*

*Implementation Date: January 2013*

*Responsible Party: Carleton Wilkes*

*Recommendation: The Board should monitor the interest that subrecipients earn on advances of federal funds.*

*The subrecipient enters into a contract with TWDB. The contract requires the subrecipient to notify TWDB if interest is earned on advanced funds. Of the three subrecipients tested, only one has ever earned interest on advanced grant funds. In this case, the subrecipient promptly notified TWDB, as per the conditions of the contract*

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*between the two parties that interest had been earned during the previous month. TWDB coordinated with FEMA and the subrecipient to ensure that interest earned was returned to FEMA within the month.*

*To mitigate any future concerns, TWDB has revised the “TWDB Quarterly Financial Report” which is signed and submitted by the subrecipient on a quarterly basis. The submission of this report is a current condition within the contract. The report now includes a section concerning advances of grant funds and interest earned. The subrecipient will indicate (and provide documentation, if required) whether interest was earned on advances and whether interest earned was handled pursuant to 44 CFR Section 13.*

*Implementation Date:      January 2013*

*Responsible Party:        Gilbert Ward*

**Summary Schedule of Prior Audit Findings**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2012

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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 2011 Schedule of Findings and Questioned Costs
- Each finding in the 2011 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, 2012 has been prepared to address these responsibilities.

**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.

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

Initial Year Written: 2010  
 Status: Implemented  
  
 U.S. Department of Health and Human Services  
 U.S. Department of Agriculture

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.

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.

Corrective Action:

Corrective action was taken.

**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).

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Health and  
Human Services  
U.S. Department of Agriculture

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).

**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 "placeholder" 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.

	<u>SNAP</u>	<u>TANF</u>	<u>Medicaid</u>
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:

**HEALTH AND HUMAN SERVICES COMMISSION**

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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:

	<u>SNAP</u>	<u>TANF</u>	<u>Medicaid</u>
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.

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.

**HEALTH AND HUMAN SERVICES COMMISSION**

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- 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:

	<u>SNAP</u>	<u>TANF</u>	<u>Medicaid</u>
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

**Corrective Action:**

This finding was reissued as current year reference number: 13-02 and 13-03.

## HEALTH AND HUMAN SERVICES COMMISSION

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)).

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 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.

#### Corrective Action:

This finding was reissued as current year reference number: 13-04.

## HEALTH AND HUMAN SERVICES COMMISSION

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).

Initial Year Written:	2006
Status:	Partially Implemented
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.

**HEALTH AND HUMAN SERVICES COMMISSION**

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- *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.

Corrective Action:

This finding was reissued as current year reference number: 13-06.

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, 2010**

**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.

Initial Year Written:	2009
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

**HEALTH AND HUMAN SERVICES COMMISSION**

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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.

Initial Year Written:	2007
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-10.

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)).

Initial Year Written:	2006
Status:	No Longer Valid
U.S. Department of Agriculture	

## HEALTH AND HUMAN SERVICES COMMISSION

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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.

### Corrective Action:

EBT card security is enforced by HHSC through IT segregation of duties. See current year finding regarding IT segregation of duties at: 13-11.

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.

Initial Year Written: 2008  
Status: Implemented  
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.

Corrective Action:

Corrective action was taken.

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

Initial Year Written: 2008  
Status: Implemented  
U.S. Department of Health and Human Services

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.

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 pending 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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2006
Status:	Partially Implemented
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).

## HEALTH AND HUMAN SERVICES COMMISSION

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.
- 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.

### Corrective Action:

This finding was reissued as current year reference number: 13-12.

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:

Initial Year Written:	2011
Status:	Implemented

U.S. Department of Health and Human Services	
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- 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.

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- 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.

### Corrective Action:

Corrective action was taken.

**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).

Initial Year Written: 2011  
Status: Partially Implemented

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.

Corrective Action:

This finding was reissued as current year reference number: 13-13

**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."

Initial Year Written:	2010
Status:	Partially Implemented
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 2011:

*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*

## HEALTH AND HUMAN SERVICES COMMISSION

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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.*

### Management Response and Corrective Action Plan 2012:

*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 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 continue to seek formal approval from ACF for the allocation methodology used to support disaster funding for foster children impacted by the storms.*

*Implementation Date: August 2013*

*Responsible Persons: Kay Ghahremani, David Kinsey, 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.

Initial Year Written:	2007
Status:	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 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.

Corrective Action:

Corrective action was taken.

**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.

Initial Year Written: 2011  
Status: Implemented

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.

Corrective Action:

Corrective action was taken.

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 WorlTrac and Portfolio maintenance and operations to multiple third-party providers. Portfolio's primary function is applicant eligibility while WorlTrac is the primary source of the financial transactions. During the performance of general controls and application level test work for the WorlTrac and Portfolio applications, one application developer had access to migrate WorlTrac 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 WorlTrac application and the database production servers.

Initial Year Written:	2009
Status:	No Longer Valid
U.S Department of Housing and Urban Development	

Corrective Action:

WorlTrac and Portfolio applications are no longer used by TDHCA as the contract with the third-party provider has concluded.

**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.

Initial Year Written: 2009  
Status: Implemented

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.

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.

*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.*

## HUMAN SERVICES, DEPARTMENT OF

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### 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.

### Management Response and Corrective Action Plan 2012:

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 5, 2012, a total of \$469,032 in principal has been collected. The reduced amount is a result of a refund returned back to the state in the amount of \$147,896.

Implementation Date: On-going

Responsible Person: Gina Marie Muniz

**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.

Initial Year Written:	2009
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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).

Initial Year Written:	2010
Status:	No Longer Valid
U.S. Department of Health and Human Services	

**OFFICE OF THE ATTORNEY GENERAL**

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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.

*Corrective Action:*

No longer valid as the Special Tests and Provisions - Provision of Child Support Services for Interstate Cases has been removed from the Compliance Supplement.

## 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.

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: 13-16.

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.

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Implemented

U.S. Department of Agriculture

Corrective Action:

Corrective action was taken.

**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.

Initial Year Written:	2011
Status:	Implemented
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).

**Corrective Action:**

Corrective action was taken.

**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).

Initial Year Written: 2011  
Status: Implemented

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.

