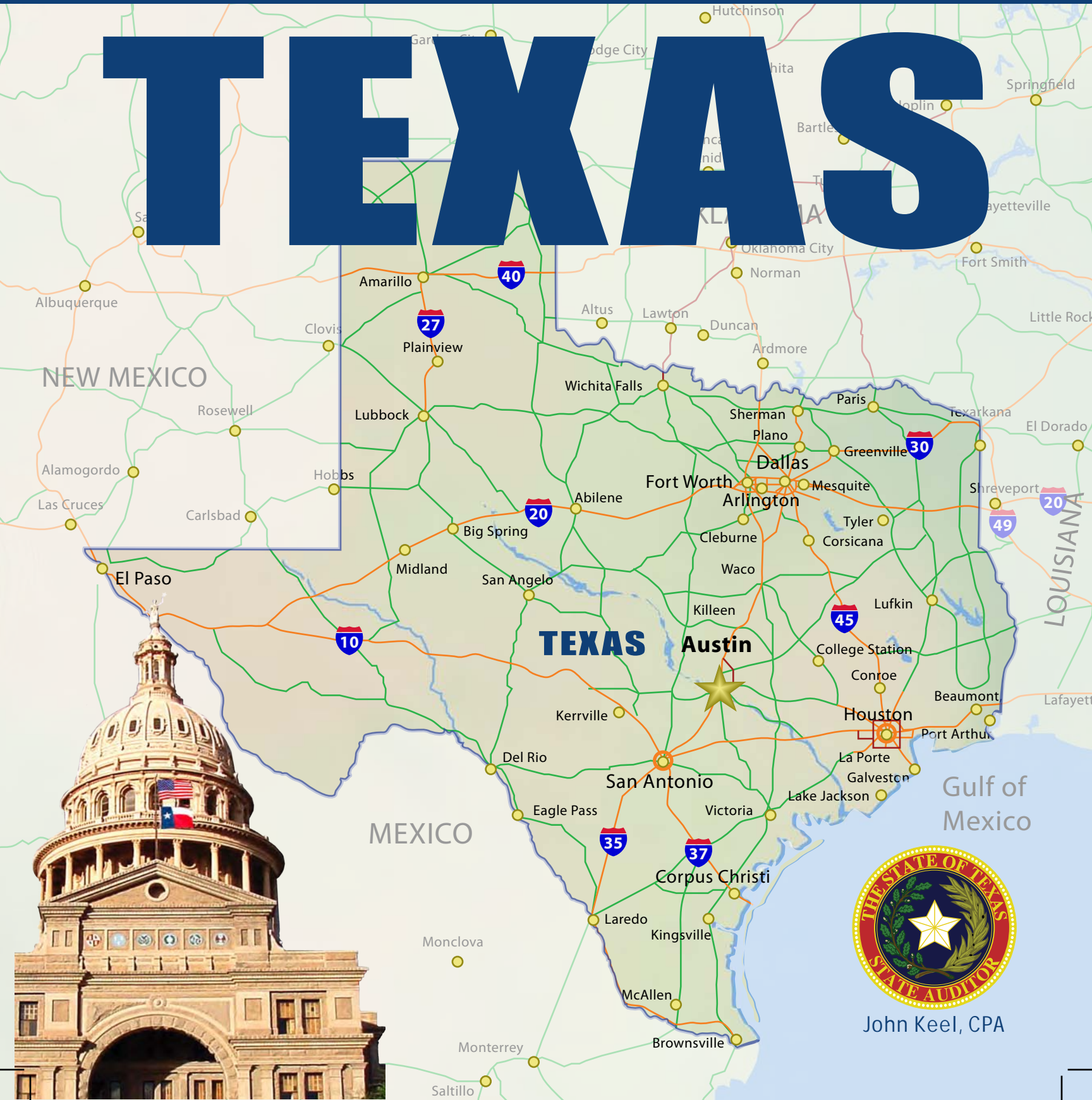


# Federal Portion of the Statewide Single Audit Report For the Fiscal Year Ended August 31, 2008

# TEXAS



John Keel, CPA

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**Independent Auditors' Reports**  
Federal Portion of  
Statewide Single Audit Report  
For the Year Ended August 31, 2008

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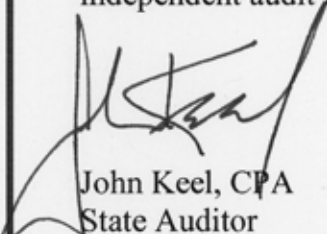
**INDEPENDENT AUDITOR'S REPORT ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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, 2008, and have issued our report thereon dated February 20, 2009.

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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 1 to the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of Federal Awards does not include expenditures of federal awards for four 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 20, 2009





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**Independent Auditors' Report  
on Compliance With Requirements Applicable to  
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 compliance of the State of Texas (the State) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to each of its major federal programs for the year ended August 31, 2008, except those requirements discussed in the third following paragraph. We also did not audit the State's compliance with compliance requirements applicable to Student Financial Assistance Cluster, Research and Development Cluster, CFDA 20.106-Airport Improvement Program, CFDA 20.233-Border Enforcement Grants, CFDA 66.000 Capitalization Grants for Colonias Wastewater Treatment Assistance Programs, CFDA 66.458-Capitalization Grants for State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 84.032L Federal Family Education Loans (Lenders), CFDA 97.036 - Public Assistance Grants (including CFDA 83.544), CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548), Highway Planning and Construction Cluster, and Homeland Security Grant Cluster which are approximately 21% 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 20.106-Airport Improvement Program, CFDA 20.233-Border Enforcement Grants, CFDA 66.000 Capitalization Grants for Colonias Wastewater Treatment Assistance Programs, CFDA 66.458-Capitalization Grants for State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 84.032L Federal Family Education Loans (Lenders), CFDA 97.036 - Public Assistance Grants (including CFDA 83.544), CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548), Highway Planning and Construction Cluster, and Homeland Security Grant Cluster are identified in the accompanying Schedule of Findings and Questioned Costs as major Federal programs and were audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the Student Financial Assistance Cluster, Research and Development Cluster, CFDA 20.106-Airport Improvement Program, CFDA 20.233-Border Enforcement Grants, CFDA 66.000 Capitalization Grants for Colonias Wastewater Treatment Assistance Programs, CFDA 66.458-Capitalization Grants for State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 84.032L Federal Family Education Loans (Lenders), CFDA 97.036 - Public Assistance Grants (including CFDA 83.544), CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548), Highway Planning and Construction Cluster, and Homeland Security Grant Cluster is based solely on the report 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.

Our audit described below does not include expenditures of Federal awards for four component units of the State of Texas for financial statement purposes. Each of those agencies has their own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

The other auditors did not audit the State's compliance with requirements governing maintaining contact with borrowers and billing and collection procedures for certain portions of the State in accordance with the Requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by Affiliated Computer Services, Inc. (ACS), Continental Service Group, Inc. (dba Campus Partners), Panhandle Plains Student Loan Corporation,



William & Fudge, Inc., General Revenue Corporation, Educational Loan Servicing, LLC (dba ConServe), Enterprise Recovery Systems, Inc., Todd Bremer & Lawson, Inc., Windham Professionals, Inc., and National Credit Management. 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, 2008 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. The report does not include the results of the other accountants' examinations of the service organizations' compliance with such requirements.

We conducted our audit 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 provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State's compliance with those requirements.

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

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission	CFDA 93.767 - State Children's Insurance Program	Eligibility	09-16
	CFDA 93.558 - Temporary Assistance for Needy Families	Special Tests and Provisions	09-18
	Food Stamp Cluster	Special Tests and Provisions	09-19
	Medicaid Cluster	Special Tests and Provisions	09-22
Texas Education Agency	CFDA 84.011 - Migrant Education - State Grant Program	Subrecipient Monitoring	09-32
	CFDA 84.048 - Vocational Education - Basic Grants to States		
	CFDA 84.287 - Twenty-First Century Community Learning Centers		
	CFDA 84.357 - Reading First State Grants Special Education Cluster		





<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Southern University	Student Financial Assistance Cluster	Special Tests and Provisions	09-62
Texas State University - San Marcos	Student Financial Assistance Cluster	Special Tests and Provisions	09-69
Department of Transportation	CFDA 20.106 - Airport Improvement Program	Reporting	09-77
	Highway Planning and Construction Cluster	Special Tests and Provisions	09-81
University of Houston	Student Financial Assistance Cluster	Special Tests and Provisions	09-86 09-87
University of Texas of the Permian Basin	Student Financial Assistance Cluster	Special Tests and Provisions	09-107

In our opinion, based on our audit and the report of other auditors, except for the noncompliance described in the preceding paragraph, the State complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended August 31, 2008. However, the results of our auditing procedures and the report of other auditors 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>
Department of Agriculture	CFDA 10.558 - Child and Adult Care Food Program	Subrecipient Monitoring	09-02
	CFDA 10.560 - State Administrative Expenses for Child Nutrition	Subrecipient Monitoring	09-03
	CFDA 10.550 - Food Donation	Subrecipient Monitoring	09-04
	CFDA 10.558 - Child and Adult Care Food Program CFDA 10.560 - State Administrative Expenses for Child Nutrition	Allowable Costs/Cost Principles	09-05



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Agriculture Health and Human Services Commission	CFDA 10.558 - Child and Adult Care Food Program	Allowable Costs/Cost Principles Earmarking Reporting Subrecipient Monitoring	09-06
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Eligibility	09-07
Department of Family and Protective Services	CFDA 93.558 - Temporary Assistance for Needy Families	Allowable Costs/Cost Principles Eligibility	09-08
	CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV-E CFDA 93.659 - Adoption Assistance CFDA 93.667 - Social Services Block Grant	Allowable Costs/Cost Principles	09-09
	CFDA 93.659 - Adoption Assistance	Allowable Costs/Cost Principles Eligibility	09-10
	CFDA 93.658 - Foster Care - Title IV-E	Eligibility	09-11
	CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV-E	Subrecipient Monitoring	09-12
	CFDA 93.658 - Foster Care - Title IV-E CFDA 93.659 - Adoption Assistance	Matching	09-13
Health and Human Services Commission	Medicaid Cluster	Allowable Costs/Cost Principles	09-15
	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster Medicaid Cluster	Eligibility	09-17



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission	Medicaid Cluster	Special Tests and Provisions	09-20
	CFDA 93.558 - Temporary Assistance for Needy Families	Special Tests and Provisions	09-21 09-24
Health and Human Services Commission Department of Family and Protective Services Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition Program for Woman, Infants, and Children	Procurement and Suspension and Debarment	09-25
	CFDA 93.268 - Immunization Grants		
	CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance		
	CFDA 93.558 - Temporary Assistance for Needy Families		
	CFDA 93.658 - Foster Care - Title IV-E		
	CFDA 93.667 - Social Services Block Grant		
	CFDA 93.767 - State Children's Insurance Program		
	CFDA 93.889 - Hospital Preparedness Program		
	CFDA 93.917 - HIV Care Formula Grants		
	Food Stamp Cluster		
	Medicaid Cluster		
	Health and Human Services Commission Department of Aging and Disability Services Department of Assistive and Rehabilitative Services Department of State Health Services Department of Family and Protective Services		
CFDA 10.560 - State Administrative Expenses for Child Nutrition			
CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States			
CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance			
CFDA 93.558 - Temporary Assistance for Needy Families			
CFDA 93.658 - Foster Care - Title IV-E			
CFDA 93.659 - Adoption Assistance			
CFDA 93.667 - Social Services Block Grant			



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission Department of Aging and Disability Services Department of Assistive and Rehabilitative Services Department of State Health Services Department of Family and Protective Services	CFDA 93.767 - State Children's Insurance Program CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.994 - Maternal and Child Health Services Block Grants to the States Aging Cluster Disability Insurance/SSI Cluster Food Stamp Cluster Medicaid Cluster	(continued)	09-26
Parks and Wildlife Department	Fish and Wildlife Cluster	Reporting	09-28
Department of State Health Services	CFDA 93.217 - Family Planning Services CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.889 - Hospital Preparedness Program CFDA 93.917 - HIV Care Formula Grants CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.994 - Maternal and Child Health Services Block Grants to the States	Subrecipient Monitoring	09-31
Texas Education Agency	CFDA 84.287 - Twenty-First Century Community Learning Centers	Level of Effort - Maintenance of Effort	09-34
Angelo State University	Student Financial Assistance Cluster	Eligibility	09-36
		Special Tests and Provisions	09-37
Department of Public Safety	Homeland Security Cluster	Allowable Costs/Cost Principles	09-38
	Homeland Security Cluster CFDA 20.233 - Border Enforcement Grant	Equipment and Real Property Management	09-40



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Public Safety	Homeland Security Cluster	Matching, Level of Effort, Earmarking	09-41
	Homeland Security Cluster	Procurement and Suspension and Debarment	09-42
	Homeland Security Cluster	Subrecipient Monitoring	09-43
	CFDA 20.233 - Border Enforcement Grant	Procurement and Suspension and Debarment	09-45
	CFDA 97.036 - Public Assistance Grants (including CFDA 83.544) CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)	Reporting	09-47
	CFDA 97.036 - Public Assistance Grants (including CFDA 83.544)	Subrecipient Monitoring	09-48
Sul Ross State University	Student Financial Assistance Cluster	Eligibility	09-49
		Special Tests and Provisions	09-50
Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	09-51 09-52 09-53
Texas A&M University - Corpus Christi	Student Financial Assistance Cluster	Eligibility	09-54
		Special Tests and Provisions	09-55
Texas Higher Education Coordinating Board	84.032L - Federal Family Education Loans (FFEL) - Lender	Special Tests and Provisions	09-56
			09-57
			09-58
			09-59
09-60			
Texas Southern University	Student Financial Assistance Cluster	Eligibility	09-61



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Southern University	Student Financial Assistance Cluster	Special Tests and Provisions	09-63
	Research and Development Cluster	Allowable Costs/Cost Principles	09-64
Texas State University - San Marcos	Student Financial Assistance Cluster	Eligibility	09-65
		Reporting	09-66
		Special Tests and Provisions	09-67 09-68 09-70
Texas Tech University	Student Financial Assistance Cluster	Reporting	09-71
		Special Tests and Provisions	09-72 09-73 09-74 09-75
Department of Transportation	CFDA 20.106 - Airport Improvement Program	Procurement and Suspension and Debarment	09-76
		Special Tests and Provisions	09-78
	Highway Planning and Construction Cluster	Procurement and Suspension and Debarment	09-79
		Subrecipient Monitoring	09-80
University of Houston	Student Financial Assistance Cluster	Eligibility	09-82
		Reporting	09-83
		Special Tests and Provision	09-84 09-85
University of North Texas Health Science Center at Fort Worth	Student Financial Assistance Cluster	Special Tests and Provisions	09-88



<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	09-89 09-90 09-91
		Research and Development Cluster	09-92
		Davis-Bacon Act	09-93
		Equipment and Real Property Management	09-94
University of Texas at Dallas	Student Financial Assistance Cluster	Eligibility	09-96
	Research and Development Cluster	Procurement and Suspension and Debarment	09-97
University of Texas at El Paso	Student Financial Assistance Cluster	Eligibility	09-98
		Special Tests and Provisions	09-99
	Research and Development Cluster	Allowable Costs/Cost Principles	09-100
University of Texas Health Science Center at Houston	Research and Development Cluster	Allowable Costs/Cost Principles	09-101
		Equipment and Real Property Management	09-102
		Procurement and Suspension and Debarment	09-103
University of Texas Health Science Center at San Antonio	Student Financial Assistance Cluster	Special Tests and Provisions	09-104
University of Texas Medical Branch at Galveston	Student Financial Assistance Cluster	Special Tests and Provisions	09-105



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas of the Permian Basin	Student Financial Assistance Cluster	Eligibility	09-106
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility	09-108
		Special Tests and Provisions	09-109 09-110
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Special Tests and Provisions	09-111
Water Development Board	CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program	Matching	09-114
	CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Fund	Procurement and Suspension and Debarment	09-115
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund	Subrecipient Monitoring	09-116
	CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program		
West Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	09-117
Texas Workforce Commission	CFDA 93.596 - Child Care Matching & Matching Funds of the Child Care	Matching	09-118

### **Internal Control Over Compliance**

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





Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement are performed by the service organizations noted above. Internal control over compliance related to such functions for the year ended August 31, 2008 was reported on by other accountants in accordance with the Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of the service organizations' internal control over compliance related to such functions.

Our consideration of internal control over compliance was for the limited purpose described above and would not necessarily identify all deficiencies in the State's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and items listed below to be significant deficiencies, excluding those significant deficiencies we also consider to be material weaknesses:

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Agriculture	CFDA 10.558 - Child and Adult Care Food Program CFDA 10.560 - State Administrative Expenses for Child Nutrition	Allowable Costs/Cost Principles	09-01
	CFDA 10.560 - State Administrative Expenses for Child Nutrition	Subrecipient Monitoring	09-03
	CFDA 10.550 - Food Donation	Subrecipient Monitoring	09-04
	CFDA 10.558 - Child and Adult Care Food Program CFDA 10.560 - State Administrative Expenses for Child Nutrition	Allowable Costs/Cost Principles	09-05



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Agriculture Health and Human Services Commission	CFDA 10.558 - Child and Adult Care Food Program	Allowable Costs/Cost Principles Earmarking Reporting Subrecipient Monitoring	09-06
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Eligibility	09-07
Department of Family and Protective Services	CFDA 93.558 - Temporary Assistance for Needy Families	Allowable Costs/Cost Principles Eligibility	09-08
	CFDA 93.558 - Temporary Assistance for Needy Families	Allowable Costs/Cost Principles	09-09
	CFDA 93.658 - Foster Care - Title IV-E		
	CFDA 93.659 - Adoption Assistance		
	CFDA 93.667 - Social Services Block Grant		
	CFDA 93.659 - Adoption Assistance	Allowable Costs/Cost Principles Eligibility	09-10
	CFDA 93.658 - Foster Care - Title IV-E	Eligibility	09-11
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families	Subrecipient Monitoring	09-12
	CFDA 93.658 - Foster Care - Title IV-E		
	CFDA 93.767 - State Children's Insurance Program Medicaid Cluster	Allowable Costs/Cost Principles	09-14
	CFDA 93.767 - State Children's Insurance Program	Eligibility	09-16
	CFDA 93.558 - Temporary Assistance for Needy Families	Special Tests and Provisions	09-18
	Food Stamp Cluster	Special Tests and Provisions	09-19
	Medicaid Cluster	Special Tests and Provisions	09-20



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families	Special Tests and Provisions	09-21
	Medicaid Cluster	Special Tests and Provisions	09-22
	Food Stamp Cluster	Special Tests and Provisions	09-23
	CFDA 93.558 - Temporary Assistance for Needy Families	Special Tests and Provisions	09-24
Health and Human Services Commission Department of Family and Protective Services Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV-E CFDA 93.667 - Social Services Block Grant CFDA 93.767 - State Children's Insurance Program CFDA 93.889 - Hospital Preparedness Program CFDA 93.917 - HIV Care Formula Grants Food Stamp Cluster Medicaid Cluster	Procurement and Suspension and Debarment	09-25
Texas Department of Housing and Community Affairs	CFDA 93.568 - Low-Income Home Energy Assistance	Cash Management Earmarking Subrecipient Monitoring Reporting	09-27
Department of State Health Services	CFDA 93.889 - Hospital Preparedness Program	Allowable Costs/Cost Principles Period of Availability of Federal Funds	09-29
	CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children	Allowable Costs/Cost Principles Special Tests and Provisions	09-30



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of State Health Services	CFDA 93.217 - Family Planning Services CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.889 - Hospital Preparedness Program CFDA 93.917 - HIV Care Formula Grants CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.994 - Maternal and Child Health Services Block Grant to the States	Subrecipient Monitoring	09-31
Texas Education Agency	CFDA 84.011 - Migrant Education-State Grant Program CFDA 84.048 - Vocational Education-Basic Grants to States CFDA 84.287 - Twenty-First Century Community Learning Centers CFDA 84.357 - Reading First State Grants Special Education Cluster	Subrecipient Monitoring	09-32
	CFDA 84.048 - Vocational Education-Basic Grants to States Special Education Cluster	Allowable Costs/Cost Principles	09-33
Angelo State University	Student Financial Assistance Cluster	Eligibility	09-36
		Special Tests and Provisions	09-37
Department of Public Safety	Homeland Security Cluster	Allowable Costs/Cost Principles	09-38
		Cash Management	09-39
	Homeland Security Cluster CFDA 20.233 - Border Enforcement Grant	Equipment and Real Property Management	09-40



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>	
Department of Public Safety	Homeland Security Cluster	Matching, Level of Effort, Earmarking	09-41	
		Procurement and Suspension and Debarment	09-42	
		Subrecipient Monitoring	09-43	
	CFDA 20.233 - Border Enforcement Grant	Procurement and Suspension and Debarment	09-45	
		Reporting	09-46	
		CFDA 97.036 - Public Assistance Grants (including CFDA 83.544) CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)	Reporting	09-47
			Subrecipient Monitoring	09-48
Sul Ross State University	Student Financial Assistance Cluster	Eligibility	09-49	
		Special Tests and Provisions	09-50	
Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	09-51 09-52 09-53	
Texas A&M University - Corpus Christi	Student Financial Assistance Cluster	Eligibility	09-54	
		Special Tests and Provisions	09-55	
Texas Higher Education Coordinating Board	84.032L - Federal Family Education Loans (FFEL) - Lender	Special Tests and Provisions	09-56 09-57 09-58 09-59 09-60	
Texas Southern University	Student Financial Assistance Cluster	Eligibility	09-61	



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Texas Southern University	Student Financial Assistance Cluster	Special Tests and Provisions	09-63
	Research and Development Cluster	Allowable Costs/Cost Principles	09-64
Texas State University - San Marcos	Student Financial Assistance Cluster	Eligibility	09-65
		Reporting	09-66
		Special Tests and Provisions	09-67 09-68 09-70
Texas Tech University	Student Financial Assistance Cluster	Reporting	09-71
		Special Tests and Provisions	09-72 09-73 09-74 09-75
		Procurement and Suspension and Debarment	09-76
		Special Tests and Provisions	09-78
Department of Transportation	CFDA 20.106 - Airport Improvement Program	Procurement and Suspension and Debarment	09-76
		Special Tests and Provisions	09-78
	Highway Planning and Construction Cluster	Procurement and Suspension and Debarment	09-79
		Subrecipient Monitoring	09-80
University of Houston	Student Financial Assistance Cluster	Eligibility	09-82
		Reporting	09-83
		Special Tests and Provision	09-85
University of North Texas Health Science Center at Forth Worth	Student Financial Assistance Cluster	Special Tests and Provisions	09-88



<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	09-89 09-90 09-91
		Research and Development Cluster	09-92
		Davis-Bacon Act	09-93
		Equipment and Real Property Management	09-94
		Matching, Level of Effort, Earmarking	09-95
University of Texas at Dallas	Student Financial Assistance Cluster	Eligibility	09-96
	Research and Development Cluster	Procurement and Suspension and Debarment	09-97
University of Texas at El Paso	Student Financial Assistance Cluster	Eligibility	09-98
		Special Tests and Provisions	09-99
	Research and Development Cluster	Allowable Costs/Cost Principles	09-100
University of Texas Health Science Center at Houston	Research and Development Cluster	Equipment and Real Property Management	09-102
		Procurement and Suspension and Debarment	09-103
University of Texas Health Science Center at San Antonio	Student Financial Assistance Cluster	Special Tests and Provisions	09-104
University of Texas Medical Branch at Galveston	Student Financial Assistance Cluster	Special Tests and Provisions	09-105



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
University of Texas of the Permian Basin	Student Financial Assistance Cluster	Eligibility	09-106
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility	09-108
		Special Tests and Provisions	09-109 09-110
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Special Tests and Provisions	09-111
Water Development Board	CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program	Cash Management	09-112
	CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Fund	Equipment and Real Property Management	09-113
	CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund	Procurement and Suspension and Debarment	09-115
	CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program	Subrecipient Monitoring	09-116
West Texas A&M University	Student Financial Assistance Cluster	Special Tests and Provisions	09-117

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we and the other auditors consider the items listed below, to be material weaknesses:

<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster Medicaid Cluster	Eligibility	09-17
Texas Education Agency	CFDA 84.011 - Migrant Education - State Grant Program	Reporting Special Tests and Provisions	09-35





<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Public Safety	CFDA 20.233 - Border Enforcement Grant	Matching, Level of Effort, Earmarking	09-44
Texas Southern University	Student Financial Assistance Cluster	Special Tests and Provisions	09-62
Texas State University - San Marcos	Student Financial Assistance Cluster	Special Tests and Provisions	09-69
Department of Transportation	CFDA 20.106 - Airport Improvement Program	Reporting	09-77
	Highway Planning and Construction Cluster	Special Tests and Provisions	09-81
University of Houston	Student Financial Assistance Cluster	Special Tests and Provisions	09-86 09-87
University of Texas of the Permian Basin	Student Financial Assistance Cluster	Special Tests and Provisions	09-107

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

This report is intended solely for the information and use of the Governor, the Members of the Texas State Legislature, Legislative Audit Committee, management of State agencies and universities, and 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 20, 2009

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

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 National Drug Control Policy</b>					
Office of National Drug Control Policy	07.XXX	PHNP506 PSWP562	\$	\$ 80,461 194,153	\$ 80,461 194,153
Total - Office of National Drug Control Policy			0	274,614	274,614
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	7X412COOL		(524)	(524)
		12-25-A-4666		37,200	37,200
		Coop. Agr #004		3,035	3,035
		Dog Fighting Investigations		39,558	39,558
		FMPPTX-204-2007		25,722	25,722
		FSIS-C-68-2003		30,007	30,007
		WIEB-04-TX-0		(18,992)	(18,992)
<i>Pass-Through from Southern US Trade Association</i>		E04MX4NA95		100,261	100,261
Agricultural Research--Basic and Applied Research	10.001			6,869	6,869
Plant and Animal Disease, Pest Control, and Animal Care	10.025			5,892,668	5,892,668
Wildlife Services	10.028			120,000	120,000
Livestock Assistance Program	10.066			668,645	668,645
Conservation Reserve Program	10.069			1,487	1,487
Market News	10.153			33,507	33,507
Federal-State Marketing Improvement Program	10.156			32,960	32,960
Market Protection and Promotion	10.163		12,405	1,372,524	1,384,929
Specialty Crop Block Grant Program	10.169			135,881	135,881
Grants for Agricultural Research, Special Research Grants	10.200			58,460	58,460
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			1,348,751	1,348,751
Grants for Agricultural Research--Competitive Research Grants	10.206			32,817	32,817
Animal Health and Disease Research	10.207		20,704	168,154	188,858
Small Business Innovation Research	10.212				
<i>Pass-Through from Lynntech, Inc.</i>		442160		23,160	23,160
Sustainable Agriculture Research and Education	10.215				
<i>Pass-Through from Southern Forest Research Partnership</i>		435140		44,096	44,096
1890 Institution Capacity Building Grants	10.216			162,534	162,534
Higher Education Challenge Grants	10.217			53,192	53,192
Hispanic Serving Institutions Education Grants	10.223			575,644	575,644
Integrated Programs	10.303		788,633	300,884	1,089,517
<i>Pass-Through from North Carolina State University</i>		420120		37,178	37,178
<i>Pass-Through from North Carolina State University</i>		433450		5,440	5,440
<i>Pass-Through from North Carolina State University</i>		433690		4,580	4,580
<i>Pass-Through from North Carolina State University</i>		434930		723	723
Homeland Security Agricultural	10.304			285,447	285,447
<i>Pass-Through from University of Florida</i>		440490		41,814	41,814
Interest Assistance Program	10.437			6,672	6,672
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443			189,525	189,525
Rural Community Development Initiative	10.446			20,477	20,477
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459			77,658	77,658
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,708,965	4,708,965
Cooperative Extension Service	10.500		2,511,632	25,973,118	28,484,750
<i>Pass-Through from Auburn University</i>		434450		21,195	21,195
<i>Pass-Through from Auburn University</i>		455140		144,625	144,625
<i>Pass-Through from Auburn University</i>		455490		61,325	61,325

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

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>					
<i>Pass-Through from Mississippi State University</i>		457150		128	128
<i>Pass-Through from Mississippi State University</i>		458180		515	515
<i>Pass-Through from National 4-H Council</i>		2005-45201-03332		20,856	20,856
<i>Pass-Through from National 4-H Council</i>		455510		582	582
<i>Pass-Through from National 4-H Council</i>		455530		24,056	24,056
<i>Pass-Through from University of Florida</i>		433950		3,982	3,982
<i>Pass-Through from University of Florida</i>		434110		996	996
<i>Pass-Through from University of Florida</i>		434150		7,704	7,704
<i>Pass-Through from University of Florida</i>		440510		3,007	3,007
<i>Pass-Through from University of Georgia</i>		437450		4,809	4,809
<i>Pass-Through from University of Georgia</i>		450340		7,118	7,118
<i>Pass-Through from University of Georgia</i>		450550		11,637	11,637
<i>Pass-Through from University of Minnesota</i>		422007	56,062		56,062
<i>Pass-Through from University of Minnesota</i>		422008		44,941	44,941
<i>Pass-Through from University of Minnesota</i>		422009	25,600		25,600
<i>Pass-Through from University of Minnesota</i>		422010	4,443		4,443
<i>Pass-Through from University of Minnesota</i>		422011	1,223		1,223
<i>Pass-Through from University of Nebraska</i>		457180		9,916	9,916
Food Distribution	10.550		105,836,247	417,190	106,253,437
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		108,690,515	692,346,333	801,036,848
Child and Adult Care Food Program	10.558		209,474,157	19,078,480	228,552,637
State Administrative Expenses for Child Nutrition	10.560		4,885,465	11,585,382	16,470,847
Commodity Supplemental Food Program	10.565		7,405,939	2,561,531	9,967,470
WIC Farmers' Market Nutrition Program (FMNP)	10.572		137,598	980,174	1,117,772
Child Nutrition Discretionary Grants Limited Availability	10.579		40,913	19,800	60,713
Fresh Fruit and Vegetable Program	10.582		274,838		274,838
Forestry Research	10.652			932,249	932,249
Cooperative Forestry Assistance	10.664			7,676,216	7,676,216
Rural Development, Forestry, and Communities	10.672			11,296	11,296
Forest Land Enhancement Program	10.677			64,345	64,345
Forest Health Protection	10.680			514,158	514,158
Rural Business Enterprise Grants	10.769			95,171	95,171
Rural Cooperative Development Grants	10.771			207,541	207,541
Distance Learning and Telemedicine Loans and Grants	10.855			379,657	379,657
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856			96,756	96,756
Soil and Water Conservation	10.902				
<i>Pass-Through from National Fish and Wildlife Foundation</i>		449003	76,578		76,578
<i>Pass-Through from National Fish and Wildlife Foundation</i>		449160		8,092	8,092
Plant Materials for Conservation	10.905			81,026	81,026
Watershed Surveys and Planning	10.906			37,890	37,890
Environmental Quality Incentives Program	10.912		5,000	1,076,716	1,081,716
Wildlife Habitat Incentive Program	10.914				
<i>Pass-Through from National Fish and Wildlife Foundation</i>		454230		7,390	7,390
Total – U.S. Department of Agriculture			440,247,952	781,144,882	1,221,392,834
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	EA133C-02-CN-0036 EA135006SE5303		52,962	52,962
Economic Development--Technical Assistance	11.303			24,885	24,885
<i>Pass-Through from Economic Development Administration</i>		08-66-04211		3,436	3,436
Trade Adjustment Assistance for Firms	11.313			107,450	107,450
Sea Grant Support	11.417			1,021,795	1,021,795
Coastal Zone Management Administration Awards	11.419		744,417	(16,547)	(16,547)
				1,222,003	1,966,420

# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Commerce (continued)</b>					
<i>Pass-Through from Houston Area Research Council</i>		606240		(252)	(252)
<i>Pass-Through from University of New Hampshire</i>		604860		39,224	39,224
<i>Pass-Through from University of New Hampshire</i>		606620	38,577	555	39,132
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432			605,824	605,824
Marine Fisheries Initiative	11.433			10,886	10,886
Regional Fishery Management Councils	11.441			789,970	789,970
Unallied Industry Projects	11.452			222,753	222,753
Special Oceanic and Atmospheric Projects	11.460			(90)	(90)
Habitat Conservation	11.463			1,351,388	1,351,388
<i>Pass-Through from Coastal Bend Bays</i>		742924909		1,610,000	1,610,000
Coastal Services Center	11.473			4,898	4,898
Public Telecommunications Facilities Planning and Construction	11.550			53,344	53,344
Public Safety Interoperable Communication Grant Program	11.555		1,200	116,882	118,082
Measurement and Engineering Research and Standards	11.609			8,815	8,815
Manufacturing Extension Partnership	11.611			1,466,616	1,466,616
Advanced Technology Program	11.612				
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-63310134-004		6,685	6,685
Minority Business Enterprise Centers	11.800			246,111	246,111
Total - U.S. Department of Commerce			784,194	8,949,593	9,733,787
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	401-8-TAMIU 580008	310,288	40,196	40,196
		AFOTCR170		21,338	21,338
		DACW42-03-2-0002		223,851	223,854
		FA 51 IQC (W91WAW-08-P-0075)		479,042	479,042
		FA4484-07-T-0030		1,259	1,259
		FA8901-07-M- 0089/PET	2,623	172,117	174,740
		FA8901-08-C-003		3,218	3,218
		G72746		3,802	3,802
		IAC 1647		2,547	2,547
		NOO189-07-P-M299		15,000	15,000
		VM9113M-05-C-1087		1,827,556	1,827,556
		W81K00-06-P-0525		25,817	25,817
		WOLF - BAMC		61,811	61,811
		WOLF/IPAA/STEWART		159,667	159,667
<i>Pass-Through from Karta Technologies</i>		FA8901-06-C-0002	110,000	10,375	120,375
<i>Pass-Through from Rice University</i>		R14051-72600003		12,372	12,372
Procurement Technical Assistance for Business Firms	12.002		17,274	818,664	835,938
Flood Control Projects	12.106			280,843	280,843
Payments to States in Lieu of Real Estate Taxes	12.112			2,823,145	2,823,145
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			783,580	783,580
Collaborative Research and Development	12.114			108,165	108,165
Civil Defense- Architect/Engineer Faculty Development	12.300			619,948	619,948
<i>Pass-Through from Consortium for Oceanographic Research and Education</i>		NA06SEC4690002		13,343	13,343
Military Construction, National Guard	12.400			5,124,503	5,124,503
National Guard Military Operations and Maintenance (O&M) Projects	12.401			44,385,422	44,385,422

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

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>					
Readiness Sustainment Maintenance Program	12.402			12,276,896	12,276,896
National Guard Civilian Youth Opportunities	12.404			2,010,744	2,010,744
Military Medical Research and Development	12.420		613,512	1,532,511	2,146,023
Basic Scientific Research	12.431			1,390,415	1,390,415
<i>Pass-Through from Academy for Applied Science</i>		PRIME W911NF-04-1-0001		19,509	19,509
Basic, Applied, and Advanced Research in Science and Engineering	12.630			504,540	504,540
Air Force Defense Research Sciences Program	12.800			283,465	283,465
<i>Pass-Through from EM-Assist, Inc.</i>		FA7014-07-C-0041		12,500	12,500
Mathematical Sciences Grants Program	12.901			1,400	1,400
Research and Technology Development	12.910			137,618	137,618
Total - U.S. Department of Defense			<u>1,053,697</u>	<u>76,187,179</u>	<u>77,240,876</u>
<b>U.S. Department of Housing and Urban Development</b>					
U.S. Department of Housing and Urban Development	14.XXX	7751021000		95,642	95,642
		CH-TEX 249(D)		269,758	269,758
		CH-TEX-250D-300630		93,330	93,330
		SA-265-1000(S)		48,802	48,802
<i>Pass-Through from City of Houston</i>		FC62153 06-05001		40,505	40,505
<i>Pass-Through from University of California - San Francisco</i>		G72127		27,794	27,794
Community Development Block Grants/Technical Assistance Program	14.227				
<i>Pass-Through from City of Arlington</i>		B-05-MC48-0008		90	90
Community Development Block Grants/State's Program	14.228		132,282,786	9,899,196	142,181,982
Emergency Shelter Grants Program	14.231		4,761,577	187,745	4,949,322
Supportive Housing Program	14.235				
<i>Pass-Through from Housing Authority of New Orleans</i>		07-101-04-12		80,507	80,507
<i>Pass-Through from SCI Research</i>		07-101-04-12	95,943		95,943
Historically Black Colleges and Universities Program	14.237			148,491	148,491
HOME Investment Partnerships Program	14.239		30,186,775	3,686,962	33,873,737
Housing Opportunities for Persons with AIDS	14.241		2,886,092	73,295	2,959,387
<i>Pass-Through from City of Dallas</i>		04-0531		6,630	6,630
<i>Pass-Through from City of Dallas</i>		72160		25,088	25,088
Rural Housing and Economic Development	14.250		129	42,247	42,376
<i>Pass-Through from Neighborhood Housing Service of Dimmit County</i>		3911-01		28,722	28,722
General Research and Technology Activity	14.506			25,000	25,000
Community Outreach Partnership Center Program	14.511			25	25
Hispanic-Serving Institutions Assisting Communities	14.514			285,401	285,401
Historically Black Colleges and Universities Program	14.520			54,011	54,011
Public and Indian Housing	14.850				
<i>Pass-Through from Lubbock Housing Authority</i>		135244B5604100		60,931	60,931
Demolition and Revitalization of Severely Distressed Public Housing (HOPE IV)	14.866				
<i>Pass-Through from Housing Authority of City of Beaumont</i>		HOPE VI Grant - 12-08-07 - 426047		5,969	5,969
Section 8 Housing Choice Vouchers	14.871			6,400,207	6,400,207
Healthy Homes Demonstration Grants	14.901			76,749	76,749
Total - U.S. Department of Housing and Urban Development			<u>170,213,302</u>	<u>21,663,097</u>	<u>191,876,399</u>
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	05-FG-40-2424, MOD 2		1,550	1,550

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

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>					
		06CRBA0003/6003CB0 003/0787960239		5,542	5,542
		06CRBA0003/6003CB0 004/0886530256		3,901	3,901
		06CRBA0003/6003CB0 005/0887960055		4,761	4,761
		07HQSA0114; REQ #0779010086/0001		10,413	10,413
		1435-02-03-CA-40391		74,705	74,705
		1448-20181-03-G912		1,055,519	1,055,519
		2122080015/R21220800 15/H5000030518		11,368	11,368
		H1200070001/TSK #J1242070026/UT-01		5,253	5,253
		H5000030518/J2360075 179/R360075179		1,945	1,945
		H5000030518/Tsk#J710 0070036		52,494	52,494
		J124080007		17,785	17,785
		J2122077006/H5000030 518/R2122077006		20,995	20,995
		J2122080017/H5000070 520/R2122080017		2,586	2,586
		J7100600020/REQ #PR71006020/UTA06- 455		25,061	25,061
Cultural Resource Management	15.224			27,783	27,783
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			5,000	5,000
Fish, Wildlife and Plant Conservation Resource Management	15.231			26,638	26,638
National Fire Plan - Rural Fire Assistance	15.242			3,009	3,009
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,066,546	1,066,546
Abandoned Mine Land Reclamation (AMLR) Program	15.252			1,351,673	1,351,673
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		162,168	215,268	377,436
Marine Minerals Activities	15.424			11,480	11,480
Coastal Impact Assistance Program (CIAP)	15.426			150,234	150,234
Water 2025	15.507			38,084	38,084
Fish and Wildlife Management Assistance	15.608			(162)	(162)
Coastal Wetlands Planning, Protection, and Restoration Act	15.614			149,143	149,143
Cooperative Endangered Species Conservation Fund	15.615			4,637,342	4,637,342
Clean Vessel Act	15.616			263,420	263,420
Sportfishing and Boating Safety Act	15.622			1,076,129	1,076,129
North American Wetlands Conservation Fund	15.623			9,000	9,000
Wildlife Conservation and Restoration	15.625			139,182	139,182
Coastal Program	15.630			21,186	21,186
<i>Pass-Through from Scenic Galveston</i>		760511886		42,487	42,487
Landowner Incentive Program	15.633			291,570	291,570
State Wildlife Grants	15.634			2,810,853	2,810,853
Challenge Cost Share	15.642			19,800	19,800
Earthquake Hazards Reduction Program	15.807			48,071	48,071
U.S. Geological Survey--Research and Data Acquisition	15.808			69,932	69,932
National Cooperative Geologic Mapping Program	15.810			47,501	47,501

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Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of the Interior (continued)</b>					
Historic Preservation Fund Grants-In-Aid	15.904			4,023,433	4,023,433
<i>Pass-Through from Cane River National Heritage Area</i>		CG200701-D		10,531	10,531
National Natural Landmarks Program	15.910			4,997	4,997
Outdoor Recreation--Acquisition, Development and Planning	15.916			3,687,755	3,687,755
Save America's Treasures	15.929			20,992	20,992
				<hr/>	<hr/>
Total - U.S. Department of the Interior			162,168	21,562,755	21,724,923
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	2003UMWX0162		46,193	46,193
		2005-DD-BS-1127		(25,488)	(25,488)
		2005-DD-BX-1235		20,421	20,421
		2006-BJ-CX-K005		396	396
		2006-DD-BX-0288		277,623	277,623
		2006DDBX0589		49,977	49,977
		ISVG/D777		(16,555)	(16,555)
		TXQNGCD13		266,275	266,275
<i>Pass-Through from ITT Corporation</i>		210023		559,366	559,366
<i>Pass-Through from New Mexico Institute of Mining and Technology</i>		S-INLEC-01-CA-0005		345,994	345,994
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202			281,564	281,564
Juvenile Accountability Block Grants	16.523		2,522,951	265,028	2,787,979
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus	16.525		12,321	63,661	75,982
Education, Training and Enhanced Services to End Violence Against Women with Disabilities	16.529			1,556	1,556
Juvenile Justice and Delinquency Prevention--Allocation to States	16.540		3,958,360	1,177,240	5,135,600
Part E - Developing, Testing, and Demonstrating Promising New Programs	16.541			252,760	252,760
Missing Children's Assistance	16.543			296,894	296,894
Title V--Delinquency Prevention Program	16.548		232,538		232,538
National Criminal History Improvement Program (NCHIP)	16.554			345,310	345,310
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			725,527	725,527
<i>Pass-Through from University of Arkansas</i>		SA0701217		25,937	25,937
Crime Laboratory Improvement--Combined Offender DNA Index System Backlog Reduction	16.564			276,493	276,493
Crime Victim Assistance	16.575		27,288,811	1,249,629	28,538,440
Crime Victim Compensation	16.576			17,800,000	17,800,000
Edward Byrne Memorial Formula Grant Program	16.579		265,365	1,585,433	1,850,798
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			1,264,032	1,264,032
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586			37,383	37,383
Violence Against Women Formula Grants	16.588		6,367,261	220,573	6,587,834
<i>Pass-Through from Tarrant County</i>		OR 07-121		31,985	31,985
Local Law Enforcement Block Grants Program	16.592		(1,951)	178,487	176,536
Residential Substance Abuse Treatment for State Prisoners	16.593		1,541,435		1,541,435
Corrections--Technical Assistance/Clearinghouse	16.603			28,616	28,616
State Criminal Alien Assistance Program	16.606			19,348,827	19,348,827
Bulletproof Vest Partnership Program	16.607			174,963	174,963
Community Prosecution and Project Safe Neighborhoods	16.609			1,145,137	1,145,137
Public Safety Partnership and Community Policing Grants	16.710			36,640	36,640
Enforcing Underage Drinking Laws Program	16.727		176,961	187,530	364,491
Protecting Inmates and Safeguarding Communities	16.735			441,055	441,055

**STATE OF TEXAS**

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For the Year Ended August 31, 2008

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Justice (continued)</b>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		9,721,949	6,678,457	16,400,406
Statewide Automated Victim Information Notification (SAVIN) Program	16.740			93,879	93,879
Forensic DNA Capacity Enhancement Program	16.741		1,230,580		1,230,580
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		857,266		857,266
Forensic Casework DNA Backlog Reduction Program	16.743		788,300		788,300
Anti-Gang Initiative	16.744			646,679	646,679
Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	16.748			288,753	288,753
Total - U.S. Department of Justice			54,962,147	56,674,230	111,636,377
<b>U.S. Department of Labor</b>					
U.S. Department of Labor	17.XXX	135H44C566		3,195	3,195
<i>Pass-Through from North Central Texas College</i>		G72123		11,734	11,734
<i>Pass-Through from Wired Skills Development Project</i>		2308SDF000		12,394	12,394
<i>Pass-Through from Workforce Solutions for Tarrant County</i>		G72260		41,858	41,858
Labor Force Statistics	17.002			3,341,675	3,341,675
Compensation and Working Conditions	17.005			244,095	244,095
Unemployment Insurance	17.225		783,349	1,581,539,073	1,582,322,422
Senior Community Service Employment Program	17.235		4,412,868	48,494	4,461,362
Trade Adjustment Assistance	17.245		7,139,061	234,090	7,373,151
WIA Pilots, Demonstrations, and Research Projects	17.261		392,174	1,555,320	1,947,494
<i>Pass-Through from South Texas College</i>		UTPA/WR-15999-07		254,744	254,744
Work Incentive Grants	17.266		655,496	88,335	743,831
Incentive Grants_WIA Section 503	17.267			48,205	48,205
<i>Pass-Through from South Texas Workforce Development</i>		05-2005		2,907	2,907
<i>Pass-Through from South Texas Workforce Development</i>		05-2008		81,267	81,267
<i>Pass-Through from Workforce Solutions Middle Rio Grande</i>		05-2008		6,368	6,368
Community Based Job Training Grants	17.269			707,737	707,737
Work Opportunity Tax Credit Program (WOTC)	17.271		1,845	1,206,864	1,208,709
Temporary Labor Certification for Foreign Workers	17.273		10,296	828,354	838,650
Occupational Safety and Health--Susan Harwood Training Grants	17.502		14,857	409,211	424,068
Consultation Agreements	17.504			2,548,723	2,548,723
Women's Bureau	17.700			(66)	(66)
Transition Assistance Program	17.807			230,063	230,063
Total - U.S. Department of Labor			13,409,946	1,593,444,640	1,606,854,586
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX	SMX56008GR006		1,461	1,461
<i>Pass-Through from World Learning</i>		UTA08-730		48,083	48,083
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>		Ltr Dtd 04/20/07		25,000	25,000
Educational Exchange--University Lecturers (Professors) and Research Scholars	19.401				
<i>Pass-Through from Fulbright Scholar Program</i>		Ltr Dtd 02/06/07		16,678	16,678
Professional Exchange--Annual Open Grant	19.415				
<i>Pass-Through from Higher Education for Development</i>		HNE-A-00-9		68,107	68,107
Exchange-English Language Fellow Program	19.421				
<i>Pass-Through from International Research Exchanges</i>		S-ECAAE-07-CA-023		21,735	21,735
Educational Exchange Scholar-in-Residence (U.S. Institutions of Higher Education Host Lecturing Faculty From Abroad)	19.431			81,377	81,377
Total - U.S. Department of State			0	262,441	262,441



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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX	Bike Hub Project		73,626	73,626
		DDEGRD-07-X-00412		6,500	6,500
		DDEGRD-07-X-00413		4,925	4,925
		DDEGRD-07-X-00426		1,500	1,500
		DDEGRD-07-X-00429		1,500	1,500
		DDEGRD-07-X-00440		1,500	1,500
		DDEGRD-07-X-00441		1,500	1,500
		DDEGRD-07-X-00442		1,500	1,500
		DDEGRD-07-X-00459		1,500	1,500
		DDEHBC-05X-00103		14,735	14,735
		HSTS0208HSLR057		42,202	42,202
Boating Safety Financial Assistance	20.005			(137,915)	(137,915)
Airport Improvement Program	20.106			53,138,620	53,138,620
Aviation Research Grants	20.108			5,063	5,063
Highway Training and Education	20.215			52,211	52,211
National Motor Carrier Safety	20.218			8,896,466	8,896,466
Recreational Trails Program, Revised	20.219			2,420,421	2,420,421
Performance And Registration Information Systems Management	20.231			238,455	238,455
Commercial Driver License State Programs	20.232		43,584	754,022	797,606
Border Enforcement Grants	20.233			16,046,208	16,046,208
Commercial Vehicle Information Systems and Networks	20.237			55,266	55,266
Federal Transit--Metropolitan Planning Grants	20.505		5,960,530		5,960,530
Formula Grants for Other Than Urbanized Areas	20.509		27,512,791	4,023,332	31,536,123
Public Transportation Research	20.514		24,295	10,271	34,566
State Planning and Research	20.515		906,437	1,303,174	2,209,611
National Highway Transportation Safety Admin (NHTSA)	20.614			157,349	157,349
Discretionary Safety Grants					
Pipeline Safety	20.700			1,104,343	1,104,343
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		99,990	517,422	617,412
U.S. Merchant Marine Academy	20.807			365,161	365,161
Total - U.S. Department of Transportation			34,547,627	89,100,857	123,648,484
<b>U.S. Department of Treasury</b>					
Low-Income Taxpayer Clinics	21.008			38,543	38,543
Total - U.S. Department of Treasury			0	38,543	38,543
<b>Office of Personnel Management</b>					
Intergovernmental Mobility of Federal, State, and Local Employees	27.011			339,263	339,263
Total - Office of Personnel Management			0	339,263	339,263
<b>General Services Administration</b>					
Donation of Federal Surplus Personal Property	39.003		11,119,913	171,308	11,291,221
Election Reform Payments	39.011		298,999	678,174	977,173
Total - General Services Administration			11,418,912	849,482	12,268,394

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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 Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	NNG05GL28H, SUPP2		31,307	31,307
		NNX07AV15H		28,758	28,758
		NNX08AK27G		17,954	17,954
<i>Pass-Through from Science Applications International Corporation</i>		4400156333/27		20,004	20,004
<i>Pass-Through from Spellman College</i>		NCC8-227		84,373	84,373
<i>Pass-Through from The Boeing Company</i>		6H08651		51,052	51,052
<i>Pass-Through from The Boeing Company</i>		6H08658		811	811
<i>Pass-Through from United Negro College Fund Special Programs</i>		NASA/UNCFSPC		5,821	5,821
Aerospace Education Services Program	43.001			202,617	202,617
<i>Pass-Through from United Negro College Fund Special Programs</i>		05152007		102,945	102,945
Technology Transfer	43.002			35,450	35,450
Total - National Aeronautics and Space Administration			0	581,092	581,092
<b>National Foundation on the Arts and the Humanities</b>					
National Foundation on the Arts and the Humanities	45.XXX	2008-3608		1,500	1,500
Promotion of the Arts--Grants to Organizations and Individuals	45.024			158,531	158,531
<i>Pass-Through from Arts Midwest</i>		24190		7,200	7,200
Promotion of the Arts--Partnership Agreements	45.025			878,200	878,200
<i>Pass-Through from Mid-America Arts Alliance</i>		FY09-0057		1,200	1,200
Promotion of the Humanities--Federal/State Partnership	45.129			13,254	13,254
<i>Pass-Through from Humanities Texas</i>		2006-3209		1,097	1,097
<i>Pass-Through from Humanities Texas</i>		2006-3299		(58)	(58)
<i>Pass-Through from Humanities Texas</i>		2007-3354		5,000	5,000
<i>Pass-Through from Humanities Texas</i>		8000000477/715/822/855		3,393	3,393
<i>Pass-Through from Humanities Texas</i>		G72155		6,281	6,281
<i>Pass-Through from Humanities Texas</i>		G72174		964	964
Promotion of the Humanities--Challenge Grants	45.130			2,119	2,119
Promotion of the Humanities--Division of Preservation and Access	45.149			215,965	215,965
Promotion of the Humanities--Fellowships and Stipends	45.160			23,543	23,543
Promotion of the Humanities--Collaborative Research	45.161			13,514	13,514
<i>Pass-Through from College of Holy Cross</i>		RZ-50723-07		39,994	39,994
Promotion of the Humanities--Teaching and Learning Resources and Curriculum Development	45.162			53,524	53,524
Promotion of the Humanities--Public Programs	45.164			281,958	281,958
Promotion of Humanities-We the People	45.168				
<i>Pass-Through from Humanities Texas</i>		2007-3443		3,968	3,968
<i>Pass-Through from Humanities Texas</i>		8000000861		9,427	9,427
Museum for American Grants	45.301			100,187	100,187
Museum Assessment Program	45.302			526	526
Conservation Project Support	45.303				
<i>Pass-Through from Michigan State University</i>		61-3334		4,273	4,273
State Library Program	45.310		7,976,917	2,587,295	10,564,212
National Leadership Grants	45.312			347,618	347,618
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-01-03-0056-03		68,258	68,258
Laura Bush 21st Century Librarian Program	45.313		185,029	598,982	784,011
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-01-04-0031-04		84,675	84,675
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-01-07-0100-07		34,746	34,746
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-02-07-0014-07		3,978	3,978
Total - National Foundation on the Arts and the Humanities			8,161,946	5,551,112	13,713,058

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	CHAUTAUQUA FUNDING		64,050	64,050
		CMMI-0827113		70,732	70,732
Engineering Grants	47.041			173,156	173,156
<i>Pass-Through from Jackson State University</i>		EEC-0634279		4,219	4,219
<i>Pass-Through from San Jacinto College District</i>		NSF 0649713		52,129	52,129
<i>Pass-Through from Vanderbilt University</i>		14656-S1-A4 / EEC- 9876363		3,669	3,669
<i>Pass-Through from Vanderbilt University</i>		14656-S9		35,966	35,966
Mathematical and Physical Sciences	47.049			851,369	851,369
<i>Pass-Through from Brigham Young University</i>		DMS 0636648		4,489	4,489
<i>Pass-Through from Institute for Advanced Study</i>		8000000650		85,264	85,264
<i>Pass-Through from University of Notre Dame</i>		PHY-0715396		20,435	20,435
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050			208,849	208,849
<i>Pass-Through from Institute for Global Environmental Strategies, Inc.</i>		429010		20,000	20,000
Computer and Information Science and Engineering	47.070			275,208	275,208
<i>Pass-Through from American Statistical Association</i>		SRS-NSF-2006		1,580	1,580
Biological Sciences	47.074			948,811	948,811
Social, Behavioral, and Economic Sciences	47.075			264,053	264,053
<i>Pass-Through from National Bureau of Economic Research</i>		20345400079555-7700		5,334	5,334
Education and Human Resources	47.076		68,177	4,498,103	4,566,280
<i>Pass-Through from Harrisburg University of Science and Technology</i>		0618432 SSI 2007		698	698
<i>Pass-Through from Houston Independent School District</i>		HU-LINC		230	230
<i>Pass-Through from New Mexico State University</i>		Q01143		75,982	75,982
<i>Pass-Through from Rice University</i>		R39292-2460005		439,069	439,069
<i>Pass-Through from University of Alabama at Birmingham</i>		DRL-0353440		230,009	230,009
International Science and Engineering (OISE)	47.079			187,550	187,550
Office of Cyberinfrastructure	47.080			242,104	242,104
Total - National Science Foundation			68,177	8,763,058	8,831,235
<b>Securities and Exchange Commission</b>					
Securities--Investigation of Complaints and SEC Information	58.001			100,676	100,676
Total - Securities and Exchange Commission			0	100,676	100,676
<b>Small Business Administration</b>					
Small Business Administration	59.XXX	HQ-07-B-0002		60,593	60,593
Internet-Based Technical Assistance	59.005		545,104	551,731	1,096,835
Small Business Development Centers	59.037		650,389	2,639,240	3,289,629
<i>Pass-Through from Dallas County Community College</i>		8-603001-Z-0046-22		75,799	75,799
<i>Pass-Through from Iowa State University</i>		435-08-06		103	103
Veterans Entrepreneurial Training and Counseling	59.044			158,969	158,969
Total - Small Business Administration			1,195,493	3,486,435	4,681,928
<b>U.S. Department of Veterans Affairs</b>					
U.S. Department of Veterans Affairs	64.XXX	V257P0111/WIATRO WSKI		64,771	64,771
		V671P4083		68,248	68,248

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>U.S. Department of Veterans affairs (continued)</b>					
		V674P-3841; 674- C80110; 674-08-1-315- 0001		120,881	120,881
		VA257-P-0159/674- C80271/674-08-2- 3150037		8,648	8,648
		VA-REDDICK- V671P3816		(11,266)	(11,266)
		VA-REDDICK- V671P3991		215,498	215,498
		VP671P3986		7,195	7,195
		WIATROWSKI- V671P4092		12,719	12,719
Grants to States for Construction of State Home Facilities	64.005			108,965	108,965
Veterans State Nursing Home Care	64.015			19,803,807	19,803,807
Veterans State Hospital Care	64.016			8,280	8,280
Burial Expenses Allowance for Veterans	64.101			168,300	168,300
Veterans Compensation for Service-Connected Disability	64.109			31,933	31,933
All-Volunteer Force Educational Assistance	64.124			1,057,259	1,057,259
Vocational and Educational Counseling for Service members and Veterans	64.125			16,873	16,873
State Cemetery Grants	64.203			3,657,733	3,657,733
Total – U.S. Department of Veterans Affairs			0	25,339,844	25,339,844
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	C-4800010506	20,568,979	702,271	21,271,250
Air Pollution Control Program Support	66.001		12,252	31,487	43,739
State Indoor Radon Grants	66.032			59,833	59,833
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034			1,779,912	1,779,912
<i>Pass-Through from National Environmental Education and Training</i>		XA83311501		7,997	7,997
<i>Pass-Through from South Central Area Health Education Center</i>		MILLER-AHEC/EPA		265	265
Congressionally Mandated Projects	66.202			21,368	21,368
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		122,044	5,391,438	5,513,482
State Underground Water Source Protection	66.433			568,500	568,500
Water Quality Management Planning	66.454		231,009	34,732	265,741
National Estuary Program	66.456		178,229	226,457	404,686
Capitalization Grants for Clean Water State Revolving Funds	66.458		15,706,061	47,744,453	63,450,514
Nonpoint Source Implementation Grant	66.460		1,150,010	7,784,518	8,934,528
<i>Pass-Through from Industrial Economics, Inc.</i>		446490		19,135	19,135
Wastewater Operator Training Grant Program (Technical Assistance)	66.467			14,870	14,870
Capitalization Grants for Drinking Water State Revolving Funds	66.468		78,750,811	12,421,861	91,172,672
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471			1,756,027	1,756,027
Beach Monitoring and Notification Program Implementation Grants	66.472		107,079	529,449	636,528
Water Protection Coordination Grants to States	66.474			857,063	857,063
Gulf of Mexico Program	66.475			82,354	82,354
Environmental Protection Consolidated Research	66.500			136,580	136,580
Science To Achieve Results (STAR) Fellowship Program	66.514			66,703	66,703