Corrective Action:

Corrective action was taken.

**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.

Initial Year Written:	2009
Status:	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 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.

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.

Corrective Action

Corrective action was taken.

**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.

Initial Year Written:	2009
Status:	Partially Implemented
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.

*Corrective Action:*

This finding was reissued as current year reference number: 13-20.

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**

**TEXAS EDUCATION AGENCY**

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**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

**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.

Initial Year Written:	2007
Status: 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’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

**TEXAS EDUCATION AGENCY**

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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 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

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<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
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>\$5,850,162,215</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.

Corrective Action:

Corrective action was taken.

<b>Texas Higher Education Coordinating Board</b>
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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.

Initial Year Written: 2009
Status: Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-21.

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:

Initial Year Written:	2010
Status:	Partially Implemented
U.S Department of Education	

- 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.

Corrective Action:

This finding was reissued as current year reference number: 13-22.

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.

Initial Year Written:	2010
Status:	No Longer Valid
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.

Corrective Action:

No longer valid as THECB has spent all of their State Fiscal Stabilization Fund Cluster – ARRA grant funds.

**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:

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Labor	
U. S. Department of Health and Human Services	

## TEXAS WORKFORCE COMMISSION

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- 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.

Corrective Action:

This finding was reissued as current year reference number: 13-23.

## Summary Schedule of Prior Year Audit Findings – Other Auditors

**F**ederal 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 2011 Schedule of Findings and Questioned Costs
- Each finding in the 2011 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, 2012 has been prepared to address these responsibilities.

<b>Adjutant General's Department</b>
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Reference No. 12-101

**Cash Management**

(Prior Audit Issue 10-01)

**CFDA 12.401 - National Guard Military Operations and Maintenance Projects**

**Award year - 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).

Initial Year Written: 2009 Status: Partially Implemented
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U.S. Department of Defense
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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 2011:

*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.*

## ADJUTANT GENERAL'S DEPARTMENT

### Management Response and Corrective Action Plan 2012:

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 has coordinated with the United States Property & Fiscal Officer (USPFO) to develop a written policy and procedure to address the reporting and disbursement of program income. The procedures are effective for Federal Fiscal Year 2013.

The intent is that the Program Manager (PM) will assign expenditures to the Program Income fund and vendor payments will be made directly from the fund. The result will be reported on the SF270 monthly.

Implementation Date: October 2012

Responsible Person: Cathy Mann

Reference No. 12-102

### **Davis-Bacon Act**

#### **CFDA 12.401 - National Guard Military Operations and Maintenance Projects - ARRA**

**Award year - 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).

Initial Year Written: 2011  
Status: No Longer Valid

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.

### Corrective Action:

The Department has completed its American Recovery and Reinvestment Act-funded construction projects. Therefore, this finding is no longer valid.

ADJUTANT GENERAL'S DEPARTMENT

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).

Initial Year Written: 2011
Status: Partially Implemented
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:

Table with 2 columns: Award Numbers and Award Years. Lists award numbers (W912L1-11-2-1000 to 1007) and their corresponding award years (October 1, 2010 to September 30, 2015).

**ADJUTANT GENERAL'S DEPARTMENT**

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<u>Award Numbers</u>	<u>Award Years</u>
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
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 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*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 has coordinated with the United States Property & Fiscal Officer (USPFO) to develop a written policy and procedure to address the reporting and disbursement of program income. The procedures are effective for Federal Fiscal Year 2013.*

*The intent is that the Program Manager (PM) will assign expenditures to the Program Income fund and vendor payments will be made directly from the fund. The result will be reported on the SF270 monthly.*

Implementation Date:     October 2012

Responsible Person:     Cathy Mann

**ADJUTANT GENERAL'S DEPARTMENT**

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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**

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:

Initial Year Written:	2009
Status:	Implemented
U.S. Department of Defense	

- 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.

**ADJUTANT GENERAL'S DEPARTMENT**

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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:

<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.

**Angelo State University**

Reference No. 12-104

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 1087II).

Initial Year Written:	2011
Status:	Partially 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 (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 2011:

*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.*

*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.*

*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.*

*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.*

Management Response and Corrective Action 2012:

Cost of Attendance

*Given that financial aid packages are initially prepared prior to registration, Financial Aid ordinarily uses full-time COA budgets during this process. Financial Aid believes the best available enrollment data on which to base final COA budgets is actual attempted enrollment, available at census date. The Division of Information Technology is creating a report that will identify three groups of students: those enrolled less than half-time; those enrolled half-time; and those enrolled for between half- and full-time. For those students identified in each group, Financial Aid counselors will correct COA budgets based on the actual attempted enrollment as of the census date and repackage financial aid as necessary. Calendar reminders are set for September 15th for future fall semesters and February 15th for future spring semester to ensure the report is run and COA budgets and financial aid packages are adjusted timely.*

*Implementation Date: February 2013*

*Responsible Person: Michelle Bennett*

Satisfactory Academic Progress

*The Financial Aid Office revised the institution's satisfactory academic progress policy to clearly state the process to file an appeal. In lieu of the previously planned appeal checklist, the "Satisfactory Progress Appeal Circumstance Examination" form was created to capture all information relevant to an appeals review. This form is completed by all reviewers involved in the appeals process. Through this new form, the reviewer's decision, rationale, and other support are documented. The new form was used during the appeals reviewed during the summer of 2012 in preparation for the 2012/2013 award year.*

Implementation Date: May 2012

Responsible Person: Michelle Bennett

General Controls

Access to the high profile account (e.g., FARULES) has been limited to 3 Financial Aid personnel. Additionally, the 5 high-profile network accounts within the Division of Information Technology have been deactivated. Finally, contractors with privileged access to the application and database servers have been verified with the new vendor and accounts for those contractors no longer requiring access were disabled on October 3, 2012.

The Financial Aid Office reviews Banner access and privileges monthly and communicates changes to the Division of Information Technology. Additionally, the Banner access for the student worker identified has been modified accordingly.

The Division of Information Technology continues to progress through implementation of the identity and account management (IAM) tool, Courion, which will manage the life cycle of user accounts across the University's systems and applications. The training and installation of the tool is planned and implementation will be phased in across all University applications over the next fiscal year. The Division of Information Technology is implementing manual procedures to review access and manage the access life cycle on a quarterly basis. These procedures will remain in effect until the IAM tool is implemented for Banner Financial Aid.

Remote access to the Banner system is only available via VPN. The Financial Aid data custodian works closely with the Information Security Officer to ensure Ellucian (Sungard) consultant accounts are reviewed monthly during routine access reviews and to ensure the accounts are disabled in a timely manner.

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 documents the Financial Aid data custodian's approval prior to migrating system changes to the production environment. Additionally, the Division of Information Technology change management processes now requires the submission of this documentation and approval before any changes are migrated to the production environment.

Implementation Date: December 2012

Responsible Persons: Michelle Bennet and Jason Brake

Reference No. 12-105

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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, CFDA 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

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Education U.S. Department of Health and Human Services	

Management and Budget Circular A-133 Compliance Supplement, March 2011, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-34).

**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 2011:

*RECOMMENDATION: Report actual disbursement dates to the COD System.*

*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.*

*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.*

*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.*

Management Response and Corrective Action Plan 2012:

COD System

*The reconciliation tool (DL Tools) recommended by Ellucian was initially downloaded on January 20, 2012 and subsequently implemented. The software was updated on October 3, 2012 and is now fully in use when reconciling monthly Direct Loans.*

*Implementation Date: October 2012*

*Responsible Person: Michelle Bennett*

General Controls

*Access to the high profile account (e.g., FARULES) has been limited to 3 Financial Aid personnel. Additionally, the 5 high-profile network accounts within the Division of Information Technology have been deactivated. Finally, contractors with privileged access to the application and database servers have been verified with the new vendor and accounts for those contractors no longer requiring access were disabled on October 3, 2012.*

*The Financial Aid Office reviews Banner access and privileges monthly and communicates changes to the Division of Information Technology. Additionally, the Banner access for the student worker identified has been modified accordingly.*

*The Division of Information Technology continues to progress through implementation of the identity and account management (IAM) tool, Courion, which will manage the life cycle of user accounts across the University's systems and applications. The training and installation of the tool is planned and implementation will be phased in across all University applications over the next fiscal year. The Division of Information Technology is implementing manual procedures to review access and manage the access life cycle on a quarterly basis. These procedures will remain in effect until the IAM tool is implemented for Banner Financial Aid.*

*Remote access to the Banner system is only available via VPN. The Financial Aid data custodian works closely with the Information Security Officer to ensure Ellucian (Sungard) consultant accounts are reviewed monthly during routine access reviews and to ensure the accounts are disabled in a timely manner.*

*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 documents the Financial Aid data custodian's approval prior to migrating system changes to the production environment. Additionally, the Division of Information Technology change management processes now requires the submission of this documentation and approval before any changes are migrated to the production environment.*

*Implementation Date: December 2012*

*Responsible Person: Michelle Bennett and Jason Brake*

**Lamar Institute of Technology**

Reference No. 11-101

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 1087II).

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.

Management Response and Corrective Action 2012:

Financial Aid personnel currently use a manual review process to ensure that students' COA is effectively updated. Each disbursement cycle is executed via the RPEDISB process. Printed output from this process is reviewed to identify students whose enrollment level at time of disbursement (Disbursement Load) differs from enrollment level at the time COA was established in the Budget Group Assignment Process (Packaging Load). Identification of students with Disbursement Load  $\neq$  Packaging Load results in manual adjustment of appropriate elements to reflect a corrected Cost of Attendance. This process is used in our efforts to accurately reflect and consistently update COA for financial aid recipients.

Additionally, after any COA Budget adjustments have been made, a review of student financial aid packages is performed and any necessary adjustments to awards and/or any previously disbursed aid are made at this time to reduce/eliminate potential over-awards.

Implementation Date: September 21, 2012

Responsible Person: Lisa Schroeder

Reference No. 11-102

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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:	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.

Corrective Action:

Corrective action was taken.

**Lamar State College - Orange**

Reference No. 11-103

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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**

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).

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 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.

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 year - 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**

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)).

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Education	

**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.

Corrective Action:

Corrective action was taken.

**Midwestern State University**

Reference No. 11-106

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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:	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.

Corrective Action:

Corrective action was taken.

**Prairie View A&M University**

Reference No. 10-33

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 108711).

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.*

Management Response and Corrective Action Plan 2012:

*Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.*

*Financial Aid management has revised the process for awarding Federal Supplemental Educational Opportunity Grant (FSEOG) awards. This process consists of the following elements: a flag has been set in the BANNER System to flag students who have not received the Pell Grant, which indicates the students are not eligible, for the FSEOG. The Financial Aid Program Analyst will run the Awarded FSEOG No Pell Report bi-weekly and provide it to the Reconciliation department, which will show any exceptions. The report will be reviewed by the Reconciliation*

*Department and any inconsistencies will be resolved. This will include removing the FSEOG from the account. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.*

*Implementation Date: May 31, 2013*

*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 year - 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.*

Management Response and Corrective Action Plan 2012:

*Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.*

*Notification of disbursement: In general, there are two types of notifications a school must provide: (1) a general notification to all students receiving FSA funds; and (2) a notice when loan funds are credited to a student's account. The financial aid office provides a general notification of award funds via email which directs the students to a secure website to view their award detail summary (PantherTracks). The University will send notifications to the students at the time the funds are applied to the student account.*

*The Financial Aid Program Analyst will run the School Account Statement Report (SAS) monthly and the Loan Overview Report weekly and provide it to the Reconciliation and Loan department, which will show all disbursements and rejections. Both reports will be reviewed by the Reconciliation and Loan Department and any rejections will be identified and resolved. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.*

*Implementation Date: May 31, 2013*

*Responsible Person: Kelvin Francois*

**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:

Initial Year Written: 2008  
Status: Partially Implemented

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:

<u>Grant Number</u>	<u>Beginning Date</u>	<u>End Date</u>
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)

Corrective Action:

This finding was reissued as current year reference number: 13-103.

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.

Corrective Action:

Corrective action was taken.

**PUBLIC SAFETY, DEPARTMENT OF**

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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).

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 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.