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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>					
Performance Partnership Grants	66.605		949,242	28,114,469	29,063,711
Surveys, Studies, Investigations and Special Purpose Grants	66.606			106,366	106,366
<i>Pass-Through from HARC</i>		20-23014-TARC122005		3,350	3,350
<i>Pass-Through from Water Environment Research Foundation</i>		427008		10,922	10,922
<i>Pass-Through from Water Environment Research Foundation</i>		427009	5,731		5,731
<i>Pass-Through from Water Environment Research Foundation</i>		427010	6,673		6,673
<i>Pass-Through from Water Environment Research Foundation</i>		427011	30,381		30,381
<i>Pass-Through from Water Environment Research Foundation</i>		427160		77,055	77,055
<i>Pass-Through from Water Environment Research Foundation</i>		427350		41,767	41,767
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			649,900	649,900
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			1,598,147	1,598,147
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		(4,200)	118,887	114,687
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			273,591	273,591
Pollution Prevention Grants Program	66.708			251,137	251,137
Multi-Media Capacity Building Grants for States and Tribes	66.709			21,013	21,013
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716			41,757	41,757
Source Reduction Assistance	66.717			33,611	33,611
Superfund State Political Subdivision, and Indian Tribe Site--Specific Cooperative Agreements	66.802			1,092,847	1,092,847
Leaking Underground Storage Tank--Trust Fund	66.805			2,723,190	2,723,190
Superfund State and Indian Tribe Core Program--Cooperative Agreements	66.809			220,493	220,493
State and Tribal Response Program Grants	66.817			475,060	475,060
International Financial Assistance Projects	66.931			46,163	46,163
Environmental Education Grants	66.951			21,520	21,520
Total - Environmental Protection Agency			117,825,223	116,147,596	233,972,819
<b>Nuclear Regulatory Commission</b>					
Nuclear Regulatory Commission	77.XXX	NRC-27-07-311 NRC-38-07-708		102,615	102,615
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			26,582	26,582
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			512,654	512,654
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MISP)	77.007			18,385	18,385
U.S. Nuclear Regulatory Commission Scholarship And Fellowship Program	77.008			26,133	26,133
Total - Nuclear Regulatory Commission			0	686,369	686,369
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	DE-FG52-05NA27036		1,078	1,078
<i>Pass-Through from Baylor University</i>		G72285		922	922
<i>Pass-Through from Sandia National Labs</i>		Ltr dtd 10/11/06		25,000	25,000
State Energy Program	81.041		471,583	755,387	1,226,970
Weatherization Assistance for Low-Income Persons	81.042		5,405,408	343,660	5,749,068
Office of Science Financial Assistance Program	81.049			108,411	108,411
Renewable Energy Research and Development	81.087				
<i>Pass-Through from Southern Forest Research Partnership, Inc.</i>		68-3A75-4-143		1,093	1,093
Fossil Energy Research and Development	81.089			97,978	97,978

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For the Year Ended August 31, 2008

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Energy (continued)</b>					
Office of Technology Development and Deployment for Environmental Management	81.104			112,967	112,967
States and Tribal Concerns, Proposed Solutions	81.106			309,023	309,023
Epidemiology and Other Health Studies Financial Assistance Program	81.108				
<i>Pass-Through from Drexel University</i>		23-1352630		77,112	77,112
University Nuclear Science and Reactor Support	81.114			23,426	23,426
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		65,791		65,791
State Energy Program Special Projects	81.119		754,337	(6,920)	747,417
Miscellaneous	81.502		246,786	1,048,225	1,295,011
Total - U.S. Department of Energy			6,943,905	2,897,362	9,841,267
<b>Federal Emergency Management Agency</b>					
Federal Emergency Management Agency Individual and Family Grants	83.XXX 83.543	1257-UN	2,206,984		2,206,984
				(27,136)	(27,136)
Total - Federal Emergency Management Agency			2,206,984	(27,136)	2,179,848
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	22-4-1-450510 22-8-1-604180 81111 T195N070068 T195N070232 <i>Pass-Through from Howard College</i> <i>Pass-Through from IDRA Project Texas</i> <i>Pass-Through from National Writing Project Corporation</i> <i>Pass-Through from National Writing Project Corporation</i> <i>Pass-Through from Education Service Center Region V</i>		1,660 28,139 22,833 87,596 271,749 3,152 14,676 86,261 36,056 183,015	1,660 28,139 22,833 87,596 271,749 3,152 14,676 86,261 36,056 183,015
Adult Education--State Grant Program	84.002		41,007,889	3,474,332	44,482,221
Title I Grants to Local Educational Agencies	84.010		1,153,861,249	12,163,231	1,166,024,480
<i>Pass-Through from Austin Independent School District</i>		DC-AM40; #P174296		74,995	74,995
<i>Pass-Through from Houston Independent School District</i>		DC-SPD34		33,074	33,074
Migrant Education--State Grant Program	84.011		55,834,879	1,500,927	57,335,806
Title I Program for Neglected and Delinquent Children	84.013		8,117	3,837,653	3,845,770
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015			564,120	564,120
Undergraduate International Studies and Foreign Language Programs	84.016			182,571	182,571
Overseas--Group Projects Abroad	84.021		12,450	39,915	52,365
Overseas--Doctoral Dissertation	84.022			125,786	125,786
Higher Education--Institutional Aid	84.031		455,093	18,713,431	19,168,524
<i>Pass-Through from Houston Community College</i>		31S030010		127,818	127,818
<i>Pass-Through from Palo Alto College</i>		0315020038		63,102	63,102
Federal Family Education Loans - Loaner	84.032		837,552	1,769,079	2,606,631
Perkins Loan Cancellations	84.037			165,113	165,113
Career and Technical Education--Basic Grants to States	84.048		81,409,369	10,794,618	92,203,987
<i>Pass-Through from Austin Community College</i>		741742036		24,591	24,591
<i>Pass-Through from Carl Perkins 07-08</i>		54246		685,821	685,821
<i>Pass-Through from Houston Community College</i>		T226		60,815	60,815

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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>					
Leveraging Educational Assistance Partnership	84.069			3,796,038	3,796,038
		22-8-1-604050		8,501	8,501
		22-8-1-604060		6,410	6,410
Women's Educational Equity Act Program	84.083			215,049	215,049
Fund for the Improvement of Postsecondary Education	84.116		(11,331)	579,891	568,560
<i>Pass-Through from Brigham Young University</i>		06LM050994F1H		3,076	3,076
<i>Pass-Through from CSU-Chico Research Foundation</i>		S07-035		11,207	11,207
<i>Pass-Through from Howard University</i>		523010-H041776		1,149	1,149
<i>Pass-Through from IDRA Project Texas</i>		408-MASS-TSU1		25,454	25,454
<i>Pass-Through from University of Arizona</i>		Y413921		10,729	10,729
<i>Pass-Through from University of California - Davis</i>		K07-000181-UH		7,438	7,438
Minority Science and Engineering Improvement	84.120			674,466	674,466
<i>Pass-Through from InterAmerican University</i>		08092007		3,324	3,324
<i>Pass-Through from InterAmerican University</i>		11242007		53,819	53,819
Rehabilitation Services--Vocational Rehabilitation Grants to States	84.126			229,157,250	229,157,250
Rehabilitation Long-Term Training	84.129			1,881,430	1,881,430
Migrant Education--High School Equivalency Program	84.141			3,443,881	3,443,881
Migrant Education--Coordination Program	84.144			638,630	638,630
Migrant Education--College Assistance Migrant Program	84.149			2,332,443	2,332,443
Business and International Education Projects	84.153			172,246	172,246
Independent Living--State Grants	84.169			896,532	896,532
Javits Fellowships	84.170			154,654	154,654
Rehabilitation Services--Independent Living Services for Older Individuals Who are Blind	84.177			1,886,151	1,886,151
Special Education--Grants for Infants and Families with Disabilities	84.181		40,020,959	3,381,326	43,402,285
Safe and Drug-Free Schools and Communities--National Programs	84.184			102,214	102,214
Byrd Honors Scholarships	84.185			3,450,945	3,450,945
<i>Pass-Through from Robert C. Byrd Scholarship</i>		22-8-1-006400		3,000	3,000
Safe and Drug-Free Schools and Communities--State Grants	84.186		26,430,239	1,096,691	27,526,930
Supported Employment Services for Individuals with Severe Disabilities	84.187			2,038,901	2,038,901
Bilingual Education-Professional Development	84.195			1,839,209	1,839,209
Education for Homeless Children and Youth	84.196		6,037,019		6,037,019
Graduate Assistance in Areas of National Need	84.200			604,780	604,780
Javits Gifted and Talented Students Education Grant Program	84.206		181,201	90,253	271,454
Even Start--State Educational Agencies	84.213		6,997,241	820,808	7,818,049
Fund for the Improvement of Education	84.215			252,549	252,549
<i>Pass-Through from Education Service Center Region II</i>		601330		12,524	12,524
<i>Pass-Through from Education Service Center Region II</i>		602300		(3)	(3)
<i>Pass-Through from Hays Consolidated Independent School District</i>		8000000547		45,005	45,005
<i>Pass-Through from Northside Independent School District</i>		8000000763		49,594	49,594
<i>Pass-Through from Education Service Center Region VI</i>		A483		96,586	96,586
Centers for International Business Education	84.220			699,731	699,731
Tech-Prep Education	84.243		6,826,783	1,491,878	8,318,661
<i>Pass-Through from Deep East Texas College Tech Prep Partnership</i>		1833-1		3,752	3,752
<i>Pass-Through from Deep East Texas College Tech Prep Partnership</i>		81720-2		20,716	20,716
<i>Pass-Through from UT System Pickle Research</i>		22-500660		2,000	2,000
Rehabilitation Training--Continuing Education	84.264			449,102	449,102
Rehabilitation Training--State Vocational Rehabilitation Unit In- Service Training	84.265			342,545	342,545
Goals 2000-State and Local Education Systemic Improvement Grants	84.276		(1)		(1)

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Education (continued)</b>					
Eisenhower Professional Development State Grants	84.281		(1,002)		(1,002)
Charter Schools	84.282		5,318,601	451,983	5,770,584
Twenty-First Century Community Learning Centers	84.287		70,525,306	3,154,376	73,679,682
Foreign Language Assistance	84.293			190,410	190,410
State Grants for Innovative Programs	84.298		9,630,565	180,295	9,810,860
<i>Pass-Through from Houston Independent School District</i>		G090404		6,908	6,908
<i>Pass-Through from National Writing Project Corporation</i>		04-TX14		17,932	17,932
Education Research, Development and Dissemination	84.305				
<i>Pass-Through from Vanderbilt University</i>		17476-S2 AMD 4		236,085	236,085
Capacity Building for Traditionally Underserved Populations	84.315			235,613	235,613
Education Technology State Grants	84.318		22,883,325	469,965	23,353,290
<i>Pass-Through from Irving Independent School District</i>		G72178		8,775	8,775
Research in Special Education	84.324			9,702	9,702
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			2,473,966	2,473,966
<i>Pass-Through from Pennsylvania College of Optometry</i>		57201/57202		97,883	97,883
Special Education--Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			561,460	561,460
Special Education--Technology and Media Services for Individuals with Disabilities	84.327				
<i>Pass-Through from Teachers College, Columbia University</i>		511125		141,576	141,576
Advanced Placement Program	84.330			1,335,608	1,335,608
Grants to States for Incarcerated Youth Offenders	84.331			1,709,343	1,709,343
Comprehensive School Reform Demonstration	84.332		(1,473,858)	13,545	(1,460,313)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		993,864	13,595,268	14,589,132
<i>Pass-Through from Baylor University</i>		P334A060157		348,288	348,288
<i>Pass-Through from Houston Independent School District</i>		5-55112		2,333	2,333
<i>Pass-Through from San Antonio Independent School District</i>		P334A050145-07		56,989	56,989
<i>Pass-Through from Washington State University</i>		503701		13,621	13,621
<i>Pass-Through from Washington State University</i>		503702		9,496	9,496
Child Care Access Means Parents in School	84.335			936,944	936,944
Teacher Quality Enhancement Grants	84.336			2,297,448	2,297,448
Reading Excellence	84.338		(142,327)		(142,327)
Early Childhood Educator Professional Development	84.349			1,991,889	1,991,889
Transition to Teaching	84.350			2,893,616	2,893,616
<i>Pass-Through from Fort Worth Independent School District</i>		U2350A060006		45,410	45,410
<i>Pass-Through from Intercultural Development Research Association</i>		G72099		2,400	2,400
Credit Enhancement for Charter School Facilities	84.354			10,936,522	10,936,522
Reading First State Grants	84.357		75,241,567	16,526,464	91,768,031
Rural Education	84.358		7,149,295	370,045	7,519,340
Early Reading First	84.359				
<i>Pass-Through from Tehama Independent School District</i>		S359B030606		5,081	5,081
Dropout Prevention Programs	84.360			1,266,258	1,266,258
School Leadership	84.363			727,921	727,921
English Language Acquisition Grants	84.365		87,253,894	2,243,916	89,497,810
Mathematics and Science Partnerships	84.366		8,813,917	6,819,608	15,633,525
<i>Pass-Through from Education Service Center Region XIII</i>		STEM		13,048	13,048
Improving Teacher Quality State Grants	84.367		233,905,548	6,312,605	240,218,153
<i>Pass-Through from BISSD Sabel Palms Writing Project</i>		27233.00		49,382	49,382
Grants for State Assessments and Related Activities	84.369		3,797,131	15,544,992	19,342,123
Special Education Technical Assistance on State Data Collection	84.373			60,968	60,968
Teacher Incentive Fund	84.374			660,063	660,063
School Improvement Grants	84.377		2,892,702	98,589	2,991,291



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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
National Writing Project	84.928			104,605	104,605
<b>U.S. Department of Education (continued)</b>					
<i>Pass-Through from National Writing Project Corporation</i>		00-TX09		47,630	47,630
<i>Pass-Through from National Writing Project Corporation</i>		06-TX15		43,000	43,000
<i>Pass-Through from National Writing Project Corporation</i>		CENTRAL TEXAS WRITING PROJECT		137,118	137,118
<i>Pass-Through from National Writing Project Corporation</i>		G72200		64,001	64,001
<i>Pass-Through from University of California - Berkeley</i>		425335		30,000	30,000
<i>Pass-Through from University of California - Berkeley</i>		92-TX06		48,361	48,361
Hurricane Education Recovery	84.938		75,357	2,940,770	3,016,127
Total - U.S. Department of Education			1,946,874,807	416,427,863	2,363,302,670
<b>Scholarship Foundations</b>					
Woodrow Wilson Center Fellowships in the Humanities and Social Sciences	85.300				
<i>Pass-Through from Woodrow Wilson International Center</i>		Ltr Dtd 04/26/07		38,399	38,399
Total - Scholarship Foundations			0	38,399	38,399
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003			2,084,017	2,084,017
Total - National Archives and Records Administration			0	2,084,017	2,084,017
<b>Election Assistance Commission</b>					
HAVA Requirements	90.401			1,969,210	2,910,260
Total - Election Assistance Commission			1,969,210	2,910,260	4,879,470
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	8X637NDI		(4,001)	(4,001)
		07ET040065F2		28,545	28,545
		1HPPWH060004-01-00	7,000	79,108	86,108
		200-2007-M-20636		51,776	51,776
		223-05Q-SIT		31,490	31,490
		23-05-4443		364,873	364,873
		467-MZ-501805		5,578	5,578
		5 U13DP000655 02		105,135	105,135
		5 F31 HD055151-01,02		24,854	24,854
		5 T32 ES007247-16		8,061	8,061
		5 T32 HD007081-30		170,567	170,567
		G72741		14	14
		H54RH08676		182,568	182,568
		HSH 230200432032C		(1,939)	(1,939)
		HSH230200532004C		(3)	(3)
		HSH230200532046C	171,090	146,752	317,842
		HSH-258200730012C	82,393	237,618	320,011
		HHSP23320042206TC		(1,696)	(1,696)
		HHSP233200600826P		34,191	34,191
		N00014-04-1-0660/570230		10,112	10,112
		N01 CM-62202 07		7,314	7,314
		N02 CO-51110 16		215,952	215,952
		US MEX BORDER COE		(685)	(685)

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<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from American Academy of Pediatrics</i>		ACP/US4/CCU524947-01		5,926	5,926
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		1435-04-04-CT73980		3,188	3,188
<i>Pass-Through from Harrington Medical Foundation</i>		08AM080998FNH		36,068	36,068
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		07GEN0236		222,117	222,117
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HHSN276/N01LM6350		5,788	5,788
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		N01-LM-6-3505		23,840	23,840
<i>Pass-Through from Houston Academy of Medicine -Texas Medical Center Library</i>		N01LM13515		755	755
<i>Pass-Through from Houston Academy of Medicine -Texas Medical Center Library</i>		N01LM63505		12,552	12,552
<i>Pass-Through from Houston Academy of Medicine -Texas Medical Center Library</i>		N01LM63525		637	637
<i>Pass-Through from Macro International, Inc.</i>		33179-7s-873		36,337	36,337
<i>Pass-Through from McFarland and Associates, Inc.</i>		280-02-0505		58,420	58,420
<i>Pass-Through from Respite Care of San Antonio</i>		SALDANA:RESPITE CARE		46,263	46,263
<i>Pass-Through from Rice University</i>		5 52003917 04		560	560
<i>Pass-Through from Rice University</i>		5 T15 LM07093 14		1,813	1,813
<i>Pass-Through from Saic-Frederick, Inc.</i>		25XS108		2,193	2,193
<i>Pass-Through from Houston Academy of Medicine -Texas Medical Center Library</i>		G72095		2,168	2,168
<i>Pass-Through from University Health System</i>		DELGADO- UHS2507403LS		13,484	13,484
<i>Pass-Through from University of California - San Francisco</i>		1 DPA 86424-444938 01		57,442	57,442
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006		(5,997)	321,771	315,774
Public Awareness Campaigns on Embryo Adoption	93.007			(1,811)	(1,811)
Community-Based Abstinence Education (CBAE)	93.010		186,936	664,813	851,749
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018			19,280	19,280
Special Programs for the Aging--Title VII, Chapter 3--Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		256,415		256,415
Special Programs for the Aging--Title VII, Chapter 2--Long Term Care Ombudsman Services for Older Individuals	93.042		958,260		958,260
<i>Pass-Through from City of Houston</i>		FC38331		(79)	(79)
<i>Pass-Through from City of Houston</i>		FC55472		284,856	284,856
Special Programs for the Aging--Title III, Part D--Disease Prevention and Health Promotion Services	93.043		1,260,657		1,260,657
<i>Pass-Through from Harris County Hospital District</i>		1-25-0707-HSP-055-LRJ		2,506	2,506
Special Programs for the Aging--Title IV--and Title II-- Discretionary Projects	93.048		75,243	193,136	268,379
Alzheimer's Disease Demonstration Grants to States	93.051			117,741	117,741
National Family Caregiver Support, Title III, Part E	93.052		7,258,078	130,645	7,388,723
<i>Pass-Through from Harris County Hospital District</i>		21413-LPN		11,901	11,901
Laboratory Training, Evaluation, and Quality Assurance Programs	93.064			120,604	120,604
Public Health Emergency Preparedness	93.069		12,647,602	16,916,045	29,563,647
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086			883,833	883,833
<i>Pass-Through from Admin for Children and Families</i>		8000000596/748		418,585	418,585
Health Disparities in Minority Health	93.100			18,899	18,899
Food and Drug Administration--Research	93.103			304,567	304,567

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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>					
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			1,412	1,412
Model State-Supported Area Health Education Centers	93.107		287,795	468,157	755,952
Maternal and Child Health Federal Consolidated Programs	93.110		40,000	1,508,012	1,548,012
Environmental Health	93.113			421,718	421,718
Biometry and Risk Estimation--Health Risks from Environmental Exposures	93.115			38,574	38,574
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		1,530,844	3,577,688	5,108,532
<i>Pass-Through from University of California - San Diego</i>		N01 HR-36157		34,772	34,772
Oral Diseases and Disorders Research	93.121		4,094	1,196,191	1,200,285
Nurse Anesthetist Traineeships	93.124			3,259	3,259
Emergency Medical Services for Children	93.127			84,538	84,538
Primary Care Services Resource Coordination and Development Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.130 93.135			300,091	300,091
<i>Pass-Through from Association for Prevention Teaching and Research</i>		APTR-08		9,378	9,378
Injury Prevention and Control Research and State and Community Based Programs	93.136		1,711,800	15,680	1,727,480
NIEHS Hazardous Waste Worker Health and Safety Training	93.142				
<i>Pass-Through from Dillard University</i>		7840		723	723
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Howard University</i>		DORAN: HA00066/HRSA		212,846	212,846
Projects for Assistance in Transition from Homelessness (PATH)	93.150		3,373,364	285,396	3,658,760
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		814,869	395,297	1,210,166
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			383,835	383,835
Centers of Excellence	93.157			55,685	55,685
Grants To States for Loan Repayment Program	93.165			229,873	229,873
Research Related to Deafness and Communication Disorders	93.173			172,218	172,218
Nursing Workforce Diversity	93.178			504,013	504,013
Health Education and Training Centers	93.189			2,210	2,210
Childhood Lead Poisoning Prevention Projects--State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		136,848	493,025	629,873
Surveillance of Hazardous Substance Emergency Events	93.204			210,808	210,808
Telehealth Network Grants	93.211			(20,058)	(20,058)
Research and Training in Complementary and Alternative Medicine	93.213			230,145	230,145
Hansen's Disease National Ambulatory Care Program	93.215			(4,770)	(4,770)
Family Planning--Services	93.217		14,851,180	3,328,246	18,179,426
Research on Healthcare Costs, Quality and Outcomes	93.226			433,115	433,115
<i>Pass-Through from Agency for Healthcare Research</i>		1 R03 HS016802-01		10,631	10,631
<i>Pass-Through from Research Triangle Institute</i>		37-312-0211557		36,595	36,595
Consolidated Knowledge Development and Application (KD&A) Program	93.230			76	76
<i>Pass-Through from Center for Health Care Services</i>		CHAMPION-MHMR		39,343	39,343
<i>Pass-Through from Center for Health Care Services</i>		LEWIS: CSAT		52,353	52,353
<i>Pass-Through from McFarland and Associates, Inc.</i>		12132005		15,833	15,833
Traumatic Brain Injury State Demonstration Grant Program	93.234			53,548	53,548
Abstinence Education Program	93.235		2,311,464	904,369	3,215,833
<i>Pass-Through from El Paso Alliance</i>		UTA06-889		26,683	26,683
Grants for Dental Public Health Residency Training	93.236			86,901	86,901

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For the Year Ended August 31, 2008

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		71,561	160,089	231,650
State Capacity Building	93.240			329,927	329,927
State Rural Hospital Flexibility Program	93.241			1,541,503	1,541,503
Mental Health Research Grants	93.242		2,261	975,008	977,269
<i>Pass-Through from Dartmouth College</i>		5-30676.5700		9,964	9,964
<i>Pass-Through from Southern Methodist University</i>		G72036		1,461	1,461
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		4,129,143	4,171,253	8,300,396
<i>Pass-Through from Bexar County - General</i>		FAMILY DRUG COURT		16,586	16,586
<i>Pass-Through from Bexar County - General</i>		FAML DRUG COURT 07		1,038	1,038
<i>Pass-Through from Drug Prevention Resources, Inc.</i>		SCOTT-DPR-M79SP10513		27,644	27,644
<i>Pass-Through from Family Service Association</i>		1H79TI0872301/FSA		17,871	17,871
<i>Pass-Through from Hope Action Care</i>		AMODEIS/G TI-14529		1,870	1,870
<i>Pass-Through from Hope Action Care</i>		TI18286-01		73,797	73,797
<i>Pass-Through from Por Vida Academy</i>		AMODEIPOR VIDA		69,823	69,823
Advanced Education Nursing Grant Program	93.247			861,715	861,715
Public Health Training Centers Grant Program	93.249		130	119,251	119,381
Universal Newborn Hearing Screening	93.251			109,222	109,222
Poison Control Stabilization and Enhancement Grants	93.253		14,396	310,944	325,340
Infant Adoption Awareness Training	93.254				
<i>Pass-Through from National Council for Adoption</i>		90-CG-2662		51,451	51,451
Rural Access to Emergency Devices Grant	93.259			115,013	115,013
Occupational Safety and Health Program	93.262		31,203	1,929,976	1,961,179
<i>Pass-Through from Colorado State University</i>		8460000545		3,864	3,864
Nurse Faculty Loan Program (NFLP)	93.264			108,869	108,869
Comprehensive Geriatric Education Program (CGEP)	93.265			183,558	183,558
Immunization Grants	93.268		11,617,487	240,260,122	251,877,609
Alcohol National Research Service Awards for Research Training	93.272			439,250	439,250
Substance Abuse and Mental Health Services-Access to Recovery	93.275		4,811,965	1,280,600	6,092,565
Drug Abuse National Research Service Awards for Research Training	93.278			31,830	31,830
Drug Abuse and Addiction Research Programs	93.279		3,627	128,808	132,435
<i>Pass-Through from University of Alabama</i>		R01DA12215		3,627	3,627
Mental Health National Research Service Awards for Research Training	93.282			247,639	247,639
Centers for Disease Control and Prevention--Investigations and Technical Assistance	93.283		3,254,472	19,552,046	22,806,518
<i>Pass-Through from American Academy of Pediatrics</i>		6H04MC00009		4,167	4,167
<i>Pass-Through from Hispanic Serving Health Professions</i>		325128-UTHSCSA-01-0		3,034	3,034
<i>Pass-Through from Hispanic Serving Health Professions</i>		MILLER / USMEXICO		3,635	3,635
<i>Pass-Through from SW Center for Pediatric Environmental Health</i>		521553060		130,793	130,793
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			228,845	228,845
Improving Health Education Outcomes of Young People	93.293			6,088	6,088
National Center for Health Workforce Analysis	93.300				
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5 R25 RR018490 05		40,676	40,676
Small Rural Hospital Improvement Grant Program	93.301			916,663	916,663
Minority Health and Health Disparities Research	93.307		161,874	914,105	1,075,979
Clinical Research	93.333			255,391	255,391

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For the Year Ended August 31, 2008

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Advanced Education Nursing Traineeships	93.358			833,206	833,206
Nurse Education, Practice and Retention Grants	93.359			862,564	862,564
Nursing Research	93.361			25,341	25,341
<i>Pass-Through from University of Missouri at Kansas City</i>		7087/9376/NR008565		303,623	303,623
Minority Biomed	93.375			428,743	428,743
National Center for Research Resources	93.389		20,500	1,298,141	1,318,641
<i>Pass-Through from West Virginia University</i>		SEPA/3R25RR023274-02		105,857	105,857
Cancer Cause and Prevention Research	93.393			152,087	152,087
<i>Pass-Through from Saint Louis University</i>		5 R21 CA126326 02		2,455	2,455
Cancer Detection and Diagnosis Research	93.394			18,540	18,540
<i>Pass-Through from Duke University</i>		5 U01 CA076001 12 A5		14,723	14,723
Cancer Treatment Research	93.395			415,513	415,513
<i>Pass-Through from Axis Healthcare Communications, LLC</i>		7 R44 CA088088 02		1,823	1,823
<i>Pass-Through from Duke University</i>		5 U10 CA076001 12		1,383	1,383
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5 U10 CA02115 34		7,618	7,618
<i>Pass-Through from Gynecologic Oncology Group (GOG)</i>		U10 CA027469		40,634	40,634
<i>Pass-Through from National Childhood Cancer Foundation</i>		5 U10 CA098543 03		26,661	26,661
<i>Pass-Through from Radiation Therapy Oncology Group</i>		5 U10 CA021661 32		3,313	3,313
Cancer Biology Research	93.396			31,771	31,771
Cancer Centers Support Grants	93.397			963,563	963,563
Cancer Research Manpower	93.398			4,820,985	4,820,985
<i>Pass-Through from University of Washington - Seattle</i>		5 R25 CA119012 03		6,170	6,170
Cancer Control	93.399			60,971	60,971
<i>Pass-Through from University of California - Davis</i>		5 U01 CA086322 05		(451)	(451)
Food Safety and Security Monitoring Project	93.448			98,308	98,308
Promoting Safe and Stable Families	93.556		10,286,068	26,898,391	37,184,459
<i>Pass-Through from Lubbock Regional Health Retardation</i>		CYD79415		70,419	70,419
Temporary Assistance for Needy Families	93.558		114,800,804	451,902,857	566,703,661
Child Support Enforcement	93.563		2,888,338	163,796,808	166,685,146
Child Support Enforcement Research	93.564			114,532	114,532
Refugee and Entrant Assistance--State Administered Programs	93.566		1,946,135	21,873,699	23,819,834
Low-Income Home Energy Assistance	93.568		49,641,232	1,508,340	51,149,572
Community Services Block Grant	93.569		27,907,270	1,206,408	29,113,678
Community Services Block Grant--Discretionary Awards	93.570				
<i>Pass-Through from National Youth Sports Program</i>		601300		3,091	3,091
Refugee and Entrant Assistance--Discretionary Grants	93.576		42,900	2,773,799	2,816,699
Refugee and Entrant Assistance_Targeted Assistance Grants	93.584			2,114,751	2,114,751
State Court Improvement Program	93.586			1,482,706	1,482,706
<i>Pass-Through from Texas Center for The Judiciary</i>		0601TXSCID		59,577	59,577
Community-Based Child Abuse Prevention Grants	93.590		819,842	915,595	1,735,437
Grants to States for Access and Visitation Programs	93.597		604,461	125,121	729,582
Chafee Education and Training Vouchers Program	93.599			1,546,293	1,546,293
Head Start	93.600			1,046,366	1,046,366
<i>Pass-Through from Brazos Valley Community Action Agency</i>		08-13-08 426053		2,007	2,007
<i>Pass-Through from Brazos Valley Community Action Agency</i>		07-29-07 - 426042		44,189	44,189
<i>Pass-Through from Galveston County Comm Action Council</i>		06CH5301		922	922
<i>Pass-Through from Greater Opportunity of Permian Basin</i>		DHHS H-5616		71	71
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH0016		5,724	5,724
<i>Pass-Through from Gulf Coast Project Head Start</i>		06CH5061		16,433	16,433
<i>Pass-Through from Harris County Department of Education</i>		06CH6998		4,975	4,975
<i>Pass-Through from National Headstart</i>		07OHSIPA1		74,999	74,999
<i>Pass-Through from Parent/Child Incorporated</i>		0107-28		32,634	32,634
Child Support Enforcement Demonstrations and Special Projects	93.601			240,894	240,894
<i>Pass-Through from Family Service Association</i>		SG/2006ACFOCFSEFI005		16,952	16,952
Adoption Incentive Payments	93.603			1,414,404	1,414,404