**PUBLIC SAFETY, DEPARTMENT OF**

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During fiscal year 2011, the Department drew down funds from 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
2010-SS-T0-0008	August 1, 2010	July 31, 2013

Corrective Action:

This finding was reissued as current year reference number: 13-104.

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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written: 2010 Status: Partially Implemented  U.S. Department of Homeland Security
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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

**PUBLIC SAFETY, DEPARTMENT OF**

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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:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
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)

Corrective Action:

This finding was reissued as current year reference number: 13-106.

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.

Corrective Action:

Corrective action was taken.

## PUBLIC SAFETY, DEPARTMENT OF

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.

Initial Year Written: 2008  
Status: Partially Implemented

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.

The issues noted above affect the following Homeland Security awards:

<u>Award Number</u>	<u>Beginning Date</u>	<u>End Date</u>
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

Corrective Action:

This finding was reissued as current year reference number: 13-108.

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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Partially Implemented
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.

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The issues noted above affect the following Hazard Mitigation awards:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1356	FEMA-1356-DR	January 8, 2001
1606	FEMA-1606-DR	September 24, 2005
1709	FEMA-1709-DR	June 29, 2007
1730	FEMA-1730-DR	October 2, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008

Corrective Action:

This finding was reissued as current year reference number: 13-115.

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.

Corrective Action:

Corrective action was taken.

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).

Initial Year Written:	2006
Status:	Partially Implemented
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).

**PUBLIC SAFETY, DEPARTMENT OF**

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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.
- 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:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
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

Corrective Action:

This finding was reissued as current year reference number: 13-116.

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.

Corrective Action:

Corrective action was taken.

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).

Initial Year Written:	2010
Status:	Partially Implemented
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.

**PUBLIC SAFETY, DEPARTMENT OF**

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The issues discussed above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program awards:

<u>Disaster Number</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

Corrective Action:

This finding was reissued as current year reference number: 13-118.

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.

Corrective Action:

Corrective action was taken.

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.

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 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.

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.

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.

**PUBLIC SAFETY, DEPARTMENT OF**

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The issues noted above affect the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster Number</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

Corrective Action:

This finding was reissued as current year reference number: 13-120.

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.

Corrective Action:

Corrective action was taken.

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 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).

Initial Year Written: 2006 Status: Partially Implemented
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U.S. Department of Homeland Security
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**PUBLIC SAFETY, DEPARTMENT OF**

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**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 Number</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

Corrective Action:

This finding was reissued as current year reference number: 13-121.

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.

Corrective Action:

Corrective action was taken.

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 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 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.

**PUBLIC SAFETY, DEPARTMENT OF**

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The issue discussed above affected the following awards that had procurements and subawards in fiscal year 2010:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
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

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.

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.*

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.*

Management Response and Corrective Action Plan 2012:

*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*

*Responsible Person: Nim Kidd*

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.

Corrective Action:

Corrective action was taken.

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 year - 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.

Initial Year Written: 2011  
Status: Implemented

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.

## PUBLIC SAFETY, DEPARTMENT OF

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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.

### Corrective Action:

Corrective action was taken.

Reference No. 12-116

### **Cash Management**

#### **CFDA 11.555 - Public Safety Interoperable Communications Grant Program**

**Award year - 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 (CMIA). 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).

Initial Year Written: 2011  
Status: Partially Implemented

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.

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.

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*Effective in February 2012, DPS began returning interest earned to the federal government. This has become an ongoing process that is completed each quarter. Until clarification was provided by the SAO, we understood that we could maintain \$100 interest per federal award. We received clarification from SAO that we can maintain \$100 per year of interest total. In response, we have returned interest earned in excess of \$100 for fiscal year 2012 and implemented a practice of returning all interest earned in excess of \$100 each year.*

*Implementation Date: January 2012*

*Responsible Person: Maureen Coulehan*

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

## PUBLIC SAFETY, DEPARTMENT OF

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.

### Corrective Action:

Corrective action was taken.

Reference No. 12-117

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

#### **CFDA 11.555 - Public Safety Interoperable Communications Grant Program**

**Award year - 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.

Initial Year Written:	2011
Status:	Implemented
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 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.

#### Corrective Action:

Corrective action was taken.

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 numbers - 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.

Initial Year Written:	2011
Status:	Implemented

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).

**PUBLIC SAFETY, DEPARTMENT OF**

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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.

Corrective Action:

Corrective action was taken.

Reference No. 12-119

**Subrecipient Monitoring**

**CFDA 11.555 - Public Safety Interoperable Communications Grant Program**

**Award year - 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.

Initial Year Written:	2011
Status:	Partially Implemented
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).

Corrective Action:

Corrective action was taken.

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.

Corrective Action:

Corrective action was taken.

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.

Recommendations:

The Department should:

- 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.

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*We have partially implemented all of these findings in the following manner:*

1. *Lists have been obtained from the various grant program sections of grant recipients and expenditures passed through TDEM and SAA.*
2. *Questionnaires have been mailed to subrecipients on list.*

3. *Single audit reports with findings have been forwarded to grant program management for follow up and decisions.*
4. *We have held several meetings with grant program management to further explain and facilitate the management decision process.*
5. *We have provided policy and procedures for the A-133 Single Audit review process when responses were provided to the SAO.*

*To complete and close out these findings the following steps were taken:*

1. *Program management coordinated contact information for the subrecipients who did not reply to the mailed questionnaires. A-133 staff contacted each subrecipient to explain the need for response to questionnaires.*
2. *Program management contacted subrecipients with single audit findings to determine if the corrective action plan has been implemented.*
3. *Program management determined through the management decision process how the findings may impact their programs and notified the subrecipient of their decisions.*
4. *Program management forward copies of correspondence regarding the management decision to A-133.*
5. *One small jurisdiction that receives funds from the SAA (non PSIC) has not responded to the questionnaire. We are the process of issuing a letter to the entity informing them that we are holding their reimbursements until the questionnaire has been submitted*

*Implementation Date: October 2012*

*Responsible Persons: Machele Pharr and Paula Logan*

#### 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.

#### Corrective Action:

Corrective action was taken.

**Sam Houston State University**

Reference No. 10-44

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2008 to June 30, 2009**

**Award number - 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**

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)).

Initial Year Written:	2009
Status:	Partially Implemented
U.S. Department of Education	

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 07, 2011.