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For the Year Ended August 31, 2008

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>					
Voting Access for Individuals with Disabilities Grants to States	93.617			455,639	455,639
Developmental Disabilities Basic Support and Advocacy Grants	93.630		2,563,952	1,765,120	4,329,072
<i>Pass-Through from Texas Council for Developmental Disabilities</i>		Award 06/10/08		2,692	2,692
Child Welfare Services--State Grants	93.645			22,305,817	22,305,817
Social Services Research and Demonstration	93.647			70,223	70,223
Child Welfare Services Training Grants	93.648			299,256	299,256
Foster Care--Title IV-E	93.658		4,913,361	226,770,474	231,683,835
Adoption Assistance	93.659			65,148,868	65,148,868
Social Services Block Grant	93.667		5,013,031	180,342,005	185,355,036
Child Abuse and Neglect State Grants	93.669			2,278,902	2,278,902
Child Abuse and Neglect Discretionary Activities	93.670			150,378	150,378
Family Violence Prevention and Services/Grants for Battered Women's Shelters--Grants to States and Indian Tribes	93.671			4,564,216	4,564,216
Chafee Foster Care Independence Program	93.674			7,271,800	7,271,800
State Children's Insurance Program	93.767			676,287,710	676,287,710
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768			189,581	189,581
Demonstration to Maintain Independence and Employment Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.769		3,361,775	1,670,665	5,032,440
Medicaid Transformation Grants	93.779			36,193	3,945,537
Health Careers Opportunity Program	93.793			639,333	639,333
Basic/Core Area Health Education Centers	93.822		9,439	(403)	9,036
Cardiovascular Diseases Research	93.824		578,509	506,264	1,084,773
Lung Diseases Research	93.837			1,115,861	1,115,861
Blood Diseases and Resources Research	93.838			23,588	23,588
Arthritis, Musculoskeletal and Skin Diseases Research	93.839			1,978,135	1,978,135
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.846			110,142	110,142
Digestive Diseases and Nutrition Research	93.847		421,189	233,284	654,473
Kidney Diseases, Urology and Hematology Research	93.848			(7,673)	(7,673)
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.849		324,100	293,839	617,939
Allergy, Immunology and Transplantation Research	93.853			580,122	580,122
Microbiology and Infectious Diseases Research	93.855		241,667	141,612	383,279
Biomedical Research and Research Training	93.856		28,100	129,369	157,469
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM008280		23,309	1,071,995
<i>Pass-Through from Carnegie Mellon University</i>		1090155-184427		38,495	38,495
Child Health and Human Development Extramural Research	93.857			32,551	32,551
Aging Research	93.865			377,388	377,388
<i>Pass-Through from University of Pittsburgh</i>		UPITT 110202-1		589,394	589,394
Vision Research	93.866			23,720	23,720
Medical Library Assistance	93.867			52,501	52,501
<i>Pass-Through from Rice University</i>		5T15LMO7093		140,565	140,565
<i>Pass-Through from Society of Teachers of Family Medicine</i>		USATINE-NLM/STFM		19,509	19,509
Grants for Training in Primary Care Medicine and Dentistry Health Care and Other Facilities	93.884			973,753	973,753
<i>Pass-Through from Harris County Hospital District</i>	93.887			446	446
<i>Pass-Through from Piney Woods Regional Advisory Council</i>		D1BTH05537		10,689	10,689
National Bioterrorism Hospital Preparedness Program	93.889		752603041	6,186,692	36,859,001
Family and Community Violence Prevention Program	93.910		30,672,309	261,204	261,204
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912			17,408	17,408
Grants to States for Operation of Offices of Rural Health	93.913			137,930	137,930
HIV Emergency Relief Project Grants	93.914			76,065	76,065
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		07GEN0156		76,065	76,065

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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 Harris County Public Health and Environmental Services</i>		08GEN0134		76,041	76,041
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		6H12HA000390		165,401	165,401
<i>Pass-Through from University Health System</i>		PROJECT SEEK-UHS		33,572	33,572
<i>Pass-Through from University Health System</i>		UHS RYAN WHITE AGMT		54,793	54,793
<i>Pass-Through from University Health System</i>		UHS-RYAN WHITE/BULLO		54,505	54,505
HIV Care Formula Grants	93.917		20,036,988	64,328,290	84,365,278
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918				
<i>Pass-Through from Harris County Hospital District</i>		07-HSP-0373		16,609	16,609
<i>Pass-Through from Harris County Hospital District</i>		H76HA00128		38	38
Ryan White HIV/AIDS Dental Reimbursements\Community Based Dental Partnership	93.924			111,407	111,407
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		263,934	332	264,266
HIV Prevention Activities--Non-Governmental Organization Based	93.939			441,677	441,677
HIV Prevention Activities--Health Department Based	93.940		8,477,306	4,291,144	12,768,450
<i>Pass-Through from Harris County Health Department</i>		4600008916		11,086	11,086
<i>Pass-Through from Harris County Health Department</i>		6H12HA000390		279,771	279,771
HIV Demonstration, Research, Public and Professional Education Projects	93.941			299,280	299,280
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943			(14,732)	(14,732)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		20,085	2,502,142	2,522,227
Assistance Programs for Chronic Disease Prevention and Control	93.945			324,259	324,259
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			92,499	92,499
Block Grants for Community Mental Health Services	93.958		20,872,731	6,747,630	27,620,361
Block Grants for Prevention and Treatment of Substance Abuse	93.959		114,300,421	19,746,756	134,047,177
Health Administration Traineeships Program	93.962			17,162	17,162
Public Health Traineeships	93.964			93,132	93,132
Geriatric Education Centers	93.969		28,582	513,589	542,171
<i>Pass-Through from Baylor College of Medicine</i>		1 D31 DP08821		23,024	23,024
<i>Pass-Through from Baylor College of Medicine</i>		100678999		25,489	25,489
<i>Pass-Through from Baylor College of Medicine</i>		1D31HP0882101		4,682	4,682
<i>Pass-Through from Baylor College of Medicine</i>		741613878		23,607	23,607
Family Planning--Service Delivery Improvement Research Grants	93.974		266,699	(8,406)	258,293
Preventive Health Services--Sexually Transmitted Diseases Control Grants	93.977		4,341,568	2,254,425	6,595,993
Preventive Health Services--Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		174,073	715,046	889,119
Mental Health Disaster Assistance and Emergency Mental Health	93.982		(11,916)	(317,766)	(329,682)
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		148,106	415,731	563,837
International Research and Research Training	93.989		97,828	678,865	776,693
Preventive Health and Health Services Block Grant	93.991		2,675,495	2,030,140	4,705,635

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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>					
Maternal and Child Health Services Block Grant to the States	93.994		6,795,486	21,006,385	27,801,871
Adolescent Family Life--Demonstration Projects	93.995				
<i>Pass-Through from Lifeworks</i>		UTA05-820		56,501	56,501
<i>Pass-Through from The Children's Shelter</i>		SALDANA/TCS/DHHS		45,687	45,687
Bioterrorism Training and Curriculum Development Program	93.996		35,766	221,993	257,759
Total - U.S. Department of Health and Human Services			507,725,690	2,340,521,398	2,848,247,088
<b>Corporation for National and Community Service</b>					
Retired and Senior Volunteer Program	94.002			86,318	86,318
<i>Pass-Through from Corporation for National and Community Service</i>		06SRWTX001		48,927	48,927
<i>Pass-Through from Corporation for National and Community Service</i>		06SRWTX004		1,059	1,059
<i>Pass-Through from Corporation for National and Community Service</i>		07RZWTX028		20,409	20,409
Learn and Serve America--School and Community Based Programs	94.004		1,317,264		1,317,264
Learn and Serve America--Higher Education	94.005				
<i>Pass-Through from Morehouse School of Medicine</i>		SG/06LHHGA/BERGG REN		5,584	5,584
AmeriCorps	94.006			364,988	364,988
<i>Pass-Through from A T Still University</i>		04NDHMO002		12,337	12,337
<i>Pass-Through from A T Still University</i>		CON17634		55,653	55,653
<i>Pass-Through from One Star Foundation</i>		410120		6,435	6,435
<i>Pass-Through from One Star Foundation</i>		410130		215,914	215,914
<i>Pass-Through from One Star Foundation</i>		TIMBOE- CNCS/TXCVCS		5,950	5,950
Planning and Program Development Grants	94.007			45	45
Total - Corporation for National and Community Service			1,317,264	823,619	2,140,883
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Program	95.001			855,513	855,513
Total - Executive Office of the President			0	855,513	855,513
<b>Social Security Administration</b>					
Social Security Administration	96.XXX	8X650BIRTH		(32,039)	(32,039)
		0600-03-60023		993,096	993,096
		0600-03-60153		(76,536)	(76,536)
Social Security--Research and Demonstration	96.007			178,937	178,937
Total - Social Security Administration			0	1,063,458	1,063,458
<b>Department of Homeland Security</b>					
Department of Homeland Security	97.XXX	QUITUGUA-DHS-IPAA		87,005	87,005
State and Local Homeland Security Training Program	97.005			20,981,223	20,981,223
Homeland Security Preparedness Technical Assistance Program	97.007			503,689	503,689
Urban Areas Security Initiative	97.008		4,744,675	85,939	4,830,614
Boating Safety Financial Assistance	97.012			4,923,062	4,923,062
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017		2,564,093	76,548	2,640,641



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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>Department of Homeland Security (continued)</b>					
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			384,351	384,351
National Urban Search & Rescue (US&R) Response System	97.025			897,874	897,874
Flood Mitigation Assistance	97.029		6,455,993	71,646	6,527,639
Crisis Counseling	97.032		(16,954)	23,116	6,162
Disaster Unemployment Assistance	97.034			4,098	4,098
National Dam Safety Program	97.041			257,080	257,080
State Fire Training Systems Grants	97.043			24,000	24,000
Assistance to Firefighters Grant	97.044			(1,309)	(1,309)
Cooperating Technical Partners	97.045			1,873,554	1,873,554
Fire Management Assistance Grant	97.046			1,396,334	1,396,334
Pre-Disaster Mitigation	97.047		19,554		19,554
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			5,802,469	5,802,469
Centers for Homeland Security	97.061			248,346	248,346
Competitive Training Grants	97.068			590,329	590,329
Rail and Transit Security Grant Program	97.075		1,349,166		1,349,166
Buffer Zone Protection Program (BZPP)	97.078		3,009,025	29,890	3,038,915
Alternative Housing Pilot Program	97.087		190,268	93,755	284,023
Homeland Security Biowatch Program	97.091			2,365,391	2,365,391
Repetitive Flood Claims	97.092		338,232	3,074	341,306
Total - Department of Homeland Security			18,654,052	40,721,464	59,375,516
<b>United States Agency for International Development</b>					
United States Agency for International Development	98.XXX				
<i>Pass-Through from Mexican Association of Small Business Development</i>		3980-01	61,582	76,921	138,503
USAID Foreign Assistance for Programs Overseas	98.001		67,087	847,110	914,197
USAID Development Partnerships for University Cooperation and Development	98.012				
<i>Pass-Through from American Council on Education</i>		523-A-00-06-00009-00		58,753	58,753
<i>Pass-Through from American Council on Education</i>		G72168		78,052	78,052
<i>Pass-Through from Association Liaison Office University Coop. Dev.</i>		GARCIA-ALOUCD-TIES		18,037	18,037
<i>Pass-Through from Higher Education for Development</i>		523-A0-00-06-00009-00		58,658	58,658
<i>Pass-Through from Western Michigan University</i>		G094561		21,694	21,694
Total - United States Agency for International Development			128,669	1,159,225	1,287,894
<b>Total Non-Clustered Programs</b>			3,339,871,365	5,620,623,200	8,960,494,565
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	58-3148-5-048		7,476	7,476
		58-6204-8-055		49,803	49,803
<i>Pass-Through from US Egypt Science and Technology Joint Fund</i>		58-3148-5-106, YR 3 FUNDS		11,027	11,027
Agricultural Research--Basic and Applied Research	10.001		182,210	3,887,095	4,069,305
<i>Pass-Through from Almond Board of California</i>		503609		50,508	50,508
<i>Pass-Through from Auburn University</i>		06-PS-361825-TX		31,851	31,851
<i>Pass-Through from California Almond Board</i>		503463		(554)	(554)
<i>Pass-Through from Dartmouth College</i>		500572.5000. L00406		5,437	5,437
<i>Pass-Through from University of Arkansas</i>		503517		16,049	16,049

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Plant and Animal Disease, Pest Control, and Animal Care	10.025			1,258,812	1,258,812
Wildlife Services	10.028			77,608	77,608
Grants for Agricultural Research, Special Research Grants	10.200		341,071	7,604,693	7,945,764
<i>Pass-Through from Idaho State University</i>		433410		826	826
<i>Pass-Through from Iowa State University</i>		716-25-20B		38,397	38,397
<i>Pass-Through from Kansas State University</i>		07-38624-18571		161,442	161,442
<i>Pass-Through from Kansas State University</i>		503314		56	56
<i>Pass-Through from Kansas State University</i>		503466		163,865	163,865
<i>Pass-Through from Kansas State University</i>		503703		4,909	4,909
<i>Pass-Through from Mississippi State University</i>		010500-32099502		14,470	14,470
<i>Pass-Through from New Mexico State University</i>		503242		27,944	27,944
<i>Pass-Through from New Mexico State University</i>		503243		467	467
<i>Pass-Through from New Mexico State University</i>		503247		8,754	8,754
<i>Pass-Through from New Mexico State University</i>		503470		24,655	24,655
<i>Pass-Through from New Mexico State University</i>		503471		77	77
<i>Pass-Through from New Mexico State University</i>		503472		31,433	31,433
<i>Pass-Through from New Mexico State University</i>		503473		23,324	23,324
<i>Pass-Through from New Mexico State University</i>		503475		17,517	17,517
<i>Pass-Through from New Mexico State University</i>		503476		43,083	43,083
<i>Pass-Through from New Mexico State University</i>		503492		3,717	3,717
<i>Pass-Through from New Mexico State University</i>		570276		27,479	27,479
<i>Pass-Through from New Mexico State University</i>		570369		5,024	5,024
<i>Pass-Through from New Mexico State University</i>		J54 Q01096		39,069	39,069
<i>Pass-Through from Ohio State University Research</i>		USDA 60010819		7,018	7,018
<i>Pass-Through from Oklahoma State University</i>		503419		6,979	6,979
<i>Pass-Through from Oklahoma State University</i>		503682		20,053	20,053
<i>Pass-Through from Southern Regional Aquaculture Center</i>		454150		35,275	35,275
<i>Pass-Through from Southern Regional Aquaculture Center</i>		454190		10,281	10,281
<i>Pass-Through from Southern Regional Aquaculture Center</i>		454430		2,008	2,008
<i>Pass-Through from Southern Regional Aquaculture Center</i>		454510		2,368	2,368
<i>Pass-Through from The Oceanic Institute</i>		503253		144	144
<i>Pass-Through from The Oceanic Institute</i>		503406		38,893	38,893
<i>Pass-Through from University of California - Davis</i>		503206		(4)	(4)
<i>Pass-Through from University of California - Davis</i>		8000000869		6,432	6,432
<i>Pass-Through from University of Florida</i>		00065426 (0002596); AMD 001		32,267	32,267
<i>Pass-Through from University of Florida</i>		420340		(619)	(619)
<i>Pass-Through from University of Florida</i>		420370		1,716	1,716
<i>Pass-Through from University of Florida</i>		433720		21,615	21,615
<i>Pass-Through from University of Florida</i>		433740		15,662	15,662
<i>Pass-Through from University of Florida</i>		437560		9,797	9,797
<i>Pass-Through from University of Florida</i>		502751		345	345
<i>Pass-Through from University of Florida</i>		503521		52,023	52,023
<i>Pass-Through from University of Florida</i>		503621		13,389	13,389
<i>Pass-Through from University of Florida</i>		503633		3,000	3,000
<i>Pass-Through from University of Florida</i>		503655		14,282	14,282
<i>Pass-Through from University of Florida</i>		503677		2,152	2,152
<i>Pass-Through from University of Florida</i>		503705		13,338	13,338
<i>Pass-Through from University of GA Research Foundation</i>		RD3090673500978		1,099	1,099
<i>Pass-Through from University of Georgia</i>		437520		4,009	4,009
<i>Pass-Through from University of Georgia</i>		503259		23,423	23,423
<i>Pass-Through from University of Georgia</i>		570273	8,145		8,145
<i>Pass-Through from University of Georgia</i>		570274	13,264		13,264
<i>Pass-Through from University of Georgia</i>		570275	9,939		9,939
<i>Pass-Through from University of Georgia</i>		570297	10,614		10,614

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			7,197,399	7,197,399
Grants for Agricultural Research--Competitive Research Grants	10.206		214,430	3,953,214	4,167,644
<i>Pass-Through from Albert Einstein College of Medicine</i>		503345		867	867
<i>Pass-Through from Baylor College of Medicine</i>		430240		60,889	60,889
<i>Pass-Through from George Mason University</i>		503548		32,313	32,313
<i>Pass-Through from Houston Advanced Research Center</i>		503376		6,167	6,167
<i>Pass-Through from Iowa State University</i>		503737		24,213	24,213
<i>Pass-Through from Michigan State University</i>		61-4280B		74,101	74,101
<i>Pass-Through from Mississippi State University</i>		503298		4,692	4,692
<i>Pass-Through from Purdue University</i>		Sub 591-0588-01		118,950	118,950
<i>Pass-Through from University of Arkansas</i>		503730		37,836	37,836
<i>Pass-Through from University of California - Davis</i>		503368		79,115	79,115
<i>Pass-Through from University of Illinois</i>		503560		13,510	13,510
<i>Pass-Through from University of Maryland</i>		503205		77,727	77,727
<i>Pass-Through from University of Maryland</i>		503563		14,018	14,018
<i>Pass-Through from University of Minnesota</i>		503365		35,832	35,832
<i>Pass-Through from University of Minnesota</i>		503386		212	212
<i>Pass-Through from University of Missouri</i>		503315		2,570	2,570
<i>Pass-Through from University of Nebraska - Lincoln</i>		UNL-25-6242-0086-005		10,717	10,717
Animal Health and Disease Research	10.207		1,838,329	1,998,158	3,836,487
<i>Pass-Through from Battelle National Biodefense Institute</i>		503554		639	639
Small Business Innovation Research	10.212			33,944	33,944
<i>Pass-Through from Advanced Materials and Processes</i>		8000000578		41,017	41,017
<i>Pass-Through from Bee Power, LP</i>		503620		23,357	23,357
<i>Pass-Through from Muscadine Products Corporation</i>		503565		23,181	23,181
Sustainable Agriculture Research and Education	10.215				
<i>Pass-Through from University of Georgia</i>		503569		26,535	26,535
<i>Pass-Through from University of Georgia</i>		503636		2,673	2,673
1890 Institution Capacity Building Grants	10.216				
<i>Pass-Through from North Carolina Agricultural and Tech State University</i>		503592		77,856	77,856
<i>Pass-Through from West Virginia University</i>		503350		38,749	38,749
Higher Education Challenge Grants	10.217		29,493	69,245	98,738
<i>Pass-Through from University of Wisconsin</i>		503524		3,018	3,018
<i>Pass-Through from University of Wisconsin-Madison</i>		2006-38411-17036		1,479	1,479
Higher Education Multicultural Scholars Program	10.220			4,500	4,500
Hispanic Serving Institutions Education Grants	10.223			244,652	244,652
<i>Pass-Through from Southwest Texas Junior College</i>		503663		51,347	51,347
Community Food Projects	10.225		76,421	1,440,340	1,516,761
Agricultural and Rural Economic Research	10.250		32,407	139,705	172,112
Initiative for Future Agriculture and Food Systems	10.302		24,134		24,134
Integrated Programs	10.303		47,958	441,158	489,116
<i>Pass-Through from North Carolina State University</i>		2004-1501-03		23,935	23,935
<i>Pass-Through from Regents of University of California</i>		06511003735P		42,887	42,887
<i>Pass-Through from University of Arizona</i>		503522		104,958	104,958
<i>Pass-Through from University of Nebraska</i>		503667		7,500	7,500
Homeland Security_Agricultural	10.304			153	153
<i>Pass-Through from Kansas State University</i>		503657		66,972	66,972
International Science and Education Grants	10.305			14,464	14,464
Value-Added Producer Grants	10.352				
<i>Pass-Through from Franklin Martin Farms, Inc.</i>		07-0512		13,708	13,708
Crop Insurance	10.450		3,520	3,233,087	3,236,607
<i>Pass-Through from Grazinglands Conservation Initiative</i>		503015		25,836	25,836
<i>Pass-Through from Grazinglands Conservation Initiative</i>		503016		48,092	48,092
<i>Pass-Through from Grazinglands Conservation Initiative</i>		503109		1,878	1,878

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers	10.456		4,652	9,984	14,636
Cooperative Extension Service	10.500		427,428	677,689	1,105,117
<i>Pass-Through from North Carolina State University</i>		503429		2,555	2,555
<i>Pass-Through from North Carolina State University</i>		503574		41,662	41,662
<i>Pass-Through from Pennsylvania State University</i>		503396		2	2
<i>Pass-Through from Pennsylvania State University</i>		503796		2,680	2,680
<i>Pass-Through from Southern Regional Aquaculture Center</i>		454870		(140)	(140)
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			185,637	185,637
Foreign Market Development Cooperator Program	10.600			80,543	80,543
Forestry Research	10.652			1,097,035	1,097,035
Cooperative Forestry Assistance	10.664			394,739	394,739
Rural Business Opportunity Grants	10.773				
<i>Pass-Through from Texas Citrus Mutual</i>		503343		(244)	(244)
Resource Conservation and Development	10.901		10,000	668,919	678,919
<i>Pass-Through from Southern Forest Research Partnership</i>		503115		44,340	44,340
<i>Pass-Through from Southern Forest Research Partnership</i>		570266	9,696	9,696	9,696
Soil and Water Conservation	10.902			82,769	82,769
<i>Pass-Through from National Fish and Wildlife Foundation</i>		2006-0019-000		47,992	47,992
Soil Survey	10.903			212,880	212,880
Plant Materials for Conservation	10.905			50,943	50,943
Watershed Surveys and Planning	10.906			634	634
Environmental Quality Incentives Program	10.912		85,768	636,715	722,483
<i>Pass-Through from Boilingstone Energy, Inc.</i>		503319		15,092	15,092
Wildlife Habitat Incentive Program	10.914			(158)	(158)
<i>Pass-Through from Mississippi State University</i>		503104		8,274	8,274
Grassland Reserve Program	10.920			1,274	1,274
Agricultural Statistics Reports	10.950			22,468	22,468
Technical Agricultural Assistance	10.960			136,303	136,303
<i>Pass-Through from Research Corporation of The University of Hawaii</i>		503647		103,003	103,003
Scientific Cooperation and Research	10.961			25,860	25,860
<i>Pass-Through from CIMMYT</i>		503142		(3,341)	(3,341)
<i>Pass-Through from CIMMYT</i>		503264		3,642	3,642
Cochran Fellowship Program-International Training-Foreign Participant	10.962		443,772	867,067	1,310,839
<i>Pass-Through from Michigan State University</i>		502694		19,532	19,532
<i>Pass-Through from University of California - Davis</i>		503449		795,012	795,012
<i>Pass-Through from University of California - Davis</i>		503499		74,623	74,623
<i>Pass-Through from University of California - Davis</i>		503500		17,301	17,301
<i>Pass-Through from University of California - Davis</i>		503652		21,454	21,454
<i>Pass-Through from University of California - Davis</i>		503670		255,477	255,477
<i>Pass-Through from University of California - Davis</i>		503754		59,798	59,798
<i>Pass-Through from University of California - Davis</i>		570372	26,414	26,414	26,414
<i>Pass-Through from University of California - Davis</i>		570375	298,735	298,735	298,735
<i>Pass-Through from University of California - Davis</i>		570423	38,238	38,238	38,238
<i>Pass-Through from University of California - Davis</i>		570479	20,904	20,904	20,904
<i>Pass-Through from University of California - Davis</i>		570480	15,338	15,338	15,338
Total – U.S. Department of Agriculture			4,212,880	40,622,638	44,835,518
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	DG133E06SE5750		4,282	4,282

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
		EA133C-02-CN-0036		(951)	(951)
		EAR-0413265	907	1,288	2,195
		EL133E07SE3168		9,995	9,995
		SB134107SE0623 P001		9,416	9,416
		WC133F-06-SE-5661		10	10
<i>Pass-Through from Northrop Grumman Corporation</i>		83547DDM3S,CN 9		67,879	67,879
Census Bureau Data Products	11.001			2,760	2,760
Economic Development--Technical Assistance	11.303			90,649	90,649
Economic Adjustment Assistance	11.307			10,454	10,454
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400			408,381	408,381
Interjurisdictional Fisheries Act of 1986	11.407			179,193	179,193
Sea Grant Support	11.417		22,959	1,929,432	1,952,391
<i>Pass-Through from California Department of Fish and Game</i>		8000000700		13,854	13,854
<i>Pass-Through from Mote Marine Lab</i>		MML-185 33A		40,599	40,599
<i>Pass-Through from South Carolina Sea Grant Consortium</i>		RA3A		5,807	5,807
<i>Pass-Through from South Carolina Sea Grant Consortium</i>		RA4A - YR.2		57,871	57,871
<i>Pass-Through from State of South Carolina Dept. of Natural Resources</i>		503529		8,240	8,240
<i>Pass-Through from University of Mississippi</i>		606300		52,916	52,916
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR02720-C10		2,293	2,293
Coastal Zone Management Administration Awards	11.419		1,162	564,428	565,590
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		722		45,872	45,872
Coastal Zone Management Estuarine Research Reserves	11.420			1,218,886	1,218,886
Financial Assistance for National Centers for Coastal Ocean Science	11.426			837,893	837,893
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			2,473	2,473
Undersea Research	11.430				
<i>Pass-Through from University of Georgia</i>		606030		3,051	3,051
Climate and Atmospheric Research	11.431		3,118	159,826	162,944
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432				
<i>Pass-Through from University of Oklahoma</i>		503062		36,925	36,925
Marine Fisheries Initiative	11.433			76,698	76,698
Cooperative Fishery Statistics	11.434			83,050	83,050
Southeast Area Monitoring and Assessment Program	11.435			87,533	87,533
Marine Mammal Data Program	11.439				
<i>Pass-Through from Alaska Sealife</i>		R1921-07		(398)	(398)
Environmental Sciences, Applications, Data, and Education	11.440			66,418	66,418
Unallied Management Projects	11.454			117,600	117,600
Special Oceanic and Atmospheric Projects	11.460		39,998	231,681	271,679
Habitat Conservation	11.463				
<i>Pass-Through from Nanohmics, Inc.</i>		8000000560		96,208	96,208
Meteorologic and Hydrologic Modernization Development	11.467				
<i>Pass-Through from University Corporation for Atmospheric Research</i>		S06-58383		529	529
Applied Meteorological Research	11.468		16,376	31,983	48,359
Coastal Services Center	11.473			301	301
Center for Sponsored Coastal Ocean Research--Coastal Ocean Program	11.478		54,101	650,935	705,036
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100471		4,561	4,561
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100489		36,712	36,712
Educational Partnership Program	11.481			(11,756)	(11,756)
<i>Pass-Through from Florida A&amp;M University</i>		606210		20,422	20,422