Management Response and Corrective Action Plan Fall 2012:

The Financial Aid & Scholarships Office has resolved the Pell Grant reporting issue identified in the audit of Award Year July 1, 2008 to June 20, 2009. Banner software functionality 'Advance Pay for Pell' was implemented with Award Year 2012-2013. The Pell disbursement records extracted for reporting to COD reflect the actual grant disbursement dates. These dates have been verified to insure accuracy. The first transmission to COD of the disbursement records for the year occurred August 20, 2012.

Implementation Date: August 20, 2012

Responsible Person: Lisa Tatom

**Stephen F. Austin State University**

Reference No. 12-120

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 1087II).

Initial Year Written: 2011  
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, 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.

Recommendations:

The University should determine each student's COA and financial need based on the student's actual or anticipated enrollment.

Management Response and Corrective Action Plan 2011:

*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.*

2012 Update:

For the 2011-2012 award year, the University established budgets for full-time and less-than-full-time students; it also determined cost of attendance based on each student's actual or anticipated enrollment. However, the University's process for adjusting awards based on enrollment information did not identify some students enrolled in more than nine hours during the summer 2012 term. As a result, the University could have underawarded some students financial assistance during that term.

Management Response and Corrective Action Plan 2012:

*SFASU Financial Aid Office created and began utilizing full-time, ¾-time, half-time, and less than half-time student budgets beginning with the 2011/2012 academic year.*

*A date is selected by the Financial Aid Office at the beginning of the term based on the registration calendar. On this date, a report is run of all students enrolled in less than full time or 12 credit hours. This list is disbursed to all financial aid counselors for review. Each student's budgets are then manually adjusted to reflect the correct budget based on their current semester actual enrollment. Each student's award is also adjusted (usually decreased) to match the reduced budget.*

*Implementation Date: September 30, 2012*

*Responsible Person: Mike O'Rear*

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.

Corrective Action:

Corrective action was taken.

Reference No. 12-121

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

**Sul Ross State University**

Reference No. 09-49

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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:	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).

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.

Corrective Action:

Corrective action was taken.

**Texas A&M International University**

Reference No. 11-118

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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**

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)).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

University staff perform SAP determinations manually using paper forms. The University asserts that, as a control, administrative staff performs 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.*

*Management Response and Corrective Action Plan 2012:*

*Effective February 2011, the SAP checklist was separated from the folder checklist, and the form was completed after final grades were posted in Banner (our student information system). For new and transfer students, the form was completed after the FAFSA application was received and the student was admitted to institution. Effective fall 2011, we implemented automated SAP rules, using the SAP Policy effective July 1, 2011. The automated SAP process is run at the end of each semester after final grades are posted in Banner. The first automated run was done at the end of the fall 2011 semester. The 2011-2012 academic year was the first complete year reviewed with automated SAP rules.*

*Implementation Date: December 2011*

*Responsible Persons: Laura Elizondo, Melanie Martinez, and Isabel Woods*

**Texas A&M University**

Reference No. 12-122

**Eligibility**

(Prior Audit Issue 11-120)

**Student Financial Assistance Cluster**

**Award year - 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 108711).

Initial Year Written:	2010
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, 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.

Corrective Action:

Corrective action was taken.

Reference No. 12-123

**Reporting**

(Prior Audit Issue 11-121)

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2010
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

Reference No. 12-124

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written: 2011  
Status: Partially Implemented

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.

Corrective Action:

This finding was reissued as current year reference number 13-122.

Reference No. 12-125

**Special Tests and Provisions - Enrollment Reporting**

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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 year - 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)).

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 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.

Corrective Action:

This finding was reissued as current year reference number 13-124.

**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 year - 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 1087II).

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 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 asserts 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.

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.

Corrective Action:

Correction action was taken.

**Texas A&M 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)).

Initial Year Written: 2011  
 Status: Partially Implemented

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

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.

**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:

CFDA	Award Number	Award Year
93.865	1R01HD058969-01A2	April 15, 2010 to February 28, 2015

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, 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)).

**TEXAS A&M AGRILIFE RESEARCH**

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**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 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:

<u>CFDA</u>	<u>Agency</u>	<u>Award Number</u>	<u>Period</u>	<u>Questioned Cost</u>
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 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 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*AgriLife has reviewed and revised the method it uses to track subrecipients in the accounting system. Previously each was given a separate account which made it difficult to track expenses back to the Prime award. The new process will keep each subrecipient imbedded in the prime award account and additional staff have been assigned to monitor this process.*

*Implementation Date: December 31, 2012*

*Responsible Persons: Michael McCasland and Diane Gilliland*

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)).

Initial Year Written:	2011
Status:	Partially Implemented
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 2011:

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.

Management Response and Corrective Action Plan 2012:

The federal draw down procedure for AgriLife Research programs now conforms to established procedures and monitoring used by other federal programs with The Texas A&M University System Office of Sponsored Research Services.

Implementation Date: December 31, 2012

Responsible Persons: Michael McCasland and Diane Gilliland

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).

Initial Year Written:	2011
Status:	Partially Implemented
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 2011:

*The referenced procedure was written in 2003. In the ensuing years, the staffing of the AgriLife Contracts and Grants Office did not kept 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.*

Management Response and Corrective Action Plan 2012:

*This finding relates to closing out accounts in the 90 days following the end of the grant. While no expenses were found to have occurred in this time period, the concern of the auditors was that expenses could have been incurred. The Office of Sponsored Research Services has established a detailed close-out process and places an emphasis on timely close-out of projects and submission of FFRs. Enhancements have been requested to the accounting system to prevent this. In addition, all expenses for an account are reviewed prior to posting against the account.*

Implementation Date: December 31, 2012

Responsible Persons: Michael McCasland and Diane Gilliland

Reference No. 12-130

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award year - January 28, 2010 to December 31, 2012**

**Award number - 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).

Initial Year Written:	2011
Status:	Partially Implemented
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 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*Since the move to OSRS, a new group has been developed to specifically monitor subrecipients. However, this finding states that each and every ARRA payment to a single subrecipient was not labeled as ARRA funds. This has been discussed with AgriLife's fiscal office, where the checks are produced, and this notation requested on each payment under this account.*

*Implementation Date: December 31, 2012*

*Responsible Persons: Michael McCasland and Diane Gilliland*

**Texas A&M Engineering Experiment Station**

Reference No. 11-125

**Period of Availability of Federal Funds**

**Research and Development Cluster**

**Award year - 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:	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.

Corrective Action:

Corrective action was taken.

**Texas Southern University**

Reference No. 11-127

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 1087II).

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.

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.

2012 Update:

For the 2011-2012 award year, the University implemented a process to calculate COA based on a student's actual enrollment. The University initially budgeted students based on full-time enrollment. After classes began, the University reviewed students' hours of enrollment to determine their enrollment status. If a student was not enrolled full-time, the University prorated tuition, fees, and books. However, the University did not consistently calculate less-than-full-time COA based on its policy. As a result, the University may not have awarded the correct amount of financial assistance.

Management Response and Corrective Action Plan 2012:

Cost of Attendance

Banner has released a new function that will assist in automating the proration of the cost of attendance (COA) based on the student's enrollment. The Financial Aid Team will begin testing the Banner proration process in the summer 2013 and if feasible, implementation will occur fall 2013.

Implementation Date: September 2013

Responsible Person: Linda Ballard

General Controls:

The Office of Information Technology identified Banner password security policy in which to adopt.

- Created a project plan to roll-out Banner password length complexity.
- Database Administrator applied rules to a test environment.
- Banner Configuration Team was assigned to test new security rules in test environment.
- Analyzed test results.
- Notified campus of the change in policy.
- Applied approved rules to the Production environment.
- Change was applied to the Production environment in October, 2011.

Implementation Date: October 2012

Responsible Person: Kathy Booker

Reference No. 11-128

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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.

Corrective Action:

Corrective action was taken.

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 asserts 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.

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 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 configure Banner to enforce rules regarding password length and complexity.

Management Response and Corrective Action Plan 2010:

*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:

*To avoid impacting fall registration, decision was made not to roll out password length and complexity modification until after September 2011.*

Management Response and Corrective Action Plan 2012:

*The Office of Information Technology identified Banner password security policy in which to adopt.*

- *Created a project plan to roll-out Banner password length complexity.*
- *Database Administrator applied rules to a test environment.*
- *Banner Configuration Team was assigned to test new security rules in test environment.*
- *Analyzed test results.*
- *Notified campus of the change in policy.*
- *Applied approved rules to the Production environment.*
- *Change was applied to the Production environment in October, 2011.*

*Implementation Date: October 2012*

*Responsible Person: Kathy Booker*

Reference No. 09-62

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 08-58)

**Student Financial Assistance Cluster**

**Award year - 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:	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.

Corrective Action:

Corrective action was taken.

**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 year - 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 1T08HP18834-01-00**

**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 1087II).

Initial Year Written:	2008
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).

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.

Corrective Action:

Corrective action was taken.

Reference No. 12-132

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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 year - 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)).

Initial Year Written:	2008
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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**

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.

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

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:

<u>CFDA</u>	<u>Award Numbers</u>	<u>Award Years</u>
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
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 Concur. 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.*

Management Response and Corrective Action Plan 2012:

*Electronic effort system configured and currently undergoing final testing. System shall be in place for EOFY effort certification - August 2012.*

*Implementation Date: September 2012*

*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.

Initial Year Written:	2009
Status:	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	

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

**TEXAS STATE UNIVERSITY - SAN MARCOS**

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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

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:

<u>Federal Agency</u>	<u>Award Numbers (CFDA)</u>	<u>Award Years</u>
National Oceanic and Atmospheric Administration	NA05NOS4261162 (11.426)	September 1, 2005 - August 31, 2009
	NA06NOS4260118 (11.426)	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)	August 1, 2008 - July 31, 2011
	BCS-0820487 (47.075)	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

Corrective Action:

Corrective action was taken.

**Texas Tech University**

Reference No. 12-134

**Eligibility**

(Prior Audit Issue 11-134)

**Student Financial Assistance Cluster**

**Award year - 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).

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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-128.

Reference No. 12-135

**Reporting**

(Prior Audit Issue 11-135)

**Student Financial Assistance Cluster**

**Award year - 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

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Education	

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)).

**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.

Corrective Action:

Corrective action was taken.

Reference No. 12-136

**Special Tests and Provisions - Verification**

(Prior Audit Issues 11-136 and 09-72)

**Student Financial Assistance Cluster**

**Award year - 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 P379I12328**

**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).

Initial Year Written:	2008
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-129.

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 year - 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)).

Initial Year Written:	2008
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-131.

Reference No. 12-138

**Special Tests and Provisions - Enrollment Reporting**

(Prior Audit Issues 11-139 and 09-75)

**Student Financial Assistance Cluster**

**Award year - 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)).

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. 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.

Corrective Action:

This finding was reissued as current year reference number: 13-132.

Reference No. 12-139

**Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

**Texas Woman's University**

Reference No. 12-140

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2011
Status:	Implemented
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 108711).

**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.

#### Corrective Action:

Corrective action was taken.

Reference No. 12-141

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Partially Implemented
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.

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.

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action 2012:

*Management will correct 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 were sent to all Perkins Loan and TEACH Grant recipients who failed to receive them.*

*Management will make corrections to its automated processes to ensure that dated copies of all disbursement notifications sent to recipients of Federal Direct loans, Federal Perkins Loan, and TEACH Grants are automatically saved to the Financial Aid Office's imaging system.*

*Implementation Date: March 15, 2013*

*Responsible Person: Governor Jackson*

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.

Corrective Action:

Corrective action was taken.

**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).

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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-134.

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)).

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. 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.

Corrective Action:

This finding was reissued as current year reference number: 13-135.

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

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of  
Transportation – Federal  
Highway Administration

inspection to ensure that projects are completed in conformance with approved plans and specifications (Title 23, Code of Federal Regulations, Section 635.105(a)).

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.
- 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.

Corrective Action:

This finding was reissued as current year reference number: 13-136.

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.

Initial Year Written:	2009
Status:	Partially Implemented

U.S. Department of Transportation - Federal Highway Administration
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**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.

Corrective Action:

Corrective action was taken.

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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-137.

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)).