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
<i>Pass-Through from Florida A&amp;M University</i>		606480		154,895	154,895
<i>Pass-Through from Howard University</i>		631017-H04		157,990	157,990
Measurement and Engineering Research and Standards	11.609			492,445	492,445
Manufacturing Extension Partnership	11.611		786,227	3,107,883	3,894,110
Advanced Technology Program	11.612				
<i>Pass-Through from Molecular Imprints, Inc.</i>		70NANB4H3012, AMD 5		182,594	182,594
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		70NANB4H3040		11,938	11,938
<i>Pass-Through from Receptor Logic, Ltd.</i>		06AP050017F1H		2,878	2,878
<i>Pass-Through from Stellar Micro Devices, Inc.</i>		70NANB7H7030		26,498	26,498
Congressionally Identified Projects	11.617			15,601	15,601
Total - U.S. Department of Commerce			924,848	11,408,921	12,333,769
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	08LM070034F1		2,347	2,347
		08LM070034FN		40,139	40,139
		08LM07003F1H		32	32
		08LM07003FNH		29,379	29,379
		2008*0511512*000/4013 08770012-0		24,836	24,836
		26-3907-2562		78,158	78,158
		449005	382,122		382,122
		503599		167,177	167,177
		6LM050061FNH		78,557	78,557
		6LM050076FNH		27,060	27,060
		CEM-0605 (R00905)		19,556	19,556
		CHALFIN/IPAA/NAVY		87,288	87,288
		DAAA21-93-C-0101		(1)	(1)
		DAAA21-93C-0101		(1)	(1)
		DAMD17-03-C-0088, Increment		20,108	20,108
		EDGE112007 Letter Agrmt		83,185	83,185
		FA2517-07-P-7002		18,709	18,709
		FA4626-07-P-0024		92,680	92,680
		FA7014-07-C- 0034/MEL	1,984	223,839	225,823
		FA7014-07-C- 0036/PET	54,313	140,811	195,124
		FA8650-07-C-7736	459,700	40,016	499,716
		FAU/9402	39,666		39,666
		FOX-DARPA	1,336	1,294,632	1,295,968
		GLICKMAN/NAVY IPAA		11,917	11,917
		H10006-08		427,223	427,223
		H98230-06-1-0124		213,343	213,343
		H98230-06-C0443		111,168	111,168
		H98230-07-C- 0453;REQ #R40700110000		102,054	102,054
		H9C104-07-C-0014	46,505	175,994	222,499
		HR0011-08-1-0050		22,972	22,972

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		HR0011-08-C-0109		30,271	30,271
		IPA-Aden		214,579	214,579
		IPA-Cobb-Croach, Yr 1		170,364	170,364
		IPA-Mcpheeters		186,609	186,609
		M67854-07-P-6015, MOD 1		68,937	68,937
		N00014-05-C-0149, P00012	61,172	79,785	140,957
		N00014-08-1-0193	76,315	131,840	208,155
		N00024-01-D-6600; DO 0144 CLN/SLN 0001		149	149
		N00024-01-D-6600; DO 0475		895,595	895,595
		N00039-96-D-0051, DO 0273		(1)	(1)
		N00039-96-D- 0051/0063		(1)	(1)
		N00039-96-D- 0051/0173		14	14
		N00039-96-D- 0051/0182		(6)	(6)
		N00039-96-D- 0051/0288		600	600
		N00167-06-C-0007		854,853	854,853
		N00173-07-P-0546; REQ#63-0028-07		6,493	6,493
		N3946707GOIPA03		18,597	18,597
		N3946708GOIPA05		5,170	5,170
		N61339-00D-0709		222,650	222,650
		N61339-04-C-0080, MOD 12		101,345	101,345
		N61339-04-C-0080, P00027		3,069,234	3,069,234
		N61339-05-C-0127, 0001, 000101/2, AA/AB		(1,488)	(1,488)
		N61339-05-C-0127, 0006, 000601, AC		96,386	96,386
		N61339-05-C-0127, 0006, 000602, AC		104,294	104,294
		N61339-05-C-0127, 0006, 000603, AC		11,422	11,422
		N61339-05-C-0127, 0007, 000704, AF		48,863	48,863
		N61339-05-C-0127, 0007, 000705, AG		170,979	170,979
		N61339-05-C-0127, 0007, 000706, AG		128,011	128,011
		N61339-05-C-0127, 0007, 000707, AG		120,763	120,763
		N61339-05-C-0127, 0007, 000708, AH		180,568	180,568
		N66604-07-M-4884; REQ #72074342		14,356	14,356

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
		N68936-06-C-0055,P0002		84,940	84,940
		NAG9-01476, SUPP 22	6,774	333,289	340,063
		R00905		26,400	26,400
		UTA05-120		(228)	(228)
		UTA05-811		2,080	2,080
		UTA07-382		15,506	15,506
		UTA07-459		68,529	68,529
		W15QKN-04-C-1091, INCREMENT		458,314	458,314
		W15QKN-04-C-1091, MOD P00010	490,304	207,228	697,532
		W15QKN-08-D-0426, DO 0002		149,809	149,809
		W81XWH-04-1-0218		62,549	62,549
		W81XWH-07-P-0592		37,118	37,118
		W81XWH-08-C-0062		100,190	100,190
		W9113M-05-1-0016, P00003		152,850	152,850
		W9113M-05-1-0017, P00003		109,475	109,475
		W9113M-05C-0166	19,167	1,266,742	1,285,909
		W911KB-08-P-0041		36,716	36,716
		W911KB-08-P-0044		25,361	25,361
		W911NF-04-2-0006		98,221	98,221
		W911NF-05-1-0544		118,692	118,692
		W911NF-08-2-0015		233,188	233,188
		W911NF-08-2-0015; UTA08-309		60,130	60,130
		W911NF-08-2-0015; UTA08-309		137,395	137,395
		W911NF-08-2-0015; UTA08-311		37,881	37,881
		W911QX-07-D-0002, DO 0005		19,749	19,749
		W911SR07-C0069		1,181,735	1,181,735
		W911SR-08-C-0024		117,109	117,109
		W912HQ-07-P-0039 MOD NO. P00001		48,296	48,296
		W912HZ-07-2-0010		207,916	207,916
		W912HZ-08-P-0171		11,338	11,338
		W914HQ06C0058		322,809	322,809
		W91CRB-07-C-0125		94,426	94,426
		W91WAW-07-C-0029		83,796	83,796
		WOLF-USISR/IPAA- WU		29,180	29,180
		WU/IPAA		14,660	14,660
<i>Pass-Through from 21st Century Technologies</i>		UTA07-126, Inc.		183,090	183,090
<i>Pass-Through from Advanced Ceramics Research, Inc.</i>		W81XWH-07-C-0130		58,590	58,590
<i>Pass-Through from Alaska Sealife</i>		R1921-07		70,840	70,840
<i>Pass-Through from American Maglev, Inc.</i>		UTA07-799		41,989	41,989
<i>Pass-Through from Anteon Corporation</i>		USAF5212-STICS-0021		18,637	18,637
<i>Pass-Through from BAE Systems</i>		66238		151,044	151,044
<i>Pass-Through from BAE Systems</i>		69141		64,503	64,503



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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		BP3982		162,593	162,593
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1264792		(299)	(299)
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1264796		(419)	(419)
<i>Pass-Through from Cougar Software, Inc.</i>		CSI-2007-037		25,994	25,994
<i>Pass-Through from Curtiss Wright Electro-Mechanical Corporation</i>		419875		2,175,621	2,175,621
<i>Pass-Through from Echo Technical</i>		UTA05-914, MOD 002		47,083	47,083
<i>Pass-Through from Florida State University</i>		#CEM-0208, AMD 5; ROO431B		81,547	81,547
<i>Pass-Through from Florida State University</i>		A03860 / N00014-02-0-0623		166,725	166,725
<i>Pass-Through from Florida State University</i>		A03860 / N00014-02-1-0623		179,370	179,370
<i>Pass-Through from Florida State University</i>		A03860 / N00014-02-1-0623, AMD 8		149,439	149,439
<i>Pass-Through from Florida State University</i>		A03860 / N00014-02-1-0623_LOA		76	76
<i>Pass-Through from Florida State University</i>		A03860 / N00014-02-1-0623-LOA		23,088	23,088
<i>Pass-Through from Florida State University</i>		R00905		456,583	456,583
<i>Pass-Through from General Atomics</i>		KJ410301 / 4500001178	5,719	145,111	150,830
<i>Pass-Through from General Dynamics</i>		80013J		107,491	107,491
<i>Pass-Through from General Dynamics</i>		80006J		3,878	3,878
<i>Pass-Through from Georgia Institute of Technology</i>		R8251-S3, AMD 1		80,725	80,725
<i>Pass-Through from Griffin Technologies, Inc.</i>		UTA07-582, Con. #W912HZ-07-P-0294		26,939	26,939
<i>Pass-Through from Hem Technologies</i>		4100 006		142,281	142,281
<i>Pass-Through from Homeland Protection Institute</i>		W9113M-08-		423,192	423,192
<i>Pass-Through from Hyperion Biotechnology</i>		W911SR-07-C-0006		105,428	105,428
<i>Pass-Through from Infoscitex Corporation</i>		1129-1S2, MOD 2		15,319	15,319
<i>Pass-Through from Innovative Scientific Solutions, Inc.</i>		SB05033, UTA06-401		233	233
<i>Pass-Through from Institute of International Education</i>		NSEP-U631006-UT-ARA, IIE480731		636,865	636,865
<i>Pass-Through from Institute of International Education</i>		NSEP-U631006-UT-HIN, IIE480731		970,019	970,019
<i>Pass-Through from Institute of International Education</i>		NSEP-U631006-UT-LS		137,858	137,858
<i>Pass-Through from Institute of International Education</i>		U634000-W9137B-06-P-0145-3		142,613	142,613
<i>Pass-Through from Intelligent Automation, Inc.</i>		654-3		53,646	53,646
<i>Pass-Through from ITT Corp/AES</i>		303653		39,278	39,278
<i>Pass-Through from Jacobs/Huitt-Zollars</i>		R2W30855-S08-0001		23,193	23,193
<i>Pass-Through from KJV Incorporated</i>		G72172		18,592	18,592
<i>Pass-Through from Knexient, Inc.</i>		UTA07-788		25,708	25,708
<i>Pass-Through from L-3 Communications Electronic Sys, Inc.</i>		23064 SWA REV H		574,208	574,208
<i>Pass-Through from Level Set Systems, Inc.</i>		UTA06-522		4,496	4,496
<i>Pass-Through from Lockheed Martin Corporation</i>		4300287558		29,539	29,539
<i>Pass-Through from Lockheed Martin Corporation</i>		TT0698138 EXPORT CONTROL CASE POI		32,935	32,935
<i>Pass-Through from Mantech SRS Technologies, Inc.</i>		WG-08-S-005		22,876	22,876
<i>Pass-Through from Mississippi State University</i>		060808-01090729, CO 2, TSK 5, MOD 2		2,860	2,860

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Mississippi State University</i>		060808-01090729, CWO-KY7-SP1		35,824	35,824
<i>Pass-Through from Mississippi State University</i>		060808-01090729, CO 3, TSK 3,MOD 27;301400		143,254	143,254
<i>Pass-Through from Mississippi State University</i>		060808-01090729-07, CO 3, TSK 3, MOD 22		356,193	356,193
<i>Pass-Through from Mississippi State University</i>		060808-01090729-07, MOD. 1 TO OPM		131,959	131,959
<i>Pass-Through from Mississippi State University</i>		060808-01090729-07, MOD. 5 TO OPM; 301377		73,868	73,868
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 360180 DO4THZ97074500		147,213	147,213
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 360181 DO4THZ97074500		40,806	40,806
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 360182 DO4THZ97074500		51,549	51,549
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 CO3 TSK4,M24; 301402		163,664	163,664
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 EQM KY7 SP1		30,613	30,613
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08 EQMKY8001 ; 360265		31,054	31,054
<i>Pass-Through from Mississippi State University</i>		060808-01090729-08, CO3, TSK11,M9		19,477	19,477
<i>Pass-Through from Mississippi State University</i>		060808-01090729- 08,CO3,TSK11,M26		118,667	118,667
<i>Pass-Through from Mississippi State University</i>		060808-01090729- 08,CO3,TSK11,M28;30 1380		38,886	38,886
<i>Pass-Through from Mississippi State University</i>		060808-01090729- 08,CO3,TSK4,M19		151,749	151,749
<i>Pass-Through from Mississippi State University</i>		060808-01090729- 08,CO3,TSK4,TRNG,m 8		3,515	3,515
<i>Pass-Through from Mississippi State University</i>		060808-01090729- 08EQMKY8002 360264		51,592	51,592
<i>Pass-Through from Mississippi State University</i>		080100-330632-01 Sub. Awd.		49,484	49,484
<i>Pass-Through from Mississippi State University</i>		4QFZ97084502, 360262 CWO-KY8-001		37,412	37,412
<i>Pass-Through from Mississippi State University</i>		DO 4THZ97074500		139,002	139,002
<i>Pass-Through from Modern Technology Solutions, Inc.</i>		UPS-R477A9		2,175	2,175
<i>Pass-Through from Monopole Research</i>		RESEARCH AGREEMENT, MOD 1		(216)	(216)
<i>Pass-Through from Monopole Research</i>		RESEARCH AGREEMENT, PHASE II		116,396	116,396
<i>Pass-Through from Montana Polysaccharides</i>		G72235		5,699	5,699

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from NDI Engineering</i>		42-3489		21,896	21,896
<i>Pass-Through from Noblis, Inc.</i>		W9128F-06-D-0015		39,460	39,460
<i>Pass-Through from Northrop Grumman Corporation</i>		D0104506-2000		12,500	12,500
<i>Pass-Through from Northrop Grumman Corporation</i>		DO118283-2000		94,405	94,405
<i>Pass-Through from Northrop Grumman Corporation</i>		DO79726-2000		10,740	10,740
<i>Pass-Through from Old Dominion University Research</i>		MELTZ:OLD DOM:AFOSR		6,814	6,814
<i>Pass-Through from Oldenburg Group, Inc.</i>		130589		123,512	123,512
<i>Pass-Through from Omega Optics</i>		UTA05-803, AMD 2		127,333	127,333
<i>Pass-Through from Omega Optics</i>		UTA05-804		115,095	115,095
<i>Pass-Through from Omega Optics</i>		UTA06-244, AMD 1		202,424	202,424
<i>Pass-Through from OrganicID</i>		UTA05-685		3,704	3,704
<i>Pass-Through from Peregrine Pharmaceuticals</i>		HDTRA108C0003		42,412	42,412
<i>Pass-Through from Rockwell Collins, Inc.</i>		4502517064		79,850	79,850
<i>Pass-Through from Rockwell Collins, Inc.</i>		4502521514		56,519	56,519
<i>Pass-Through from Science Applications International Corporation</i>		4400131840		149,796	149,796
<i>Pass-Through from Science Research Laboratory</i>		C0078-377		76,002	76,002
<i>Pass-Through from Scimitar Technologies, LLC</i>		UTA05-828, INC		37,273	37,273
<i>Pass-Through from Signal Technology</i>		D140609		62,181	62,181
<i>Pass-Through from Southwest Research Institute</i>		3965-25	(93)	(93)	(93)
<i>Pass-Through from Southwest Research Institute</i>		799133L, MOD 2		185,661	185,661
<i>Pass-Through from Southwest Research Institute</i>		SWRI 399847P		2,352	2,352
<i>Pass-Through from Southwest Sciences</i>		UTA07-867		32,818	32,818
<i>Pass-Through from Spec</i>		UTA06-587, AMD 001	(720)	(720)	(720)
<i>Pass-Through from SRI International</i>		27-001249		403,386	403,386
<i>Pass-Through from Stanford University</i>		20042150-36644-B		68,967	68,967
<i>Pass-Through from Telcordia Technologies, Inc.</i>		10092632, AMD 4	(263)	(263)	(263)
<i>Pass-Through from Test Devices, Inc.</i>		11156		41,934	41,934
<i>Pass-Through from Texas Research Institute Austin, Inc.</i>		A7731-300-08-SC1448		15,981	15,981
<i>Pass-Through from The Boeing Company</i>		173311		42,736	42,736
<i>Pass-Through from Tulane University</i>		G72147		61,927	61,927
<i>Pass-Through from Tulane University</i>		G72148		174,825	174,825
<i>Pass-Through from UES Corporation</i>		S-783-000-002/B, UTA05-413		34,547	34,547
<i>Pass-Through from UES Corporation</i>		S-821-000-001 FA8650-07-M-5411		2,457	2,457
<i>Pass-Through from Unisys Corporation</i>		G72231		54,913	54,913
<i>Pass-Through from University of California - Berkeley</i>		SA4840-78134		75,832	75,832
<i>Pass-Through from University of Maryland</i>		Z994701		73,441	73,441
<i>Pass-Through from University of Notre Dame</i>		201296		14,446	14,446
<i>Pass-Through from Vanderbilt University</i>		19192-S3		173,000	173,000
<i>Pass-Through from Vax Design</i>		70003-UTMBM		115,885	115,885
<i>Pass-Through from Weston Solutions, Inc.</i>		0048944		133,341	133,341
<i>Pass-Through from Wright Materials Research Co</i>		06-UTA01, HQ0006- 06-C-7386		150,632	150,632
<i>Pass-Through from Zyvex</i>		BAA0519F10		852	852
Procurement Technical Assistance for Business Firms	12.002			132,556	132,556
<i>Pass-Through from BBN Technology Corporation</i>		ICITA-2		86,988	86,988
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000061475		79,191	79,191
Aquatic Plant Control	12.100			59,729	59,729
<i>Pass-Through from City of Lewisville</i>		G72212		220,077	220,077
<i>Pass-Through from Denton County</i>		G72212		11,387	11,387
Emergency Operations Flood Response and Post Flood Response	12.103				

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Moffatt and Nichol</i>		07-1173		24,801	24,801
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		32,000	49,748	81,748
Collaborative Research and Development	12.114		90,254	3,326,251	3,416,505
<i>Pass-Through from Science Application International Corporation</i>		4400154132		5,415	5,415
<i>Pass-Through from Signal Processing, Inc.</i>		001-1		10,518	10,518
<i>Pass-Through from University of South Florida</i>		6415-1006-01-A		142,969	142,969
<i>Pass-Through from Wingler and Sharp, Inc.</i>		06-0273	57,775	31,563	89,338
Civil Defense- Architect/Engineer Faculty Development	12.300		2,719,206	92,922,771	95,641,977
		26-0783-01,MOD P00008		1,501,128	1,501,128
		26-0784-01		1,637,322	1,637,322
		26-0791-19		405,655	405,655
		26-0791-20		38,088	38,088
		26-0791-21		188,483	188,483
		26-0791-22		29,155	29,155
		26-0791-23		158,670	158,670
		26-0791-24		27,853	27,853
		26-0791-25		576,035	576,035
		26-0791-26		553,153	553,153
		26-0791-27		48,204	48,204
		26-0791-28		187,261	187,261
		26-0791-29		328,519	328,519
		26-0791-30		16,757	16,757
		26-0791-31		126,390	126,390
		26-0796-06		113,911	113,911
		07-273		17,993	17,993
<i>Pass-Through from Acree Technologies, Inc.</i>		N00014-07-M0419		19,539	19,539
<i>Pass-Through from Applied Research Associates</i>		S-16616.1,MOD 6		747	747
<i>Pass-Through from Aspen Systems, Inc.</i>		08-0538		4,022	4,022
<i>Pass-Through from BAE Systems</i>		A0291		35,255	35,255
<i>Pass-Through from BAE Systems</i>		08-0333		11,375	11,375
<i>Pass-Through from Battelle</i>		208683		98,583	98,583
<i>Pass-Through from Bennington Microtechnology Center</i>		N00014-05-1-0587		7,267	7,267
<i>Pass-Through from California Institute of Technology</i>		68-1077901		105,627	105,627
<i>Pass-Through from Calnetix</i>		05-0647		82,994	82,994
<i>Pass-Through from Custom Manufacturing and Engineering, Inc.</i>		06-0168		6,997	6,997
<i>Pass-Through from Drexel University</i>		204080		96,677	96,677
<i>Pass-Through from Florida State University</i>		R00905		185,423	185,423
<i>Pass-Through from Florida State University</i>		R00905-S1		57,412	57,412
<i>Pass-Through from Genexpress Informatics, Inc.</i>		M67854-07-C-6527		19,695	19,695
<i>Pass-Through from Infoscitex Corporation</i>		8000000864		7,157	7,157
<i>Pass-Through from In-Q-Tel</i>		ARL:UT-001		5,235	5,235
<i>Pass-Through from Institute for The Study of Learning and Expertise</i>		AUSTIN-01, AMD 4		143,787	143,787
<i>Pass-Through from Johns Hopkins University</i>		JHU/APL-923128, TASK 3, AMENDMENT 2		2	2
<i>Pass-Through from Johns Hopkins University</i>		JHU/APL-927381		91,859	91,859
<i>Pass-Through from Johns Hopkins University</i>		JHU-901763		1,315	1,315
<i>Pass-Through from Johns Hopkins University</i>		JHU-901763 PRIME N0002403D6606		12,377	12,377
<i>Pass-Through from Johns Hopkins University</i>		N0002403D6606 883152		84	84

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Lynntech, Inc.</i>		W81XWH08C0018		658	658
<i>Pass-Through from Management Consulting, Inc.</i>		53800		(58,646)	(58,646)
<i>Pass-Through from Marlow Industries</i>		Agr. No. 04-0575		72,000	72,000
<i>Pass-Through from Mississippi State University</i>		CE-KY7-002		110,801	110,801
<i>Pass-Through from Penn State University</i>		2795-UT-ONR-0683, AMD 4		48,784	48,784
<i>Pass-Through from Penn State University</i>		S05-03 PRIME N0001405G0106/8		892,111	892,111
<i>Pass-Through from Rice University</i>		4F-01541, M0001- SUB#:R14501- 72000004		18,646	18,646
<i>Pass-Through from Rutgers State University of New Jersey</i>		8000000678		(1,328)	(1,328)
<i>Pass-Through from Rutgers University</i>		3094		12,790	12,790
<i>Pass-Through from Sandia National Labs</i>		SNL 752589		69,883	69,883
<i>Pass-Through from Scientific Applications and Research Association</i>		NAVY32.SC1		565	565
<i>Pass-Through from Southern University and A&amp;M College - Baton Rouge</i>		P804652		17,895	17,895
<i>Pass-Through from Stanford University</i>		18412450-35520-B AMD 01		412,328	412,328
<i>Pass-Through from Stanford University</i>		21631480-40531-B, UTA08-461		60,079	60,079
<i>Pass-Through from Systems and Materials Research Corporation</i>		8000000365/621/873		85,873	85,873
<i>Pass-Through from University of Illinois</i>		2007-05430-01		22,662	22,662
<i>Pass-Through from University of Minnesota</i>		503505		2,222	2,222
<i>Pass-Through from University of Minnesota</i>		570373	10,947		10,947
<i>Pass-Through from University of Montana</i>		PG-4853-02		117	117
<i>Pass-Through from University of New Mexico</i>		SUBAWARD 798122- 874F PRIME N0001407C0147		429,063	429,063
<i>Pass-Through from University of Notre Dame</i>		200978		51,653	51,653
<i>Pass-Through from University of South Florida</i>		SUBAGRMT 2500- 0041-00-A USF		169,464	169,464
<i>Pass-Through from Utah State University</i>		70185001		55,569	55,569
<i>Pass-Through from Virginia Tech University</i>		CR-19433-430229, MOD 2		16,801	16,801
<i>Pass-Through from Washington Savannah River Company, LLC</i>		SRNS-AC512780		1,454	1,454
<i>Pass-Through from Washington Savannah River Company, LLC</i>		SRNS-AC512780; CHANGE NOTICE 4		45,760	45,760
<i>Pass-Through from Washington Savannah River Company, LLC</i>		SRNS-AC543010		25,274	25,274
<i>Pass-Through from Williams Pyro, Inc.</i>		N65538-06-M-0104		3,002	3,002
<i>Pass-Through from Williams Pyro, Inc.</i>		07-0224		68,855	68,855
<i>Pass-Through from Wyle Laboratories</i>		08-0381		596,853	596,853
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351			89,290	89,290
<i>Pass-Through from Agiltron, Inc.</i>		HDTRA1-08-P-0034 DTRA08E005		8,443	8,443
Readiness Sustainment Maintenance Program	12.402			99,998	99,998
Military Medical Research and Development	12.420		1,857,834	32,441,471	34,299,305
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		DAMD17-02-1-0691		23,387	23,387
<i>Pass-Through from House Ear Institute</i>		DAMD17-01-1-0710		307	307

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Illinois State University</i>		UTA04-078 151002412009433		3,766	3,766
<i>Pass-Through from Johns Hopkins University</i>		W81XWH-04-1-0595 04		517,549	517,549
<i>Pass-Through from Memorial Hermann Hospital System</i>		DAMD 17-03-C-97		(24)	(24)
<i>Pass-Through from Mission Hospitals</i>		W81XWH-07-2-0108		63,349	63,349
<i>Pass-Through from National Medical Technology Test Bed</i>		200171UTMB- ESENALIEV		(206)	(206)
<i>Pass-Through from Oklahoma State University</i>		AA-5-75063-A		(1,340)	(1,340)
<i>Pass-Through from PLX Pharma Inc.</i>		A072-142-0602		7,815	7,815
<i>Pass-Through from PLX Pharma, Inc.</i>		A072-142-0602		6,445	6,445
<i>Pass-Through from Portage Environmental, Inc.</i>		PEI-2106S07		68,290	68,290
<i>Pass-Through from Rice University</i>		DAMD17-03-1-0384 04		290,117	290,117
<i>Pass-Through from Rice University</i>		W81XWH-07-1-0428 01		111,741	111,741
<i>Pass-Through from Science Applications International</i>		N00173-03-C-2013 4400130704		66,938	66,938
<i>Pass-Through from T.R.U.E. Research Foundation</i>		W81XWH-06-2-0033		1,130,807	1,130,807
<i>Pass-Through from Temple University</i>		W91ZSQ-5309-N7		247,398	247,398
<i>Pass-Through from The Scripps Research Institute</i>		07LM40054F2H		61,258	61,258
<i>Pass-Through from True Research Foundation</i>		06AP050072FNL		521,371	521,371
<i>Pass-Through from University of California - San Francisco</i>		W81XWH0510265		75,024	75,024
<i>Pass-Through from University of Oklahoma</i>		DAMD17020702		(697)	(697)
<i>Pass-Through from University of Pittsburgh</i>		DAMD17-01-0373		113,158	113,158
Basic Scientific Research	12.431		2,362,825	11,096,554	13,459,379
<i>Pass-Through from Academy of Applied Science</i>		#08-22		2,758	2,758
<i>Pass-Through from Academy of Applied Science</i>		07-27 & 07-28		11,754	11,754
<i>Pass-Through from Brown University</i>		08691		19,607	19,607
<i>Pass-Through from California Institute of Technology</i>		68-1077891		21,283	21,283
<i>Pass-Through from Fibertek, Inc.</i>		224058-50407		150,048	150,048
<i>Pass-Through from Harvard University</i>		133463-08		80,848	80,848
<i>Pass-Through from Honeywell, Inc.</i>		07-0812		148,687	148,687
<i>Pass-Through from Jorge Scientific Corporation</i>		07-900-D6A		45,840	45,840
<i>Pass-Through from Lynntech, Inc.</i>		07-0695		15,683	15,683
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002240		120,751	120,751
<i>Pass-Through from Perl Research, LLC</i>		2007-01		32,047	32,047
<i>Pass-Through from Science Applications International</i>		4400138109		499,530	499,530
<i>Pass-Through from Signal Processing, Inc.</i>		105-1		82,873	82,873
<i>Pass-Through from SRI International</i>		71-000106, MOD 2		37,483	37,483
<i>Pass-Through from Telcordia</i>		20002503		47,648	47,648
<i>Pass-Through from University of California - Berkeley</i>		SA4485- 32449_W911NF0410304		4,482	4,482
<i>Pass-Through from University of Dayton Research Institute</i>		RSC05016		42,345	42,345
<i>Pass-Through from University of Illinois at Urbana-Champaign</i>		2007-00748-02		117,121	117,121
<i>Pass-Through from University of Kansas</i>		FY2008-083		26,312	26,312
<i>Pass-Through from University of Minnesota</i>		S5226679301		1,544	1,544
<i>Pass-Through from University of Missouri</i>		C00006389-3		25,528	25,528
<i>Pass-Through from University of South Carolina</i>		07-1410; 72634- 13060-FA35		125,099	125,099
<i>Pass-Through from University of Southern California</i>		125819		56,328	56,328
<i>Pass-Through from VW International, Inc.</i>		VWI 6170-039A	2,086,946	570,848	2,657,794
National Flagship Language Program Grants To U.S. Institutions Of Higher Education	12.550			16,123	16,123
Community Economic Adjustment	12.600			328,082	328,082
Basic, Applied, and Advanced Research in Science and Engineering	12.630		699,268	3,361,947	4,061,215