Initial Year Written: 2008  
Status: Partially Implemented

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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-138.

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-SBGP-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, United States Code (USC), Sections 3141-3144).

Initial Year Written: 2011  
Status: Partially Implemented

U.S. Department of  
Transportation - Federal  
Aviation 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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-140.

## TRANSPORTATION, DEPARTMENT OF

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.

Initial Year Written: 2009  
Status: Partially Implemented

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.

#### Corrective Action:

This finding was reissued as current year reference number: 13-142.

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

Initial Year Written: 2009  
Status: Partially Implemented

U.S. Department of  
Transportation - Federal  
Transit Administration

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.

#### 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.

*Corrective Action:*

This finding was reissued as current year reference number: 13-141.

**University of Houston**

Reference No. 12-150

**Eligibility**

**Special Tests and Provisions - Institutional Eligibility**

**Student Financial Assistance**

**Award year - 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 1087II).

Initial Year Written:	2011
Status:	Partially Implemented
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.

#### Corrective Action:

This finding was reissued as current year reference number: 13-143.

Reference No. 12-151

**Reporting**

(Prior Audit Issues 11-151, 10-94, and 09-83)

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written: 2008  
Status: Partially Implemented

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.

Corrective Action:

This finding was reissued as current year reference number: 13-144.

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 year - 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)).

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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-146.

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)).

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. 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.

Corrective Action:

This finding was reissued as current year reference number: 13-147.

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 year - 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).

Initial Year Written:	2010
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-148.

**University of Houston - Downtown**

Reference No. 11-158

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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 108711).

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.*

Management Response and Corrective Action Plan 2012:

- Spreadsheet has been created to clearly display student budgets per hours registered.
- This process in Banner Financial Aid is a manual process and not automated with the implementation of Banner Financial aid as expected (enhancement to come with next Banner upgrade). FAO has developed procedures to manually update the Cost of Attendance items for students not enrolled full-time.

Implementation Date: January 2013

Responsible Person: LaTasha Goudeau

Reference No. 11-159

**Special Tests and Provisions – Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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**

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).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

**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.

Recommendations:

The University should maintain documentation supporting its review of NSLDS financial assistance history for mid-year transfer students.

Management Response and Corrective Action Plan 2010:

*The University of Houston-Downtown concurs with this recommendation. The transfer file functionality was not part of PowerFaid and as 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.*

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*With the implementation of Banner Financial Aid, the FAO has created a process to electronically send files to Department of Ed adding students to our transfer monitoring list. The process places a 7 day hold on student's financial aid record to prevent disbursement pending the updates received, if any. We may also choose to use a paper transfer monitoring form which the other paying institution will indicate no further disbursements will be made on the student's behalf. Both processes have been utilized for Spring and Summer 2012.*

*FAO will modify the process to include students previously packaged as Fall/Spring, but did not attend Fall to ensure all mid-year transfer students are properly reviewed.*

*Implementation Date: January 2013*

*Responsible Person: LaTasha Goudeau*

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.

Corrective Action:

Corrective action was taken.

**University of North Texas**

Reference No. 12-155

**Eligibility**

**Special Tests and Provisions - Institutional Eligibility**

**Student Financial Aid Cluster**

**Award year - 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 1087II).

Initial Year Written:	2011
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 (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.

Corrective Action:

This finding was reissued as current year reference number: 13-150.

**University of Texas at Arlington**

Reference No. 12-156

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Partially 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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-154.

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.

Corrective Action:

This portion of the finding is no longer valid. The University no longer participates in the Academic Competitiveness Grant program.

Reference No. 12-157

**Reporting**

(Prior Audit Issue 10-109)

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2009
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

Reference No. 12-158

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written: 2011  
 Status: Partially Implemented  
  
 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.

Corrective Action:

This finding was reissued as current year reference number: 13-155.

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 year - 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 cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written:	2009
Status:	Implemented
U.S. Department of Education	

**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.

Corrective Action:

Corrective action was taken.

Reference No. 12-160

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 10-112)

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2009
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-156.

Reference No. 12-161

**Special Test and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)**

**Student Financial Assistance Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Partially Implemented
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.

Corrective Action:

This finding was reissued as current year reference number: 13-157.

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)).

Initial Year Written:	2011
Status:	Partially Implemented
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.

Recommendations:

The University should establish and implement procedures to ensure that it does not charge unallowable costs to federal awards.

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action Plan 2012:

- *The Office of Accounting and Business Services revised its procedure for Service Center Establishment and Maintenance (Procedure 2-37) in January 2013.*
- *An outside consulting firm was hired in the Fall of 2012 to help the university review service centers for compliance.*
- *The Facilities Management Service center will be brought into full compliance with UTA Procedure 2-37 and Title 2 CFR, Section 220, Appendix A, J.47 by April 30<sup>th</sup>, 2013.*

*Implementation Dates: Fall 2012 through April 30, 2013*

*Responsible Person: Linda Criswell*

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.

Corrective Action:

Corrective action was taken.

Reference No. 12-163

**Special Tests and Provisions - R3 - Subrecipient Monitoring**

**Research and Development Cluster - ARRA**

**Award year - 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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

**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 year - 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)).

Initial Year Written:	2011
Status:	Partially Implemented
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.

Corrective Action:

Corrective action was taken.

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.

Corrective Action:

This finding was reissued as current year reference number: 13-158.

Reference No. 12-165

**Reporting**

(Prior Audit Issue 11-165)

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2010
Status:	Partially Implemented
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.

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 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: 13-158.

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 year - 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).

Initial Year Written:	2010
Status:	Partially Implemented
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.

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 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: 13-158.

Reference No. 12-167

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2011
Status:	Partially 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 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.

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 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: 13-158.

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 year - 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 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).

Initial Year Written: 2008  
Status: Partially Implemented

U.S. Department of Education  
U.S. Department of Health and Human Services

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.

#### Corrective Action:

This finding was reissued as current year reference number: 13-159.

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 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 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.

Corrective Action:

This finding was reissued as current year reference number: 13-160.

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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Partially Implemented
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:

- 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.

**UNIVERSITY OF TEXAS AT AUSTIN**

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- 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:

<u>CFDA</u>	<u>Agency</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Costs</u>
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><u>\$ 122,856</u></b>

Corrective Action:

This finding was reissued as current year reference number: 13-161.