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from 3TEX, Inc.</i>		R000061-1		21,000	21,000
<i>Pass-Through from Advanced Materials and Processes</i>		8000000865		8,268	8,268
<i>Pass-Through from Center for Rotocraft Innovation</i>		W911W6-052003 MOD P00006 2007C13011A10		30,666	30,666
<i>Pass-Through from Georgia Institute of Technology</i>		R7443-S4		201	201
<i>Pass-Through from High Performance Technologies</i>		2273-133-		359,496	359,496
<i>Pass-Through from Implicit Bioscience Pty, Ltd.</i>		HDTRA1-07-9-0003		160,460	160,460
<i>Pass-Through from Leland Stanford Junior University</i>		21030240-40031-A		3,111	3,111
<i>Pass-Through from Northwestern University</i>		0650 300 F416 415		5	5
<i>Pass-Through from Ohio State University</i>		60014145/ RF01100805		13,504	13,504
<i>Pass-Through from Planning Systems, Inc.</i>		C08-00428		59,048	59,048
<i>Pass-Through from Progeny Systems Corporation</i>		PSC-0049, TASK 1_MOD 10		109,000	109,000
<i>Pass-Through from SRI International</i>		8000000595		186,133	186,133
<i>Pass-Through from Unisys West Coast Research Cente</i>		FST-000009		156,861	156,861
<i>Pass-Through from University of Illinois at Urbana-Champaign</i>		2005-03031-01, AMD 02		69,429	69,429
<i>Pass-Through from University of Maryland - Baltimore County</i>		0000005312		49,381	49,381
<i>Pass-Through from Virginia Polytechnic Institute</i>		CR-19642-425689		3,061	3,061
Air Force Defense Research Sciences Program	12.800		1,594,958	16,936,851	18,531,809
<i>Pass-Through from Aeroastro, Inc.</i>		2622-02		(29,437)	(29,437)
<i>Pass-Through from Aeroprobe Corporation</i>		06-0151		97,703	97,703
<i>Pass-Through from Clarkson Aerospace, Inc.</i>		UHH 06-S567-06-C2		51,293	51,293
<i>Pass-Through from Clarkson Aerospace, Inc.</i>		UHM 06-S567-06-C2		74,693	74,693
<i>Pass-Through from Clarkson Aerospace, Inc.</i>		FA8650-05-D1912		64,512	64,512
<i>Pass-Through from Clarkson Aerospace, Inc.</i>		TSU06-S56706C2		154,744	154,744
<i>Pass-Through from Clarkson Aerospace, Inc.</i>		PVUAM 05-0003-C1		1,113,660	1,113,660
<i>Pass-Through from Duke University</i>		07-SC-AFSOR-1004		76,352	76,352
<i>Pass-Through from General Dynamics Information</i>		USAF-0203-SC-0021		31,722	31,722
<i>Pass-Through from General Dynamics Information</i>		F33615-03-D-5408		9,594	9,594
<i>Pass-Through from Integrated Micro Sensors</i>		G095302		65,784	65,784
<i>Pass-Through from Irvine Sensors</i>		25518		22,189	22,189
<i>Pass-Through from Knowledge Based Systems, Inc.</i>		5274-200 TAMU		1,226	1,226
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710001865		57,439	57,439
<i>Pass-Through from Massey University</i>		AOARD-07-4		1,995	1,995
<i>Pass-Through from Nextgen Aeronautics</i>		08-0166		11,981	11,981
<i>Pass-Through from Northrop Grumman Corporation</i>		65016QOD5A		528,100	528,100
<i>Pass-Through from Portage Environmental, Inc.</i>		PEI 2106S07		365,580	365,580
<i>Pass-Through from PPG Industries, Inc.</i>		FA8650-05-C-5010		38,483	38,483
<i>Pass-Through from Rice University</i>		FA8650-07-2-5061		133,700	133,700
<i>Pass-Through from Rice University</i>		R15901		144,975	144,975
<i>Pass-Through from Rice University</i>		R15904		64,152	64,152
<i>Pass-Through from Signal Labs, Inc.</i>		G72125		30,061	30,061
<i>Pass-Through from Universal Technology Corporation</i>		06S568-018-C1		39,529	39,529
<i>Pass-Through from University of Dayton Research Institute</i>		RSC05003		36,966	36,966
<i>Pass-Through from University of Illinois</i>		2006-02197-02	49,808	52,862	102,670
<i>Pass-Through from University of Michigan</i>		3000587486, AMD 1		121,992	121,992
<i>Pass-Through from University of Wisconsin</i>		A867075		299,395	299,395
Language Grant Program	12.900			71,598	71,598
Mathematical Sciences Grants Program	12.901			443,955	443,955
Information Security Grant Program	12.902			663,288	663,288
<i>Pass-Through from Unisys West Coast Research Center</i>		321946		69,897	69,897
Research and Technology Development	12.910		1,076,079	4,090,477	5,166,556
<i>Pass-Through from Baylor College of Medicine</i>		HR001-08-1-0010		1,852	1,852
<i>Pass-Through from Caci Technologies, Inc.</i>		DAAB07-03-D-C214		51	51

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-Through from Electronic Biosciences, LLC</i>		FA9550-06-C-0006		395,255	395,255
<i>Pass-Through from Hanson Pipe and Precast</i>		FA8750-07-C-0206(DARPA)		132,623	132,623
<i>Pass-Through from Intelligent Automation, Inc.</i>		FA9101-04-C-0032		12,024	12,024
<i>Pass-Through from Rice University</i>		HR0011-08-1-0010 01		70,932	70,932
<i>Pass-Through from Rice University</i>		R7B531		12,740	12,740
<i>Pass-Through from Science Applications International Corporation</i>		08-0473		20,325	20,325
<i>Pass-Through from Smart Information Flow Technologies</i>		DG-TEES-01		85,610	85,610
<i>Pass-Through from Teledyne Instruments, Inc.</i>		B7K546708		18,584	18,584
<i>Pass-Through from Toyon Research Corporation</i>		SC06-6531-1	24,720	11,893	36,613
<i>Pass-Through from United Negro College Fund Special Programs</i>		05012006		160	160
<i>Pass-Through from University of California - Riverside</i>		S-0000200		5,729	5,729
<i>Pass-Through from University of California - Riverside</i>		S-0000270		16,756	16,756
<i>Pass-Through from University of California - Irvine</i>		07-0060		68,011	68,011
<i>Pass-Through from University of Colorado</i>		154-3160		27,033	27,033
<i>Pass-Through from University of Southern California</i>		10581		116,138	116,138
<i>Pass-Through from University of Virginia</i>		GG10739-124925 AMD No. 02		98,835	98,835
<i>Pass-Through from Versatilis, LLC</i>		UTA08-251		55,278	55,278
<i>Pass-Through from Williams Pyro, Inc.</i>		14484 GCS#06.413		329	329
Total - U.S. Department of Defense			14,307,697	217,934,842	232,242,539
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/Brownfields Economic Development Initiative	14.246			2,568	2,568
Demolition and Revitalization of Severely Distressed Public Housing (HOPE IV)	14.866				
<i>Pass-Through from City of El Paso Housing Authority</i>		TX21URD003		56,767	56,767
<i>Pass-Through from Housing Authority of The City of Dallas</i>		5451 OR#04-051		5,143	5,143
Total - U.S. Department of Housing and Urban Development			0	64,478	64,478
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	0105CT39388		23,390	23,390
		03FC601786		4,215	4,215
		0404CT32805		1,400,966	1,400,966
		06HQSA0165/REQ #06HQPR1498		33,540	33,540
		1406-04-06-GT-60336		(1,805)	(1,805)
		201814J881		9,403	9,403
		H-1248-02-0015/TSK		444	444
		#J1242060009/UT-10			
		H5000030518/J212407026/R2124070026		10,323	10,323
		J2124080024/H5000070520/R2124080024		14,860	14,860
		J760006002A		2,619	2,619
		J7600080002		1,202	1,202
		J76007SAAN3		69,709	69,709
		J76007SAAN4		5,109	5,109
		J7600SAAN801		18,749	18,749



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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
		J7700066025;H5000020 271		6,270	6,270
<i>Pass-Through from Arizona State University</i>		201814J881		49,759	49,759
<i>Pass-Through from LGL Alaska Research Association, Inc.</i>		UTA04-574 - TASK ORDER 006		71,402	71,402
<i>Pass-Through from Mississippi State University</i>		330544-08030008		22,457	22,457
<i>Pass-Through from National Fish and Wildlife Foundation</i>		2007-0036-000		21,336	21,336
<i>Pass-Through from SRI International</i>		03-000224 TASK ORD 4		51,488	51,488
<i>Pass-Through from SRI International</i>		27-001056 LOA dtd 3-16-07		338,646	338,646
<i>Pass-Through from Stanford University</i>		20110350-3		22,191	22,191
Fish, Wildlife, and Parks Programs on Indian Lands	15.039				
<i>Pass-Through from New Mexico Game and Fish</i>		503232		(3,379)	(3,379)
Cultural Resource Management	15.224			18,657	18,657
Recreation Resource Management	15.225			69,738	69,738
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			70	70
Offshore Research Technology Center (OTRC) Texas Engineering Experiment Station (TEES)	15.425			368,149	368,149
Water Reclamation and Reuse Program	15.504		10,000	59,775	69,775
Water Desalination Research and Development Program	15.506			19,311	19,311
Water 2025	15.507				
<i>Pass-Through from El Paso Water Utilities</i>		570296	33,343		33,343
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508				
<i>Pass-Through from University of Nevada - Reno</i>		503762		4,239	4,239
Fish and Wildlife Coordination Act	15.517				
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		827		19,104	19,104
Conservation Law Enforcement Training Assistance	15.602			23,654	23,654
Fish and Wildlife Management Assistance	15.608			287,176	287,176
<i>Pass-Through from Austin Community Foundation</i>		OR 04-419		24,613	24,613
<i>Pass-Through from Baylor University</i>		TPWD T-23 BAYLOR 185248		29,562	29,562
<i>Pass-Through from Pacific States Marine Fisheries</i>		OR# 06-68		6,254	6,254
Cooperative Endangered Species Conservation Fund	15.615			81,255	81,255
Coastal Program	15.630			2,284	2,284
Conservation Grants Private Stewardship for Imperiled Species	15.632				
<i>Pass-Through from The Nature Conservancy</i>		TXF0-01-01-2008-01		4,011	4,011
State Wildlife Grants	15.634			10,700	10,700
Migratory Bird Joint Ventures	15.637			41,558	41,558
<i>Pass-Through from Ducks Unlimited, Inc.</i>		US-LA-96-1		940	940
<i>Pass-Through from Ducks Unlimited, Inc.</i>		US-LA-96-2		41,145	41,145
Wildlife Without Borders- Latin America and the Caribbean	15.640			59,028	59,028
Challenge Cost Share	15.642			9,493	9,493
Migratory Bird Conservation	15.647			5,393	5,393
Assistance to State Water Resources Research Institutes	15.805		21,416	368,424	389,840
<i>Pass-Through from Texas Water Resources Institute</i>		570464		62	62
Earthquake Hazards Reduction Program	15.807			137,610	137,610
U.S. Geological Survey--Research and Data Acquisition	15.808		3,888	1,151,964	1,155,852
<i>Pass-Through from Intuivision, Inc.</i>		INTUNBCHC060170		34,411	34,411
National Spatial Data Infrastructure Cooperative Agreements Program	15.809			56,461	56,461
<i>Pass-Through from City of Lubbock</i>		13524B780		2,000	2,000
National Cooperative Geologic Mapping Program	15.810			9,903	9,903
Cooperative Research Units Program	15.812			297,363	297,363
Historic Preservation Fund Grants-In-Aid	15.904			186,793	186,793
<i>Pass-Through from Kacyra Family Foundation</i>		MT22210-06-NC-06		3,550	3,550

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
National Natural Landmarks Program	15.910			60,072	60,072
National Historic Landmark	15.912			2,546	2,546
National Register of Historic Places	15.914			7,007	7,007
Technical Preservation Services	15.915			16,908	16,908
Outdoor Recreation--Acquisition, Development and Planning	15.916			107	107
Urban Park and Recreation Recovery Program	15.919		264	42,530	42,794
<i>Pass-Through from Parent Project Sponsor</i>		502598		10,869	10,869
Rivers, Trails and Conservation Assistance	15.921		35,108	239,017	274,125
Save America's Treasures	15.929			62,615	62,615
Total - U.S. Department of the Interior			104,019	6,049,215	6,153,234
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	2004-DN-BX-K213		77,146	77,146
		2005-DA-BX-K095		(216)	(216)
		2005-DN-BX-K127		7,679	7,679
		2006-DN-BX-K129		421,890	421,890
		2007-DN-BX-K088		33,567	33,567
		2007-DN-BX-K200		826,335	826,335
		2007-IJ-CX-K234		472,496	472,496
		W911SR-07-C-0050		828,751	828,751
Service for Trafficking Victims	16.320				
<i>Pass-Through from Refugee Services of Texas</i>		UTA08-649		797	797
<i>Pass-Through from Upper Midwest Community Policing Institute</i>		B170		11,451	11,451
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525			42,804	42,804
Juvenile Justice and Delinquency Prevention--Allocation to States	16.540			225,549	225,549
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		417,107	2,487,371	2,904,478
<i>Pass-Through from Police Executive Research Forum</i>		8000000837		2,357	2,357
<i>Pass-Through from University of Virginia</i>		GG10676-126303		12,589	12,589
Criminal Justice Research and Development--Graduate Research Fellowships	16.562			18,618	18,618
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			324,944	324,944
Crime Victim Assistance/Discretionary Grants	16.582				
<i>Pass-Through from Catholic Charities USA</i>		UTA08-383		6,993	6,993
Corrections--Research and Evaluation and Policy Formulation	16.602		951	39,748	40,699
Community Prosecution and Project Safe Neighborhoods	16.609		591,716	68,320	660,036
<i>Pass-Through from Greater Dallas Crime Commission</i>		2006-PG-BX-0094		66,258	66,258
Public Safety Partnership and Community Policing Grants	16.710			14,312	14,312
Special Data Collection and Statistical Studies	16.734				
<i>Pass-Through from American Statistical Association</i>		05-2008		27,733	27,733
Total - U.S. Department of Justice			1,009,774	6,017,492	7,027,266
<b>U.S. Department of Labor</b>					
U.S. Department of Labor	17.XXX	E4R6004040		1,347	1,347
		E4R7004040, MOD 1		122,200	122,200
		MS-17095-08-55-R-48		397,637	397,637
<i>Pass-Through from University of Baltimore</i>		UTA98-0350, EXT		10,080	10,080
WIA Pilots, Demonstrations, and Research Projects	17.261			(375)	(375)

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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 Labor (continued)</b>					
<i>Pass-Through from Community Learning Center</i>		FY07-DOLAML-01 PRIME:DOL	47,739		47,739
<i>Pass-Through from Manufacturing Skills Standards Council</i>		FY07-DOLAML-01 PRIME:DOL	234,612		234,612
<i>Pass-Through from North Central Texas Council of Government</i>		FY07-DOLAML-01 PRIME:DOL		113,810	113,810
Total - U.S. Department of Labor			282,351	644,699	927,050
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX				
<i>Pass-Through from Council for International Exchange of Scholars</i>		UTA07-281		14,945	14,945
<i>Pass-Through from Council of American Overseas Research Centers</i>		ECA/CAORC/UT-AIMS-200406		(1,161)	(1,161)
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300				
<i>Pass-Through from SRI International</i>		800000701		146,045	146,045
International Education Training and Research	19.430			59,883	59,883
Total - U.S. Department of State			0	219,712	219,712
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX				
		05-G-003, 1ST YEAR		105,766	105,766
		DTFH61-07-H-00030		122,445	122,445
		DTFR53-99-H00006		47,545	47,545
		DTFR53-99-H-00006 MOD 4		799	799
		DTFR53-99-H-00006 MOD 2		5	5
		DTFR53-99-H-00006 MOD 3		2	2
		DTFR53-99-H-00006, MOD 5		665	665
		DTOS59-04-G-00010		15,049	15,049
		JPA07006T		22,739	22,739
		P1999013		(25,039)	(25,039)
<i>Pass-Through from Applied Research Associates</i>		18227-UT-00		11,662	11,662
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA08-527		2,124	2,124
<i>Pass-Through from National Academy of Science</i>		HR 12-72 MOD NO. 4	279,757	193,160	472,917
<i>Pass-Through from North Central Texas Council of Governments</i>		S080033, 476660-00060		3,635	3,635
<i>Pass-Through from North Central Texas Council of Governments</i>		S080033, 476660-00060/ ACTIVITY MODEL RE		39,589	39,589
<i>Pass-Through from North Central Texas Council of Governments</i>		S080033, 476660- 00060/LAND USE MODEL DEV		21,311	21,311
<i>Pass-Through from PB Consult, Inc.</i>		160558		49,698	49,698
<i>Pass-Through from The Transtec Group, Inc.</i>		TASK ORDER 07-001		34,809	34,809
<i>Pass-Through from Center for Transportation and Environment</i>		UTA07-188		33,221	33,221
<i>Pass-Through from Transtec Group, Inc.</i>		UTA05-286		269,219	269,219
<i>Pass-Through from University of California</i>		SA5405-15811		9	9

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Transportation (continued)</b>					
Aviation Education	20.100			45,469	45,469
<i>Pass-Through from Michigan State University</i>		995B676			
Aviation Research Grants	20.108		102,506	538,580	641,086
<i>Pass-Through from Auburn University</i>		08-APTP-2		26,393	26,393
<i>Pass-Through from Southwest Research Institute</i>		SWRI599775L		12,686	12,686
Highway Planning and Construction	20.205			157,044	157,044
		T-051-TRB-2007-001		10,000	10,000
		T-051-TRB-2007-002		10,000	10,000
		TRB-P280254		6,431	6,431
<i>Pass-Through from Engineering and Software Consultants</i>		1008		39,010	39,010
<i>Pass-Through from Florida Department of Transportation</i>		503129		42,207	42,207
<i>Pass-Through from Oklahoma Historical Society</i>		OHS 455589-455590		82,158	82,158
Highway Training and Education	20.215			109,340	109,340
		C2006351		2,500	2,500
<i>Pass-Through from North Central Texas Council of Government</i>		OR 06-076		15,731	15,731
National Motor Carrier Safety	20.218			1,578	1,578
Border Enforcement Grants	20.233			199,346	199,346
Public Transportation Research	20.514			773,854	773,854
State and Community Highway Safety	20.600			1,198,819	1,198,819
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601			316,219	316,219
Safety Belt Performance Grants	20.609			526,915	526,915
Pipeline Safety	20.700		30,000	94,381	124,381
University Transportation Centers Program	20.701				
<i>Pass-Through from University of Cincinnati</i>		DTRS99-G0005		30,843	30,843
Biobased Transportation Research	20.761			3,486	3,486
<i>Pass-Through from Oklahoma State University</i>		503627		44,852	44,852
<i>Pass-Through from Oklahoma State University</i>		503699		18,906	18,906
<i>Pass-Through from Oklahoma State University</i>		503704		30,322	30,322
<i>Pass-Through from Oklahoma State University</i>		503707		20,558	20,558
<i>Pass-Through from Oklahoma State University</i>		570430	11,552		11,552
<i>Pass-Through from Oklahoma State University</i>		570432	6,077		6,077
<i>Pass-Through from Oklahoma State University</i>		570433	4,906		4,906
<i>Pass-Through from Oklahoma State University</i>		570434	6,920		6,920
<i>Pass-Through from Oklahoma State University</i>		AB-5-61170		13,554	13,554
Transportation, Planning, Research and Education	20.931			304,472	304,472
Total - U.S. Department of Transportation			441,718	5,624,067	6,065,785
<b>U.S. Department of Treasury</b>					
U.S. Department of Treasury	21.XXX	UTA07-302		(4,903)	(4,903)
Community Development Financial Institutions Program	21.020				
<i>Pass-Through from ABT Associates, Inc.</i>		503692		83,782	83,782
Total - U.S. Department of Treasury			0	78,879	78,879
<b>Office of Personnel Management</b>					
Intergovernmental Mobility of Federal, State, and Local Employees	27.011			409,834	409,834
Total - Office of Personnel Management			0	409,834	409,834

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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>General Services Administration</b>					
Donation of Federal Surplus Personal Property	39.003			36,953	36,953
Total - General Services Administration			0	36,953	36,953
<b>Library of Congress</b>					
Library of Congress	42.XXX	39636		33,190	33,190
		39637		10,622	10,622
		CRS #07-06		16,969	16,969
		CRS BCM-01		6,500	6,500
		CRS NO 07-10		7,459	7,459
		CRS NO 07-12		4,368	4,368
Total - Library of Congress			0	79,108	79,108
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	4200259593		3,461	3,461
		ATP03-0001-0027		102,013	102,013
		C08-00389		136,317	136,317
		NAG 2-1505 03		17,131	17,131
		NAG2-1586		4,674	4,674
		NAG5-12693, AMD 1		1,569	1,569
		NAG5-13057, SUPP 7		6,328	6,328
		NAG5-13070		69,353	69,353
		NAG5-13070, SUPP. 9		28,168	28,168
		NAG5-13147		39,643	39,643
		NAG5-13147, SUPP 7		1,062	1,062
		NAS5-97213, Amd 16		478	478
		NCC 9-165		1,101,462	1,101,462
		NCC5-13396		434,391	434,391
		NCC-9-165		59,454	59,454
		NNC04AA04A, Increment		11,468	11,468
		NNG04G060G		84,573	84,573
		NNG04G124G		51,810	51,810
		NNG04G124G, SUPP 5		10,052	10,052
		NNG04G162G, SUPP 4		53,065	53,065
		NNG04G177G, SUPP 4		19,778	19,778
		NNG04GF10G, SUPP 3		20,411	20,411
		NNG04GF11G, SUPP 3		1,388	1,388
		NNG04GG24G		115,563	115,563
		NNG04GG24G, Supp 1		116	116
		NNG04GL00G		5,496	5,496
		NNG04GP70G		393	393
		NNG04GQ65G		3,498	3,498
		NNG05GE96H-- PRIME; TSGC-0602 LOA		4,649	4,649
		NNG05GE96H-- PRIME; TSGC-0603 LOA		3,037	3,037
		NNG06DA07C, PR# 4200140202, MOD 6		568,846	568,846

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
		NNG06GC45G, SUPP 00004		109,284	109,284
		NNG94GD52G		30,235	30,235
		NNH04CC16C		47,610	47,610
		NNJ04HB05G 04		192,057	192,057
		NNJ06HA40G		18,795	18,795
		NNJ06HA50G, SUPP 5		63,495	63,495
		NNJ07HH36P		18,944	18,944
		NNX06AH47G		293,232	293,232
		NNX07AB97G		461,252	461,252
		NNX07AC96A	93,260	162,597	255,857
		NNX07AD24G		196,427	196,427
		NNX07AF74G		2,328	2,328
		NNX07AI83G		11,045	11,045
		NNX07AI83G, 000001		4,368	4,368
		NNX07AJ72G, SUP 000001 INC		920	920
		NNX07AL70G		121,467	121,467
		NNX07AL79G		279,706	279,706
		NNX07AP92G		47,688	47,688
		NNX07AR46G		92,529	92,529
		NNX07AV59G		24,991	24,991
		NNX08AB27A		64,882	64,882
		NNX08AB41A, INC		87,321	87,321
		NNX08AC48G		110,358	110,358
		NNX08AD03A		56,876	56,876
		NNX08AE72G		41,543	41,543
		NNX08AE99G		34,882	34,882
		NNX08AF62G		31,799	31,799
		NNX08AG32G		20,848	20,848
		NNX08AJ84G		26,090	26,090
		NNX08AK11G		48,671	48,671
		NNX08AL43G		72,190	72,190
		NNX08AP77G		13,501	13,501
		NNX08AQ49G		25,499	25,499
		NNX08AT06G		338	338
		NNX08AT41H		693	693
		TRMM - NNX07AD25G		53,392	53,392
<i>Pass-Through from Adnet Systems, Inc.</i>		UTA07-140		48,672	48,672
<i>Pass-Through from Advanced Fuel Research, Inc.</i>		019714		14,407	14,407
<i>Pass-Through from Balconies Technologies, LLC</i>		UTA08-205		17,406	17,406
<i>Pass-Through from Baylor College of Medicine</i>		NAG9-1569 02		(52,658)	(52,658)
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1278677		20,744	20,744
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1202932, MOD # 1-20		13,799	13,799
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1202932, MOD #21		82,365	82,365
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1258314, MOD 3 INC		120,742	120,742
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1270402, MOD 5		22,242	22,242
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1283339		17,203	17,203

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>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>		1288617		10,302	10,302
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1293232, MOD NO 01		23,194	23,194
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1294294		91,174	91,174
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1295103		22,944	22,944
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1308608		19,638	19,638
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1310392		74,862	74,862
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1322795		1,354	1,354
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1333831		3,569	3,569
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1335605		32,915	32,915
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		RSA 1276003		53,233	53,233
<i>Pass-Through from Colorado State University</i>		NAG9-1569 05		(11,569)	(11,569)
<i>Pass-Through from Genexpress Informatics, Inc.</i>		GENEXPRESS		35,560	35,560
<i>Pass-Through from Georgia Institute of Technology</i>		G-35-C14-G4, AMD 4		23,232	23,232
<i>Pass-Through from Harvard University</i>		131167-01		(4)	(4)
<i>Pass-Through from Jacobs Engineering Group, Inc.</i>		34-020002-69 AUTHO TO PROCEED		42,250	42,250
<i>Pass-Through from Johns Hopkins University</i>		8605-06865		5,770	5,770
<i>Pass-Through from Lynntech, Inc.</i>		007NAS35C-001		40,075	40,075
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		TM8-9009X		46,187	46,187
<i>Pass-Through from Southwest Research Institute</i>		599969Q, MOD 1		8,133	8,133
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-10981.01-A		26,166	26,166
<i>Pass-Through from Space Telescope Science Institute</i>		HST-ED-90312.01-A		22,249	22,249
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-10861.35-A		31,425	31,425
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-11210.08-A		16,333	16,333
<i>Pass-Through from Space Telescope Science Institute</i>		HST-G0-10803.01-A		43,728	43,728
<i>Pass-Through from Space Telescope Science Institute</i>		HST-G0-10861.20- A,INC.		8,856	8,856
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-06099.07-A		(410)	(410)
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10236.01-A		(40)	(40)
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10432.01-A		36,029	36,029
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10535.01-A		18,355	18,355
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10634.01-A		17,751	17,751
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10775.10-A		28,295	28,295
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10929.02-A, AMD 3		18,341	18,341
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11128.01-A		31,919	31,919
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11190.01-A		11,308	11,308
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11210.01-A, INC 1		103,410	103,410
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11211.01-A, INC 1		89,127	89,127
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11309.02-A		19,652	19,652

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Space Telescope Science Institute</i>		HST-HF-01190.01-A, AMD 2 INC		91,334	91,334
<i>Pass-Through from SRI International</i>		HDTRA1-07-C-0083		204,923	204,923
<i>Pass-Through from Stanford University</i>		20570500-37433-A		21,258	21,258
<i>Pass-Through from United Negro College Fund Special Programs</i>		NASA/UNCF		3,874	3,874
<i>Pass-Through from United Negro College Fund Special Programs</i>		8012007		90,551	90,551
<i>Pass-Through from United Space Alliance</i>		POR 6000146748		79,391	79,391
<i>Pass-Through from Universities Space Research Association</i>		08521-06		37,259	37,259
<i>Pass-Through from Universities Space Research Association</i>		2502.001		4,732	4,732
<i>Pass-Through from University of Arizona</i>		Y432854		8,996	8,996
<i>Pass-Through from University of California - Irvine</i>		2005-1655, AMD 3		58,563	58,563
<i>Pass-Through from University of Maryland</i>		Z634012		141,911	141,911
<i>Pass-Through from University of Maryland</i>		Z689208		(127)	(127)
<i>Pass-Through from University of South Carolina</i>		51769 06-1190		2,472	2,472
<i>Pass-Through from Wyle Laboratories</i>		CON15825		2,000	2,000
<i>Pass-Through from Zyvex Corporation</i>		122105		4,668	4,668
Aerospace Education Services Program	43.001		596,364	9,833,768	10,430,132
<i>Pass-Through from Analytical Mechanics Associates, Inc.</i>		08-0936		36,575	36,575
<i>Pass-Through from Baylor College of Medicine</i>		NCC 9-58-73		132	132
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1224608 / NAS7- 1224723	(235)		(235)
<i>Pass-Through from Columbia University</i>		NNX08AF13G-001 / 569262		40,888	40,888
<i>Pass-Through from Defense Contract Management Agency</i>		NCC 9-150		74,177	74,177
<i>Pass-Through from Electron Energy Corporation</i>		11307		13,777	13,777
<i>Pass-Through from Georgia State University</i>		BLF57-02,AMD NO 9		45,397	45,397
<i>Pass-Through from Jacobs Sverdrup</i>		503669		48,724	48,724
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCCR-48-94		34,344	34,344
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC-9-58/NPFR00403		17,310	17,310
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC95849		6,662	6,662
<i>Pass-Through from Optimal Synthesis, Inc.</i>		NNAOUBC55C		81,540	81,540
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G04-5071A		21,831	21,831
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		SV8-78015		32,197	32,197
<i>Pass-Through from Southwest Research Institute</i>		3965-XX		154,928	154,928
<i>Pass-Through from Space Telescope Science Institute</i>		HSTED930304.01-A		3,367	3,367
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10552.03-A		8,856	8,856
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10610.01-A		126,494	126,494
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-10611.01-A		2,656	2,656
<i>Pass-Through from Teledyne Instruments, Inc.</i>		00063111		15,884	15,884
<i>Pass-Through from Texas Space Grants Consortium</i>		606220		393	393
<i>Pass-Through from Texas Space Grants Consortium</i>		43001		1,108	1,108
<i>Pass-Through from United Negro College Fund Special Programs</i>		NAFP		25,162	25,162
<i>Pass-Through from United Space Alliance</i>		6000152395		10,686	10,686
<i>Pass-Through from Universities Space Research Association</i>		NNJ06HG25A		130,574	130,574
<i>Pass-Through from Universities Space Research Association</i>		09940-020		14,986	14,986
<i>Pass-Through from University of California</i>		0150 G FB259		914	914
<i>Pass-Through from University Space Research Association</i>		8500-98-008 / NAS2- 97001, MOD 15		46,070	46,070
<i>Pass-Through from Villanova University</i>		EPO-05-566		806	806
<i>Pass-Through from Wyle Laboratories</i>		T71169		34,762	34,762
<i>Pass-Through from Wyle Laboratories</i>		T701950001		95,526	95,526



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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-Through from Wyle Laboratories</i>		T701950005		74,876	74,876
<i>Pass-Through from Wyle Laboratories</i>		T701950006		111,585	111,585
<i>Pass-Through from Wyle Laboratories</i>		T701950007		157,183	157,183
<i>Pass-Through from Wyle Laboratories</i>		T701950008		102,077	102,077
<i>Pass-Through from Wyle Laboratories</i>		T701950009		34,733	34,733
<i>Pass-Through from Wyle Laboratories</i>		T701950010		68,016	68,016
<i>Pass-Through from Wyle Laboratories</i>		T701950011		146,153	146,153
<i>Pass-Through from Wyle Laboratories</i>		T701950012		150,327	150,327
<i>Pass-Through from Wyle Laboratories</i>		T701950013		44,229	44,229
<i>Pass-Through from Wyle Laboratories</i>		T701950014		79,099	79,099
Technology Transfer	43.002		515,452	6,497,240	7,012,692
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1288658		25,733	25,733
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1288661		7,756	7,756
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1288664		43,519	43,519
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1298350		15,556	15,556
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		JPL-125921		4,351	4,351
<i>Pass-Through from Colorado State University</i>		NAG9-1569G19413		164,472	164,472
<i>Pass-Through from Engineering and Science Contract Group</i>		UTEP003-05		167,255	167,255
<i>Pass-Through from Houston Advanced Research Center</i>		20-52022-UH0507	36,149	214,524	250,673
<i>Pass-Through from Houston Advanced Research Center</i>		20-52022-UT0507		145,386	145,386
<i>Pass-Through from Jacobs Esc Group</i>		N732111FMS		7,046	7,046
<i>Pass-Through from Lockheed Martin</i>		46030814		1,141,991	1,141,991
<i>Pass-Through from National Space Biomedical Research Institute</i>		RE01302		134,760	134,760
<i>Pass-Through from NSBRI/NASA</i>		NCC95849	419,265	242,612	661,877
<i>Pass-Through from Southwest Research Institute</i>		792007BT		44,883	44,883
<i>Pass-Through from The Boeing Company</i>		8H09981		237,477	237,477
<i>Pass-Through from University of Colorado</i>		154-1571		11,185	11,185
<i>Pass-Through from University of Colorado</i>		SPO#000046490/UCB REF NO.154-0919 MOD 3		69,254	69,254
<i>Pass-Through from University of Colorado</i>		UCB 154-3897		43,346	43,346
Total - National Aeronautics and Space Administration			1,660,255	29,076,658	30,736,913
<b>National Foundation on the Arts and the Humanities</b>					
Promotion of the Humanities--Federal/State Partnership	45.129				
<i>Pass-Through from Humanities Texas</i>		CON17008		7,998	7,998
Promotion of the Humanities--Division of Preservation and Access	45.149			280,673	280,673
<i>Pass-Through from George Mason University</i>		E201233-1		119,031	119,031
Promotion of the Humanities--Fellowships and Stipends	45.160			68,334	68,334
Promotion of the Humanities--Teaching and Learning Resources and Curriculum Development	45.162			(34)	(34)
Promotion Of The Humanities_Digital Humanities Initiative	45.169			25,879	25,879
National Leadership Grants	45.312			217,090	217,090
<i>Pass-Through from California Digital Library</i>		G72142		98,353	98,353
<i>Pass-Through from Institute of Museum and Library Services</i>		LG-06-05-0003-05		32,534	32,534
<i>Pass-Through from Institute of Museum and Library Services</i>		LG-30-04-0266-04	47,191		47,191
Laura Bush 21st Century Librarian Program	45.313			67,959	67,959

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Foundation on the Arts and the Humanities (continued)</b>					
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-02-04-0002-04		93,469	93,469
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-02-05-0048-05		94,090	94,090
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-04-08-0034-08		743	743
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-05-04-0009-04		32,331	32,331
Total - National Foundation on the Arts and the Humanities			47,191	1,138,450	1,185,641
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	08-01		51,250	51,250
		734800		717,647	717,647
		7-MOR-1381		4,167	4,167
		AST-0307495		675	675
		AST-0401547		(3)	(3)
		AST-0617995		149,062	149,062
		BCS-0226449		49,564	49,564
		BCS-0749926		104,601	104,601
		BES-0529340		69,882	69,882
		BES-0548577		36,939	36,939
		CCF-0448181		73,446	73,446
		CCF-0514194		105,194	105,194
		CNS-0509024		50,704	50,704
		CNS-0509354, AMD 003		55,126	55,126
		CNS-0519401		75,509	75,509
		CNS-0520250, AMD 002		38,868	38,868
		CNS-0540033		240,840	240,840
		CNS-0540063 02		59,005	59,005
		CNS-0540372		71,741	71,741
		CTS-0515425		98,313	98,313
		DEB-0120709	20,785		20,785
		DEB-0344116		11,686	11,686
		DEB-0508698		5,120	5,120
		DEB-0528416		349	349
		DMI-0522176		87,893	87,893
		DMI-0555851		99,677	99,677
		DMR-0404252, AMD 003		176,577	176,577
		DMR-0551195	446,748	202,849	649,597
		DMS-0417431, AMD 1		100,831	100,831
		DMS-0456118		77,187	77,187
		DMS-0500747		40,824	40,824
		DMS-0503753		11,209	11,209
		DMS-0505920		13,884	13,884
		DMS-0513394		16,604	16,604
		EAR-0345864		46,234	46,234
		EAR-0510365		5,917	5,917
		ECS-0210698		(948)	(948)
		ECS-0424169		83,982	83,982
		EIA-0303609, AMD 001		228,634	228,634
		EIA-0331453, AMD 004		35,268	135,268
		HRD-0523046		17,791	17,791
		IIS-0325116		89,978	89,978
		IIS-0531767		297,642	297,642
		IOB-0517328		81,186	81,186
		ITR-0218988		450	450
		MCB-0237651, 004		2,091	2,091

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
		NSF-0242114		1,707	1,707
		OCE-0221101		45	45
		OCE-0526412		83,529	83,529
		OCE-0542479		117,792	117,792
		SES-0519168		244	244
<i>Pass-Through from Association of University for Research In Astronomy</i>		C10483A		(11,687)	(11,687)
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1265416, MOD 3		1,885	1,885
<i>Pass-Through from Chiral Photonics</i>		UTA07-547		29,919	29,919
<i>Pass-Through from Field Museum of Natural History</i>		50100-1 AMD. 1		12,199	12,199
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		JSA 7-03		9,298	9,298
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		T310A59		3	3
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		T312A59		17,879	17,879
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		T314A59		28,865	28,865
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		T314B59		18,368	18,368
<i>Pass-Through from Joint Oceanographic Institute Inc</i>		T316A59		31,354	31,354
<i>Pass-Through from Omega Optics</i>		UTA08-012		330	330
<i>Pass-Through from Pinon Technologies</i>		UTA08-102		15,905	15,905
<i>Pass-Through from Tennessee Technical University</i>		UTA05-041		2,735	2,735
<i>Pass-Through from Ues Corporation</i>		S-815-000-002		4,791	4,791
<i>Pass-Through from University of North Carolina at Chapel</i>		5-54660		22,701	22,701
<i>Pass-Through from University of North Carolina at Chapel</i>		UNC-CH #5-37497		165,439	165,439
<i>Pass-Through from University of North Carolina at Chapel</i>		UNC-CH #5-37497, AMD 9		281,069	281,069
<i>Pass-Through from University of North Carolina at Chapel</i>		UNC-CH 5 37497 (K. Sokolov)		4,123	4,123
<i>Pass-Through from University of North Carolina at Chapel</i>		UNC-CH 5-37497		24,234	24,234
<i>Pass-Through from University of Tennessee</i>		OR6280-001.04		17,433	17,433
<i>Pass-Through from Xidex Corporation</i>		UTA07-568		13,788	13,788
Engineering Grants	47.041		579,676	16,879,200	17,458,876
<i>Pass-Through from Advanced Materials and Processes</i>		800000784		29,981	29,981
<i>Pass-Through from Agile Mind, Inc.</i>		AM06-050		2,361	2,361
<i>Pass-Through from Arizona State University</i>		07-806		32,418	32,418
<i>Pass-Through from Auburn University</i>		502905		3,155	3,155
<i>Pass-Through from Carnegie Mellon University</i>		1120855-18		36,938	36,938
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186141		98,828	98,828
<i>Pass-Through from Colorado State University</i>		G-3371-1		185,050	185,050
<i>Pass-Through from Cornell University</i>		44771-7476, AMD 4		1,196,708	1,196,708
<i>Pass-Through from Cornell University</i>		52120-8459		14,070	14,070
<i>Pass-Through from Georgia Institute of Technology</i>		E-20-L05-G2		130,187	130,187
<i>Pass-Through from Jackson State University</i>		EEC-0634279		5,189	5,189
<i>Pass-Through from Lynntech, Inc.</i>		IIP0712398		9,384	9,384
<i>Pass-Through from Massachusetts Institute of Tech</i>		5710002218		46,507	46,507
<i>Pass-Through from Michigan Tech University</i>		Agr No. 030216Z		654	654
<i>Pass-Through from Missouri University of Science and Technology</i>		R0001733-02		625	625
<i>Pass-Through from Nanogreen Solutions Corporation</i>		810026		10,188	10,188
<i>Pass-Through from Nanomems Research, LLC</i>		07-0685		9,378	9,378
<i>Pass-Through from NEES Consortium, Inc.</i>		OMSA-2006 AMD 10 UTA05-055		206,180	206,180
<i>Pass-Through from NEES Consortium, Inc.</i>		OMSA-2007-SSL-UTA AMD 11		703,403	703,403
<i>Pass-Through from North Carolina State University</i>		2006-0651-01		28,643	28,643

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Performance Polymer Solutions, Inc.</i>		Sub Agr under Prime DMI-0419218		49,978	49,978
<i>Pass-Through from Princeton University</i>		00001217		202,653	202,653
<i>Pass-Through from Purdue University</i>		4101-19562		7,878	7,878
<i>Pass-Through from Purdue University</i>		4101-19919		34,028	34,028
<i>Pass-Through from Purdue University</i>		4101-21432		14,869	14,869
<i>Pass-Through from Rice University</i>		R3B121		13,335	13,335
<i>Pass-Through from Rutgers State University of New Jersey</i>		8000000790		49,512	49,512
<i>Pass-Through from Sentorix, Inc.</i>		G093472		25,834	25,834
<i>Pass-Through from University of California - Berkeley</i>		SA4514-10252PG		112,952	112,952
<i>Pass-Through from University of California - Riverside</i>		S00000165		1,510	1,510
<i>Pass-Through from University of Illinois</i>		98-269		57,277	57,277
<i>Pass-Through from University of Illinois at Urbana-Champaign</i>		A7886; 2003-01053-08		12,194	12,194
<i>Pass-Through from University of Maryland</i>		Z460801, MOD C (CTS-0506988)		91,034	91,034
<i>Pass-Through from University of Massachusetts - Amherst</i>		07-004000 A 00		62,914	62,914
<i>Pass-Through from University of Missouri - Columbia</i>		C00011524-1		50,477	50,477
<i>Pass-Through from University of South Carolina</i>		06-1239 15540 FA59		22,920	22,920
<i>Pass-Through from University of South Carolina</i>		51769		25,035	25,035
<i>Pass-Through from Vanderbilt University</i>		14656-S1/EEC-9876363 AMD 14		69,101	69,101
<i>Pass-Through from Virginia Tech University</i>		CR-19433-477685		141,355	141,355
Mathematical and Physical Sciences	47.049		277,907	17,317,020	17,594,927
<i>Pass-Through from BYU/MAA/UR</i>		07-0232		70,855	70,855
<i>Pass-Through from California Institute of Technology</i>		68-1074604		81,657	81,657
<i>Pass-Through from Case Western Reserve University</i>		UTA06-623, MOD #002		731,084	731,084
<i>Pass-Through from Columbia University</i>		PHY-0301292		617,931	617,931
<i>Pass-Through from Gemini Observatory</i>		0525280-GEM00474		20,248	20,248
<i>Pass-Through from Georgia Institute of Technology</i>		G-37-A65-G1, AMD 1		21,337	21,337
<i>Pass-Through from Harvard University</i>		133485-01		45,027	45,027
<i>Pass-Through from Ohio State University Research</i>		G72173		35,331	35,331
<i>Pass-Through from Oklahoma University</i>		PHY-0301292	85,183		85,183
<i>Pass-Through from Rice University</i>		R3A831		12,959	12,959
<i>Pass-Through from Southwest Research Institute</i>		8000000116		9,281	9,281
<i>Pass-Through from University of California - Davis</i>		002865-UTSA		83,113	83,113
<i>Pass-Through from University of California</i>		KK5110		4,587	4,587
<i>Pass-Through from University of California</i>		S0177062		47,898	47,898
<i>Pass-Through from University of Illinois at Urbana-Champaign</i>		G72210		(345)	(345)
<i>Pass-Through from University of Illinois at Urbana-Champaign</i>		G72217		41,386	41,386
<i>Pass-Through from University of Maryland</i>		Z484801		19,970	19,970
<i>Pass-Through from University of Michigan</i>		F005739, AMD 6		179,282	179,282
<i>Pass-Through from University of Michigan</i>		F005739, AMD 7		50,672	50,672
<i>Pass-Through from University of Notre Dame</i>		CK#01198489		3,405	3,405
<i>Pass-Through from University of Notre Dame</i>		PHY-0715396		1,994	1,994
<i>Pass-Through from University of Tennessee</i>		4649-001.01		34,545	34,545
<i>Pass-Through from University of Washington</i>		G72158		59,943	59,943
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050		596,950	7,322,381	7,919,331
<i>Pass-Through from Boston University</i>		ATM-0120950		196,649	196,649
<i>Pass-Through from Carnegie Mellon University</i>		1120475-179095, AMD 1		293,337	293,337
<i>Pass-Through from Cornell University</i>		53031-8362		20,361	20,361
<i>Pass-Through from Incorporated Research Institute for Seismology</i>		04-PAS		197,664	197,664
<i>Pass-Through from Incorporated Research Institute for Seismology</i>		480-14		37,719	37,719

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from Incorporated Research Institute for Seismology</i>		SUB 480-13		39,525	39,525
<i>Pass-Through from Joint Oceanographic Institutions</i>		JSAF603		13,591	13,591
<i>Pass-Through from Joint Oceanographic Institutions</i>		JSAF703		18,107	18,107
<i>Pass-Through from Joint Oceanographic Institutions</i>		JSAF7-05		25,693	25,693
<i>Pass-Through from Joint Oceanographic Institutions</i>		T309A42		5,474	5,474
<i>Pass-Through from Northwestern University</i>		0830 310 A649 1305		12,333	12,333
<i>Pass-Through from Southeastern Universities Research Association</i>		OCE-0607431 SUBAWARD 2006-102		32,082	32,082
<i>Pass-Through from Southwest Research Institute</i>		792020BT		69,780	69,780
<i>Pass-Through from Stanford University</i>		12982340-30242-C		32,191	32,191
<i>Pass-Through from Unavco, Inc.</i>		EAR-0350028-18		41,883	41,883
<i>Pass-Through from University of Arizona</i>		Y482945		2,646	2,646
<i>Pass-Through from University of California - San Diego</i>		10281519		32,572	32,572
<i>Pass-Through from University of Georgia</i>		RR100-300-7512087		1,193	1,193
<i>Pass-Through from University of Georgia</i>		RR100-500/3504298		40,816	40,816
<i>Pass-Through from University of Minnesota</i>		T5366216013		1,523	1,523
<i>Pass-Through from University of Minnesota</i>		T5366216013, AMD 3		131,738	131,738
<i>Pass-Through from University of Oklahoma</i>		2007-34		636	636
<i>Pass-Through from University of Southern California</i>		127048		3,573	3,573
<i>Pass-Through from Utah State University</i>		7047301		10,264	10,264
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100466		31,219	31,219
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100467,MOD.1		17,046	17,046
<i>Computer and Information Science and Engineering</i>	47.070		221,538	19,074,447	19,295,985
<i>Pass-Through from Boston University</i>		IIS-0705749		38,416	38,416
<i>Pass-Through from Brigham Young University</i>		06-0154		159,312	159,312
<i>Pass-Through from Georgia Institute of Technology</i>		C-49-648-G1		(97)	(97)
<i>Pass-Through from New Mexico State University</i>		HRD-0420407		(464)	(464)
<i>Pass-Through from Purdue University</i>		501-0563-3, AMD 6		41,652	41,652
<i>Pass-Through from Rice University</i>		R38718-73900004		143,096	143,096
<i>Pass-Through from Rice University</i>		R3A595		16,513	16,513
<i>Pass-Through from Rice University</i>		R3A595 AMD NO. R3A59G		3,000	3,000
<i>Pass-Through from Rice University</i>		R3A595 AMD NO. R3A59G MOD3		6,400	6,400
<i>Pass-Through from San Diego State University Research Foundation</i>		53651A P3448 7801 211 SJT		(43)	(43)
<i>Pass-Through from University of Arizona</i>		Y482906		39,422	39,422
<i>Pass-Through from University of California - San Diego</i>		10232493		2,533	2,533
<i>Pass-Through from University of Chicago</i>		30085-L		674,585	674,585
<i>Pass-Through from University of Florida</i>		UF00116		(1,570)	(1,570)
<i>Pass-Through from University of Kentucky Research Foundation</i>		UKRF 4-68409-05-204, AMD 4		72,614	72,614
<i>Pass-Through from University of Missouri - Columbia</i>		8000000823		30,904	30,904
<b>Biological Sciences</b>	47.074		1,089,673	8,581,165	9,670,838
<i>Pass-Through from Biotex, Inc.</i>		1 R41 ES016478-01		138,696	138,696
<i>Pass-Through from Ch2m Hill Polar Services</i>		412293-ARC		192,252	192,252
<i>Pass-Through from Institute of Ecosystem Studies</i>		2911/200589		6,537	6,537
<i>Pass-Through from Lowell Observatory</i>		2008-71542		40,333	40,333
<i>Pass-Through from Lumina Foundation for Education</i>		IBN-0418653		67,365	67,365
<i>Pass-Through from Miami University Ohio</i>		DEB-0210972 03		(6,154)	(6,154)
<i>Pass-Through from Mississippi State University</i>		503009		45,128	45,128
<i>Pass-Through from Portland State University</i>		207RUE038		13,616	13,616
<i>Pass-Through from Purdue University</i>		503651		80,386	80,386
<i>Pass-Through from Rice University</i>		503403		(266)	(266)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-Through from University of California - Davis</i>		07-001597-UTA		119,651	119,651
<i>Pass-Through from University of Iowa</i>		40000524452		47,366	47,366
<i>Pass-Through from University of Missouri - St. Louis</i>		G72202		46,040	46,040
<i>Pass-Through from Washington State University</i>		G001591/OGRD#10107 0-001		1,934	1,934
<i>Pass-Through from Washington University Social, Behavioral, and Economic Sciences</i>	47.075	2904341A	18,205	88,690 3,249,111	88,690 3,267,316
<i>Pass-Through from Civilian Research and Dev Foundation</i>		GEP2-3340-TB-06		25	25
<i>Pass-Through from Columbia University</i>		SES-07-29253, NO 1		27,853	27,853
<i>Pass-Through from SRI International</i>		66-000032		(20)	(20)
<i>Pass-Through from University of Washington</i>		346723		79,477	79,477
<i>Pass-Through from US Civilian Research and Development Foundation</i>		MOC2-3064-CS-03		225	225
<i>Pass-Through from US Civilian Research and Development Foundation</i>		RUE1-2690-TO-05		3,874	3,874
<i>Pass-Through from US Civilian Research and Development Foundation</i>		RUP2-2683-NO-05		7,465	7,465
<i>Pass-Through from Virginia Tech Education and Human Resources</i>	47.076	CR-19733-477692	98,694	35,817 18,789,217	35,817 18,887,911
<i>Pass-Through from Association of American Geographers</i>		8000000785		11,299	11,299
<i>Pass-Through from Botanical Society of America</i>		01-TX-0733280		46,274	46,274
<i>Pass-Through from Botanical Society of America</i>		01-TX-0737669		94,752	94,752
<i>Pass-Through from City College-Research Foundation of CUNY</i>		40652-00 01 A		16,772	16,772
<i>Pass-Through from Howard University</i>		634143-H00		94,402	94,402
<i>Pass-Through from New Mexico State University</i>		Q00939		23,799	23,799
<i>Pass-Through from Northwestern University</i>		0830 520 T		87,160	87,160
<i>Pass-Through from SRI International</i>		11-000114		158,416	158,416
<i>Pass-Through from SRI International</i>		11-000115; NON- COMP CONT.; MOD	22,079	130,157	152,236
<i>Pass-Through from SRI International</i>		66-000144		60,328	60,328
<i>Pass-Through from University of Virginia Polar Programs</i>	47.078	GA10647-128468	72,985	22,386 1,022,606	22,386 1,095,591
<i>Pass-Through from Georgia Institute of Technology</i>		E-20-K32-G3		11,955	11,955
<i>Pass-Through from Marine Biological Lab</i>		28457 INCREMENT; AMD 2		31,539	31,539
<i>Pass-Through from Michigan State University</i>		61-248OUT		87,959	87,959
<i>Pass-Through from San Diego University Fnd International Science and Engineering (OISE)</i>	47.079	53702AP152		92,120 233,048	92,120 233,048
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		B10537		10,464	10,464
<i>Pass-Through from Us Civilian Research and Development Foundation</i>		AZB1-3121-BA-08		3,500	3,500
<i>Pass-Through from Us Civilian Research and Development Foundation</i>		RUP2-2843-NN-06		1,242	1,242
<i>Office Of Cyberinfrastructure</i>	47.080		2,860,562	32,073,730	34,934,292
<i>Pass-Through from Indiana University</i>		#344546 48-124-31, 84830 (OCI-0721656)		74,599	74,599
<i>Pass-Through from University of Chicago</i>		37130-A		238,470	238,470
Total - National Science Foundation			6,390,985	140,157,952	146,548,937

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Securities and Exchange Commission</b>					
Securities and Exchange Commission	58.XXX	M05-0947		188,836	188,836
Securities--Investigation of Complaints and SEC Information	58.001			387,069	387,069
Total - Securities and Exchange Commission			0	575,905	575,905
<b>U.S. Department of Veterans Affairs</b>					
U.S. Department of Veterans Affairs	64.XXX	ABBOUD/IPAA/BOS TANJI		(764)	(764)
		ABBOUD/IPAA/GON ZALEZ		47,259	47,259
		AHUJA/IPAA/CAMARGO		37,584	37,584
		AHUJA/IPAA/GORNALUSS		6,560	6,560
		AHUJA/IPAA/MARTINEZ		39,278	39,278
		AHUJA/IPAA/SHAH		(877)	(877)
		AHUJA/IPAA/VALERA		6,626	6,626
		AHUJA/VA/IPAA/MAMTAN		36,386	36,386
		BARNES/IPAA/BONDI		36,511	36,511
		BASLER/IPAA/HENSLEY		14,296	14,296
		BASLER/IPAA/VON MERVE		20,268	20,268
		BOLDT/IPAA/ALCANTARA		61,114	61,114
		BOLDT/IPAA/KARANTI		(418)	(418)
		CASADA/IPAA/BENSON		7,616	7,616
		CASADA/IPAA/HARGITA		3,316	3,316
		CASADA/IPAA/JAVORS		2,989	2,989
		CASADA/IPAA/MURFF		15,725	15,725
		CASADA/IPAA/NER		(332)	(332)
		CASADA/IPAA/POLANCO		14,518	14,518
		CAVAZOS/IPAA/CROSS		6,588	6,588
		CHANDRESAKAR/IPAA/LI		25,766	25,766
		CHATERJEE/IPAA/CRUZ		(560)	(560)
		CHATTERJEE/IPAA/AHN		26,490	26,490
		CHATTERJEE/IPAA/CHO		(1,177)	(1,177)
		CHATTERJEE/IPAA/KIM		34,450	34,450
		CHATTERJEE/IPAA/KO		11,039	11,039
		CHATTERJEE/IPAA/PATE		5,618	5,618
		CHATTERJEE-VA-CHO		(634)	(634)
		CHAUDHURI/IPAA/LEONA		34,902	34,902
		CHAUDHURI/IPAA/PIERC		34,123	34,123
		CLARK/IPAA/IMAM		27,243	27,243
		CUSI/IPAA/CHANG		3,993	3,993
		CUSI/IPAA/MATHE		(1,896)	(1,896)
		DEFRONZ/IPAA/GRANATO		2,315	2,315
		DEFRONZO/IPAA/KINCAD		77,913	77,913
		DEFRONZO/IPAA/KING		69,451	69,451
		ERIKSON/IPAA/FURLOW		(1,469)	(1,469)
		ESSEX-VA-SUN		(271)	(271)
		FELDMAN/IPAA/TREVINO		33,188	33,188
		FOX/IPAA/FRANKLIN		4,377	4,377
		FOX/IPAA/GLAHN		13,222	13,222
		FOX/IPAA/KOCHUNOV		(589)	(589)
		FOX/IPAA/LANCASTER		5,565	5,565
		FOX-IPAA-ZHANG		23,851	23,851
		FOX-LANCASTER-IPAA		5,207	5,207

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		FOX-NARAYANA-IPAA		3,722	3,722
		FRAZER/IPAA/BENMANO		37,979	37,979
		FRAZER/IPAA/GOULD		907	907
		FRAZER/IPAA/WEAVER		21,821	21,821
		FREYTES/IPAA/RAMIREZ		47,155	47,155
		GHOSH- CH/IPAA/MANDAL		21,593	21,593
		GHOSH- CHOU/IPAA/DAS		36,360	36,360
		GHOSH- CHOUD/IPAA/MAH		4,011	4,011
		GHOSHCHOU-IPAA- STCLA		22,553	22,553
		HABIB/IPAA/VELAG APUD		19,514	19,514
		IPAA-MANICKAM		34,152	34,152
		IPAA-VA-JIMENEZ		33,679	33,679
		IPAA-ZHANG		4,629	4,629
		KAMAT/IPAA/SHU		7,669	7,669
		KASINATH/IPAA/M YUNG		(1)	(1)
		KASINATH/IPAA/NA TARA		37,535	37,535
		KATZ/IPAA/ZHANG		11,354	11,354
		KATZ-IPAA-KAMAT		2	2
		KAZHDAN/IPAA/LONG		4,398	4,398
		LI/IPAA/HAN		27,909	27,909
		LI/IPAA/LI		26,100	26,100
		LI/IPAA/LU		(390)	(390)
		LI/IPAA/XU		(14)	(14)
		MARCINIAK/IPAA/C HAVE		30,351	30,351
		MARCINIAK/IPAA/SIDDI		32,493	32,493
		MELBY/IPAA/ZHAO		23,019	23,019
		MUMMIDI/BONELL O/IPAA		38,107	38,107
		RAN/IPAA/GU		37,597	37,597
		RAN/IPAA/NA		5,173	5,173
		RAN-IPAA-CHEN		51,482	51,482
		SANCHEZ/IPAA/GARZA		41,095	41,095
		SHIREMAN/IPAA/LI		6,017	6,017
		SHIREMAN/IPAA/PORTER		5,753	5,753
		SHIREMAN/IPAA/WETZEL		31,419	31,419
		SHIREMAN/IPAA/WILLHI		25,913	25,913
		SREERAMOJU/IPAA/ ZHAN		8,534	8,534
		STRONG/IPAA/KAD APAKK		62,638	62,638
		STRONG/IPAA/PIEKE-DA		25,168	25,168
		STRONG/IPAA/SOTO-PIN		13,271	13,271
		STRONG/IPAA/WANG		47,087	47,087
		VA-260P0145, 663- D86045,AMD NO.0001 VA549P0027		32,477	32,477
				9,064,029	9,064,029