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.

Corrective Action:

Corrective action was taken.

**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: 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.

Corrective Action:

Corrective action was taken.

**University of Texas at El Paso**

Reference No. 11-170

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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**

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: 2010  
Status: Partially Implemented  
U.S. Department of Education

**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.

Corrective Action:

This finding was reissued as current year reference number: 13-164.

Reference No. 11-171

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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.

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.

Corrective Action:

This finding was reissued as current year reference number: 13-164.

**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.

Corrective Action:

This finding was reissued as current year reference number: 13-165.

Reference No. 11-175

**Procurement and Suspension and Debarment**

(Prior Audit Issue 09-103)

**Research and Development Cluster**

**Award year - 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

Initial Year Written:	2008
Status:	Implemented
U.S. Department of Health and Human Services	

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).

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.

Corrective Action:

Corrective action was taken.

**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-EE0000116**

**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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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)).

Initial Year Written: 2011  
 Status: Implemented

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.

Corrective Action:

Corrective action was taken.

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-EE0000116**

**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 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).

Initial Year Written:	2011
Status:	Implemented
U.S Department of Health and Human Services U.S. Department of Energy	

**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.

Corrective Action:

Corrective action was taken.

**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)).

Initial Year Written: 2011  
Status: Partially Implemented

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.

Corrective Action:

Corrective action was taken.

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.

Corrective Action:

Corrective action was taken.

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.

Recommendations:

The Health Science Center should obtain required approvals for all transactions.

Management Response and Corrective Action Plan 2011:

*Management concurs with these recommendations. 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 accountability at both the departmental and centralized levels that only properly approved transactions be processed.*

Management Response and Corrective Action Plan 2012:

*UTHSCT already had procedures for required approvals for all transactions, which have been reinforced. The Health Science Center purchasing department has a hard copy and electronic system in place to verify signature. This allows departments with their account numbers to only have properly approved transactions be processed with correct end-users and authorized personnel.*

*Implementation Date: August 2011, with ongoing reinforcement of this process*

*Responsible Person: Crystal Smith*

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.

Corrective Action:

Corrective action was taken.

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.

Corrective Action:

Corrective action was taken.

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)).

Initial Year Written:	2011
Status:	Implemented
Federal Agencies that provide R&D Grants	

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.

Corrective Action:

Corrective action was taken.

Reference No. 12-176

**Period of Availability of Federal Funds**

**Research and Development Cluster**

**Award year - 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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Implemented
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.

#### 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.

CFDA	Award Number	Award Year
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

Corrective Action:

This finding was reissued as current year reference number: 13-168.

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:	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.

Corrective Action:

Corrective action was taken.

**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).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written: 2009  
 Status: No Longer Valid

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:

<u>CFDA</u>	<u>Award Number</u>	<u>Award Year</u>
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
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

<b>CFDA</b>	<b>Award Number</b>	<b>Award Year</b>
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

Corrective Action:

This portion of the finding is no longer valid. The timeliness of report submissions is no longer tested during the Single Audit based on the U. S. Office of Management and Budget’s 2012 A-133 Compliance Supplement; as a result, auditors did not conduct follow-up work on this issue.

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)).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Implemented
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:

<u>Equipment Item</u>	<u>Acquisition Price</u>	<u>Inventory Addition Date</u>	<u>Missing as of Date</u>
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

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Implemented
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 manufacture (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.

Corrective Action:

Corrective action was taken.

Reference No. 09-105

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - 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:	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.

Corrective Action:

Corrective action was taken.

**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 year - 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)).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

This portion of the finding is no longer valid. The University no longer participates in the SMART Grant Program.

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.

Corrective Action:

Corrective action was taken.

Reference No. 12-184

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 11-183)

**Student Financial Assistance Cluster**

**Award year - 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)).

Initial Year Written:	2010
Status:	Implemented
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.

#### Corrective Action:

Corrective action was taken.

Reference No. 12-185

**Special Tests and Provisions - Enrollment Reporting**

**Student Financial Assistance Cluster**

**Award year - July 1, 2010 to June 30, 2011**

**Award number s- 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)).

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

**University of Texas Southwestern Medical Center**

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)).

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 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.

Recommendations:

The Medical Center should establish and implement a process to ensure that it maintains complete and accurate property records.

Management Response and Corrective Action Plan 2011:

*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.*

Management Response and Corrective Action Plan 2012:

*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*

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.

Corrective Action:

Corrective action was taken.

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.

Initial Year Written:	2011
Status:	Implemented
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:

<u>CFDA</u>	<u>Award Number</u>	<u>Award Year</u>
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

Corrective Action:

This portion of the finding is no longer valid. The timeliness of report submissions is no longer tested during the Single Audit based on the U. S. Office of Management and Budget’s 2012 A-133 Compliance Supplement; as a result, auditors did not conduct follow-up work on this issue.

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.

Corrective Action:

Corrective action was taken.

Reference No. 11-185

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - 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**

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:	2010
Status:	Implemented
U.S. Department of Education	

**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.

Corrective Action:

Corrective action was taken.

Reference No. 11-186

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - 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**

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:	2010
Status:	Implemented
U.S. Department of Education	

**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.

Corrective Action:

Corrective action was taken.

**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:

Initial Year Written:	2011
Status:	Implemented
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.

Corrective Action:

Corrective action was taken.

## WATER DEVELOPMENT BOARD

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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.

Initial Year Written:	2011
Status:	Implemented

U.S. Environmental Protection Agency
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**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.

#### Corrective Action:

Corrective action was taken.

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:

Initial Year Written:	2011
Status:	Implemented

U.S. Environmental Protection Agency
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- 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.

**WATER DEVELOPMENT BOARD**

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**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.

<u>Program</u>	<u>Questioned Costs</u>	<u>Award Number</u>
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.

Corrective Action:

Corrective action was taken.

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)).

Initial Year Written:	2011
Status:	Partially Implemented
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

## WATER DEVELOPMENT BOARD

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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 findings, delays in subrecipients' development and implementation of corrective action plans, and continued non-compliance.

Corrective Action:

This finding was reissued as current year reference number: 13-182.