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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Veterans Affairs (continued)</b>					
		VA549-P-0027		498,436	498,436
		VAN		26,087	26,087
		REMMEN/IPAA/JANG			
		VANREMMEN/IPAA/SHI		26,540	26,540
		VANREMMEN-IPAA-LIU		51,176	51,176
		WALTER/IPAA/ALLEN		7,901	7,901
		WALTER/IPAA/GRASS		3,329	3,329
		WALTER/IPAA/HERZIG		59,685	59,685
		WALTER/IPAA/PEREZ		19,027	19,027
		WEINER/IPAA/CASTANED		8,564	8,564
		WEINER/IPAA/URIB		64,601	64,601
		WEINER/IPAA/WING		14,473	14,473
		WEINER-IPAA- DURAN		4,944	4,944
		WERNER/IPAA/HORN		14,222	14,222
		WERNER/IPAA/WOO DRUFF		26,401	26,401
		YEH/IPAA/DANG		49,584	49,584
		YEH/IPAA/LIN		18,226	18,226
		YEH/IPAA/ZHU		13,674	13,674
<i>Pass-Through from South Texas Veterans Health Care System</i>		IPA dtd 07/17/06		568	568
<i>Pass-Through from South Texas Veterans Health Care System</i>		#671-D75723		17,295	17,295
Sharing Specialized Medical Resources	64.018			220,067	220,067
Total – U.S. Department of Veterans Affairs			0	11,915,420	11,915,420
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	2W-3321-NANX		8,555	8,555
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		721		32,706	32,706
<i>Pass-Through from Colorado School of Mines</i>		4-12-06		18,373	18,373
<i>Pass-Through from Houston Advanced Research Center</i>		20-23014-UT082005	15,762		15,762
<i>Pass-Through from Louisiana State University</i>		C175806, AMD 1		7,891	7,891
<i>Pass-Through from RTI International</i>		405337		31,859	31,859
<i>Pass-Through from RTI International</i>		6-321-0210288		23,973	23,973
Air Pollution Control Program Support	66.001			611,217	611,217
Ozone Transport Commission	66.033				
<i>Pass-Through from Zapata County</i>		G091590		61,943	61,943
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		14,016	606,752	620,768
<i>Pass-Through from Arizona State University</i>		05-594		130,026	130,026
<i>Pass-Through from Purdue University</i>		503593		100,915	100,915
Congressionally Mandated Projects	66.202		364,041	237,725	601,766
<i>Pass-Through from Houston Advanced Research Center</i>		20-23016-UT0707	8,540	39,288	47,828
Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program	66.306				
<i>Pass-Through from Mothers for Clean Air</i>		PS-83161601-0		9,648	9,648
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			314,106	314,106
State Underground Water Source Protection	66.433			14,683	14,683
Surveys, Studies, Demonstrations & Special Purpose Grants - Section 1442 of the Safe Drinking Water Act	66.436			19,800	19,800
Water Quality Management Planning	66.454			3,158	3,158
National Estuary Program	66.456			41,150	41,150
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		0627, AMD 1		1,269	1,269

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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>Environmental Protection Agency (continued)</b>					
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		729		2,402	2,402
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		0308		25,566	25,566
Nonpoint Source Implementation Grant	66.460		115,904	1,216,129	1,332,033
<i>Pass-Through from Brazos River Authority</i>		503358		22,199	22,199
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		503336		17,066	17,066
<i>Pass-Through from Coastal Bend Bays and Estuaries</i>		570452		10,000	10,000
<i>Pass-Through from Parsons Engineering Science, Inc.</i>		502924		28	28
<i>Pass-Through from Parsons Water and Infrastructure, Inc.</i>		503148		4,998	4,998
Regional Wetland Program Development Grants	66.461			29,227	29,227
Water Quality Cooperative Agreements	66.463			25,179	25,179
Gulf of Mexico Program	66.475			135,579	135,579
Wetland Program Grants - State/Tribal Environmental Outcome	66.479				
Wetland Demonstration Program					
<i>Pass-Through from Baylor University</i>		G72176		12,831	12,831
Environmental Protection Consolidated Research	66.500		57,758	64,480	122,238
<i>Pass-Through from Capital Area Council of Governments</i>		3692		1,602	1,602
<i>Pass-Through from Mantech Environmental Technology</i>		68-D-00-206		243	243
<i>Pass-Through from University of New Mexico</i>		48113		118	118
Science to Achieve Results (STAR) Research Program	66.509		43,316	612,272	655,588
<i>Pass-Through from Consortium for Plant Biotechnology</i>		503374		24,514	24,514
<i>Pass-Through from Harvard University</i>		122777		55,158	55,158
<i>Pass-Through from Harvard University</i>		123392		7,407	7,407
<i>Pass-Through from Indiana University</i>		27608-0313		36,202	36,202
<i>Pass-Through from Southern Illinois University</i>		RD83284201-0		51,376	51,376
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR01079-B10 / R-82945801-0		(5,908)	(5,908)
<i>Pass-Through from University of Washington</i>		928377		134,781	134,781
<i>Pass-Through from Wright State University</i>		RD83221301-0		40,205	40,205
Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development	66.510		75,859	173,813	249,672
<i>Pass-Through from Great Lakes Environmental Center</i>		8000000739		10,645	10,645
Office of Research and Development Consolidated Research/Training	66.511		24,960	116,180	141,140
<i>Pass-Through from Heaf Effects Institute</i>		4764-FRA06-3/07-5		27,528	27,528
<i>Pass-Through from Water Environment Research Foundation</i>		503646		61,881	61,881
Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study	66.513			61,457	61,457
Science To Achieve Results (STAR) Fellowship Program	66.514			9,268	9,268
Environmental Protection Consolidated Grants --Program Support	66.600			209,145	209,145
Performance Partnership Grants	66.605			462,028	462,028
Surveys, Studies, Investigations and Special Purpose Grants	66.606		141,684	130,724	272,408
<i>Pass-Through from Mickey Leland National Air Toxics Research Center</i>		R83234601		278,945	278,945
Training and Fellowships for the Environmental Protection Agency	66.607			65,537	65,537
Pollution Prevention Grants Program	66.708			83,834	83,834
<i>Pass-Through from Pacific Northwest Laboratory</i>		#MEAS0603		5,375	5,375
Pesticide Environmental Stewardship Regional Grants	66.714			2,307	2,307
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716			1,919	1,919
Source Reduction Assistance	66.717			47,246	47,246
Brownfields Assessment and Cleanup Cooperative Agreements	66.818				
<i>Pass-Through from City of Arlington</i>		08-182		25,926	25,926
International Financial Assistance Projects	66.931			80,556	80,556
Total - Environmental Protection Agency			861,840	6,693,005	7,554,845

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>						
<b>Nuclear Regulatory Commission</b>						
Nuclear Regulatory Commission	77.XXX	NRC-04-07-122M002: REQ#RES-07-122; N6546		61,487	61,487	
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			184,220	184,220	
Total - Nuclear Regulatory Commission			0	245,707	245,707	
<b>U.S. Department of Energy</b>						
U.S. Department of Energy	81.XXX	4000014492, Mod 5, Inc 4000063857 5007684-12 ACQ-4-433623-06 Agreement 010104 CM617 DE-AC09-06SR22531, M001 DE-AC26-98FT40417 DE-FC02-02ER25516, A0005 DE-FC02-06ER25782, A002 DE-FC02-08ER54961 DE-FC2602NT41440 DE-FC26-04NT15534, A002 DE-FC26-04NT15546, AMD M007 DE-FC26-06NT42966, AMEND A005 DE-FG02-02ER15352 DE-FG02-03ER15406, A005 DE-FG02-03ER15430 DE-FG02-03ER15430, A004 DE-FG02-04ER41321, AMD A006 DE-FG02-04ER54754 DE-FG02-04ER54763 DE-FG02-04ER54766, A005 DE-FG02-06ER25738 DE-FG02-06ER46303, A000 DE-FG02-06ER46303, LTR AGMT 2007-01 DE-FG02-07ER15884 DE-FG02-97ER54415, AMD A020 DE-FG52-05NA27036	13,038	30,321 29,726  54,536  12,033 16,268 40,420 18,849 1,177  98,245 146,368  32,965 23,370  161,962  33,888 48,270 126,513  11,075 29,224  63,795  114,757 370,763  51,391	23 5,515 136,443 10,791 672,148 1 1,583  (793) 95  54,536  12,033 6,011 228,797 31,489 134,016  98,245 146,368  32,965 145,015  161,962  33,888 48,270 126,513  11,075 29,224  63,795  114,757 370,763  51,391	23 5,515 149,481 10,791 672,148 1 1,583  29,528 29,821  54,536  12,033 22,279 269,217 50,338 135,193  98,245 146,368  32,965 168,385  161,962  33,888 48,270 126,513  11,075 29,224  63,795  114,757 370,763  51,391

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
		FA8718-04-C-0014, CLIN 000104, ACRNAD 574628		37,082	37,082
		728404		19,692	19,692
		537895		12,853	12,853
<i>Pass-Through from Argonne National Lab</i>		8F-01463		45,289	45,289
<i>Pass-Through from Battelle</i>		73150		20,527	20,527
<i>Pass-Through from Battelle</i>		UTA08-039; SUBC# 00072459		49,270	49,270
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		00062780		89,970	89,970
<i>Pass-Through from Battelle Pacific Northwest Laboratory</i>		29569		3,591	3,591
<i>Pass-Through from Battelle Pacific Northwest Laboratory</i>		33546, MOD NO. 2		67,651	67,651
<i>Pass-Through from BWTX Pantex</i>		54922		1,335	1,335
<i>Pass-Through from BWTX Pantex</i>		SlyGard 148		3,103	3,103
<i>Pass-Through from Carnegie Institute of Washington</i>		1354-44-C862		117,754	117,754
<i>Pass-Through from Clemson University</i>		07-01-SR127	43,254	52,425	95,679
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		577934		14,363	14,363
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		564932, REV 3		35,611	35,611
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		571899		42,324	42,324
<i>Pass-Through from Idaho National Engineering Lab</i>		57910		21,165	21,165
<i>Pass-Through from Lawrence Berkeley National Lab</i>		6805918, MOD 5 PREV 6712770		156,923	156,923
<i>Pass-Through from Lawrence Berkeley National Lab</i>		6805919		148,104	148,104
<i>Pass-Through from Lawrence Livermore National Security</i>		B552372 LTR DTD 8- 7-07		63,781	63,781
<i>Pass-Through from Los Alamos National Lab</i>		42673-001-07, MOD.#1		12,084	12,084
<i>Pass-Through from Los Alamos National Lab</i>		61393-001-08		24,605	24,605
<i>Pass-Through from Los Alamos National Laboratory</i>		G72103		(1,003)	(1,003)
<i>Pass-Through from Midwest Research Institute</i>		ACQ-4-3362		48,668	48,668
<i>Pass-Through from Mpm Technology, LLC</i>		UTA05-798		51,898	51,898
<i>Pass-Through from National Renewable Energy Lab</i>		AAT-2-231604-04	7,500	6,589	14,089
<i>Pass-Through from National Renewable Energy Lab</i>		ADC-6-66268-20		77,660	77,660
<i>Pass-Through from National Renewable Energy Lab</i>		XEE-8-77567-01		30,272	30,272
<i>Pass-Through from Oak Ridge Institute for Sci and</i>		1264-1264-04		2,808	2,808
<i>Pass-Through from Pacific Northwest Laboratory</i>		14812, INCREMENT		302	302
<i>Pass-Through from Penn State University</i>		3564-UT-DOE-1779		11,111	11,111
<i>Pass-Through from Petroleum Tech Transfer Council</i>		0895 MOD 39,40,42		1,269	1,269
<i>Pass-Through from Petroleum Tech Transfer Council</i>		0895 MOD 48	12,549	22,805	35,354
<i>Pass-Through from Rice University</i>		R7B612		204,981	204,981
<i>Pass-Through from Sandia Corporation</i>		703071		7	7
<i>Pass-Through from Sandia National Lab</i>		541398	25,650	494,803	520,453
<i>Pass-Through from Sandia National Laboratories</i>		CON16167		209,491	209,491
<i>Pass-Through from Sandia National Labs</i>		114166, REV. 11		1,240	1,240
<i>Pass-Through from Sandia National Labs</i>		238677, Increment		(239)	(239)
<i>Pass-Through from Sandia National Labs</i>		30914, REVISION 12		(451)	(451)
<i>Pass-Through from Sandia National Labs</i>		379530, REV 11		413,209	413,209
<i>Pass-Through from Sandia National Labs</i>		446802, A0340		9,302	9,302
<i>Pass-Through from Sandia National Labs</i>		459177, Rev 7		76,216	76,216
<i>Pass-Through from Sandia National Labs</i>		520332, REV 5		189,829	189,829
<i>Pass-Through from Sandia National Labs</i>		574699, REV 2		892	892
<i>Pass-Through from Sandia National Labs</i>		633167		601,731	601,731
<i>Pass-Through from Sandia National Labs</i>		658324,A0340		(220)	(220)
<i>Pass-Through from Sandia National Labs</i>		658331, REV 1		83,708	83,708
<i>Pass-Through from Sandia National Labs</i>		681008		14,511	14,511
<i>Pass-Through from Sandia National Labs</i>		683010		(348)	(348)

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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 Labs</i>		701286		3,296	3,296
<i>Pass-Through from Sandia National Labs</i>		701287		3,024	3,024
<i>Pass-Through from Sandia National Labs</i>		743358		64,370	64,370
<i>Pass-Through from Sandia National Labs</i>		770505; PROJECT 117959, TASK 06		185,660	185,660
<i>Pass-Through from Sandia National Labs</i>		805040		23,935	23,935
<i>Pass-Through from Sandia National Labs</i>		839884		17,656	17,656
<i>Pass-Through from Sandia National Labs</i>		LTR DTD 10/1/05		25,000	25,000
<i>Pass-Through from Stanford University/Linear Accelerator</i>		DE-AC03-76-SF-00515		111,248	111,248
<i>Pass-Through from University Corporation for Atmospheric Research</i>		S07-55364, MOD NO. M01		20,715	20,715
<i>Pass-Through from University of California</i>		B555671		10,826	10,826
<i>Pass-Through from University of California</i>		B574748		41,180	41,180
<i>Pass-Through from University of California - Livermore National Lab</i>		B557149		47,448	47,448
<i>Pass-Through from University of California - Los Alamos National Lab</i>		34239-001-06		3,617	3,617
<i>Pass-Through from University of California - Los Alamos National Lab</i>		45008-001-07		11,856	11,856
<i>Pass-Through from University of California - San Diego</i>		10272333		90,381	90,381
<i>Pass-Through from University of Rochester</i>		DE-FC02-04ER54789, 412760-G MOD 3		53,928	53,928
<i>Pass-Through from University of Southern California</i>		503638		33,951	33,951
<i>Pass-Through from Washington Savannah River Company, LLC</i>		AC 54275 O CHANGE NOTICE NO.1		85,711	85,711
<i>Pass-Through from Wayne State University</i>		P0473666		3,903	3,903
<i>Pass-Through from Xidex Corporation</i>		UTA07-858		65,728	65,728
Inventions and Innovations	81.036				
<i>Pass-Through from Los Alamos National Laboratory State Energy Program</i>	81.041	8000000851		29,319	29,319
<i>Pass-Through from Frontier Associates, LLC</i>		Ltr dtd 3-7-08		3,640	3,640
<i>Pass-Through from State of Louisiana</i>		2025-05-01	4,500	181,467	185,967
Office of Science Financial Assistance Program				3,640	3,640
<i>Pass-Through from Battelle Energy Alliance, LLC</i>	81.049	00062729		15,000	15,000
<i>Pass-Through from Black Laboratories</i>		G72276		20,000	20,000
<i>Pass-Through from BP Solar International, LLC</i>		ZAX-6-33628-11		878	878
<i>Pass-Through from Carnegie Mellon University</i>		1070044- 153394		41,364	41,364
<i>Pass-Through from Georgia Institute of Technology</i>		E-19-ZG5-G1		11,777	11,777
<i>Pass-Through from Honeywell Federal Manufacturing Tech</i>		EP14002		57,746	57,746
<i>Pass-Through from Impact Technologies, LLC</i>		DE-FG02-07ER84670		7,884	7,884
<i>Pass-Through from Jackson State University</i>		P0016718		78,715	78,715
<i>Pass-Through from Lawrence Berkeley Laboratory</i>		6720563		32,671	32,671
<i>Pass-Through from Lawrence Livermore National Security</i>		B557268		58,103	58,103
<i>Pass-Through from Los Alamos National Security, LLC</i>		22430-001-05		91,108	91,108
<i>Pass-Through from Los Alamos National Security, LLC</i>		32726-001-06		50,180	50,180
<i>Pass-Through from Los Alamos National Security, LLC</i>		56649-001-07		47,461	47,461
<i>Pass-Through from Medical University of South Carolina</i>		DE-F-G07-05ID14692		8,138	8,138
<i>Pass-Through from Purdue University</i>		541-0604-01		172,520	172,520
<i>Pass-Through from Sandia National Laboratories</i>		529425		9,931	9,931
<i>Pass-Through from Sandia National Laboratories</i>		642667		66,325	66,325
<i>Pass-Through from Sandia National Laboratories</i>		666684		11,429	11,429
<i>Pass-Through from Sandia National Laboratories</i>		682276		4,766	4,766
<i>Pass-Through from Sandia National Laboratories</i>		716601		26,162	26,162

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Signal Processing, Inc.</i>		OR#07-592 PRIME:DOE/SBIR		30,034	30,034
<i>Pass-Through from Stanford Linear Accelerator Cent</i>		DE-AC02-76SF00515		38,259	38,259
<i>Pass-Through from Tulane University</i>		TUL-540-06/07		39,196	39,196
<i>Pass-Through from University of California - Irvine/DOE</i>		DEFG0205ER6403		26,272	26,272
<i>Pass-Through from University of California - Lawrence</i>		6809968		50,532	50,532
<i>Pass-Through from University of Delaware</i>		11757		97,707	97,707
<i>Pass-Through from University of Oregon</i>		234151-L		53,642	53,642
<i>Pass-Through from University of Wyoming</i>		NAZU48565TTU		2,499	2,499
<i>Pass-Through from UT-Battelle, LLC</i>		4000063817		24,556	24,556
University Coal Research	81.057		43,467	197,228	240,695
<i>Pass-Through from Purdue University</i>		541-0335-01		29,531	29,531
Office of Scientific and Technical Information	81.064			89,389	89,389
<i>Pass-Through from Sandia National Labs</i>		646695		82,804	82,804
Nuclear Waste Disposal Siting	81.065				
<i>Pass-Through from Hydrodynamics Group, LLC</i>		04-014		4,494	4,494
<i>Pass-Through from Nye County Nevada</i>		08-029		45,249	45,249
Regional Biomass Energy Programs	81.079			410,846	410,846
<i>Pass-Through from South Dakota State University</i>		503781		459	459
Conservation Research and Development	81.086		7,950	244,252	252,202
<i>Pass-Through from The Boeing Company</i>		231142		10,596	10,596
Renewable Energy Research and Development	81.087		72,412	1,392,041	1,464,453
<i>Pass-Through from Baylor University</i>		032-75BL		6,986	6,986
<i>Pass-Through from Midwest Research Institute-National Renewable Energy Lab</i>		XDJ-3-33600-01		30,279	30,279
<i>Pass-Through from Shear Form</i>		05-0314		25,235	25,235
<i>Pass-Through from Siemens Westinghouse Power</i>		4500509872		83,235	83,235
<i>Pass-Through from University of California - Riverside</i>		05-1036		13,273	13,273
<i>Pass-Through from UTC Power</i>		7867		137,835	137,835
<i>Pass-Through from ZT Solar, Inc.</i>		740147		31,899	31,899
Fossil Energy Research and Development	81.089		484,618	2,171,038	2,655,656
<i>Pass-Through from Florida International University</i>		120701594-01, AMD 001		31,879	31,879
<i>Pass-Through from New Mexico Institute of Mining and Tech</i>		DSRP20, MOD 3	52,332	253,233	305,565
<i>Pass-Through from New Mexico Tech</i>		503348		150,335	150,335
<i>Pass-Through from New Mexico Tech</i>		503389		105,649	105,649
<i>Pass-Through from New Mexico Tech</i>		570311	86,236	86,236	86,236
<i>Pass-Through from Penn State University</i>		3139-UT-DOE-1779, AMD 1		(1,532)	(1,532)
<i>Pass-Through from Rice University</i>		R15621		51,054	51,054
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB2-998- T1-TX-GCCC-2005-01	2,696,089	396,101	3,092,190
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB3-973- T13BEG-TI-2008-01	64,200	312,752	376,952
<i>Pass-Through from University of Mississippi</i>		07-11-039		7,426	7,426
Office of Technology Development and Deployment for Environmental Management	81.104		6,259	138,850	145,109
<i>Pass-Through from Howard University</i>		633254-192527		1,100	1,100
<i>Pass-Through from Howard University</i>		633254-H010016		4,210	4,210
<i>Pass-Through from University of Nevada - Las Vegas</i>		06-64PG-01		445	445
Stewardship Science Grant Program	81.112			172,706	172,706
Defense Nuclear Nonproliferation Research	81.113			1,606,960	1,606,960
<i>Pass-Through from Lawrence Livermore National Security</i>		B571336		238,007	238,007
<i>Pass-Through from Sandia National Laboratories</i>		750028		75,792	75,792
University Nuclear Science and Reactor Support	81.114		38,696	301,206	339,902
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		00066100		18,149	18,149

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-Through from Medical University of S Carolina</i>		DE-FG07-05ID14692/IDNE006;MUSC07-005		114,826	114,826
<i>Pass-Through from Medical University of South Carolina</i>		05-444206		46,820	46,820
<i>Pass-Through from Purdue University</i>		541-0593-01		110,905	110,905
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			255,978	255,978
<i>Pass-Through from Carnegie Institute of Washington</i>		4-3327-43		73,790	73,790
<i>Pass-Through from New Mexico State University</i>		Q01259		18,581	18,581
State Energy Program Special Projects	81.119			370,781	370,781
Nuclear Energy Research, Development and Demonstration	81.121		220,179	1,601,339	1,821,518
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		00070795		49,864	49,864
<i>Pass-Through from Cornell University</i>		51903-8701		56,167	56,167
<i>Pass-Through from Purdue University</i>		541-0500-01		73,227	73,227
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122				
<i>Pass-Through from American Superconductor Corporation</i>		DE-FC26-07NT43243		115,092	115,092
<i>Pass-Through from EPRI Solutions, Inc.</i>		499-06-01		15,911	15,911
Predictive Science Academic Alliance Program (PSAAP)	81.124			934,432	934,432
<i>Pass-Through from University of Michigan</i>		07-0946		18,694	18,694
Miscellaneous	81.502			24,401	24,401
Total - U.S. Department of Energy			4,222,027	40,578,845	44,800,872
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	P116M040008		1,998	1,998
		T195N070272		64,817	64,817
<i>Pass-Through from Education Service Center Region XIII</i>		UTA08-452		46,258	46,258
<i>Pass-Through from Mathematical Policy Research, Inc.</i>		NO MPR: 6136-04-068, START WORK AUTH.		235,482	235,482
<i>Pass-Through from Medical University of S Carolina</i>		MUSC08-028		64,946	64,946
<i>Pass-Through from Metiri Group</i>		C0906500		62,513	62,513
<i>Pass-Through from RMC Research Corp</i>		UTA06-920, AMD 001		576,419	576,419
<i>Pass-Through from Southern Methodist University</i>		UTSUB6000607, NCE		436,042	436,042
<i>Pass-Through from University of Wisconsin</i>		096Y946		45	45
Adult Education--State Grant Program	84.002			1,732,358	1,732,358
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015			1,043,638	1,043,638
Overseas--Group Projects Abroad	84.021			93,000	93,000
Special Education--Grants to States	84.027			623,200	623,200
Career and Technical Education--Basic Grants to States	84.048			211,020	211,020
Fund for the Improvement of Postsecondary Education	84.116		3,510	625,183	628,693
<i>Pass-Through from Ball State University</i>		P116M030006; UTA04-552		3,596	3,596
<i>Pass-Through from Ball State University</i>		UTA05-157		19	19
<i>Pass-Through from Drexel University</i>		213021		30,580	30,580
<i>Pass-Through from Howard University</i>		633126-H022511		22,694	22,694
<i>Pass-Through from University of California - Davis</i>		503111		6,930	6,930
<i>Pass-Through from University of Maryland, College Park</i>		Z203503		16,491	16,491
<i>Pass-Through from University of Missouri</i>		C00001245-1, AMD 5		14,715	14,715
<i>Pass-Through from University of Missouri - Columbia</i>		C00004842		11,619	11,619
Minority Science and Engineering Improvement	84.120			306,779	306,779
<i>Pass-Through from Houston Community College</i>		B220		23,405	23,405

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Centers for Independent Living	84.132				
<i>Pass-Through from Memorial Hermann TIRR</i>		H132B070002		7,630	7,630
National Institute on Disability and Rehabilitation Research	84.133		186,315	1,770,717	1,957,032
<i>Pass-Through from Memorial Hermann TIRR</i>		H133A050006		7,379	7,379
<i>Pass-Through from Memorial Hermann TIRR</i>		H133A060091		16,720	16,720
<i>Pass-Through from Memorial Hermann TIRR</i>		H133B990014		8,058	8,058
<i>Pass-Through from Memorial Hermann TIRR</i>		H133N060003		45,694	45,694
<i>Pass-Through from University of Illinois at Chicago</i>		G72108		48,822	48,822
Business and International Education Projects	84.153			1,048	1,048
Safe and Drug-Free Schools and Communities--National Programs	84.184				
<i>Pass-Through from Houston Independent School District</i>		SR1-31-6219-630-99- TX3-TX3		92	92
<i>Pass-Through from Round Rock Independent School District</i>		Q184L050099		156,961	156,961
Bilingual Education-Professional Development	84.195			455,730	455,730
Education for Homeless Children and Youth	84.196				
<i>Pass-Through from Education Service Center-Region X</i>		UTA06-642		1,269	1,269
<i>Pass-Through from Education Service Center-Region X</i>		UTA07-486		563,755	563,755
Graduate Assistance in Areas of National Need	84.200			278,942	278,942
<i>Pass-Through from Dallas County Community College</i>		GCS# 05E269		296,308	296,308
Even Start--State Educational Agencies	84.213			68,092	68,092
Fund for the Improvement of Education	84.215			(337)	(337)
<i>Pass-Through from Lubbock Independent School District</i>		135244B945		29,820	29,820
<i>Pass-Through from Michael Cohen Group, LLC</i>		UTA08-009		47,051	47,051
<i>Pass-Through from Reach Out and Read National Center</i>		U215K050155		907	907
<i>Pass-Through from Reach Out and Read National Center</i>		U215U060001		20,233	20,233
<i>Pass-Through from Reach Out and Read National Center</i>		U215U070002		16,815	16,815
Assistive Technology	84.224		303,138	515,469	818,607
Eisenhower Professional Development State Grants	84.281			670	670
Comprehensive Centers	84.283				
<i>Pass-Through from RMC Research Corp</i>		UTA05-917, YEAR 2		(437)	(437)
<i>Pass-Through from RMC Research Corp</i>		UTA05-917, YEAR 3		464,478	464,478
<i>Pass-Through from RMC Research Corp</i>		UTA05-917, YEAR 4		41,168	41,168
State Grants for Innovative Programs	84.298			2,734	2,734
Education Research, Development and Dissemination	84.305		1,540,605	3,920,969	5,461,574
<i>Pass-Through from Berkeley Policy Association</i>		S040010		78,574	78,574
<i>Pass-Through from Florida State University</i>		UTA06-105		125,049	125,049
<i>Pass-Through from Pacific Institute for Research Evaluation</i>		R00722		125,272	125,272
<i>Pass-Through from Research Triangle Institute</i>		UTA08-183		74,464	74,464
<i>Pass-Through from Research Triangle Institute</i>		ED01-CO-0052		6,436	6,436
<i>Pass-Through from RMC Research Corp</i>		G095691		322,807	322,807
<i>Pass-Through from University of California - Davis</i>		K06-002986-UH		23,060	23,060
Education Technology State Grants	84.318			7,727	7,727
<i>Pass-Through from Somerville Independent School District</i>		PRIME 086300027110021		183,314	183,314
Research in Special Education	84.324		5,454	802,411	807,865
<i>Pass-Through from University of Kansas</i>		FY2008-012		76,180	76,180
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			1,329,447	1,329,447
<i>Pass-Through from University of Southern Mississippi</i>		H325A030083		29,973	29,973
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333			278,452	278,452
Learning Anytime Anywhere Partnerships	84.339			17,125	17,125
Reading First State Grants	84.357			1,741,506	1,741,506
Early Reading First	84.359				
<i>Pass-Through from Decision Information Resources, Inc.</i>		ED-01-CO-0027		(5,656)	(5,656)



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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
School Leadership	84.363		77,990	732,456	810,446
Mathematics and Science Partnerships	84.366		308,231	2,431,421	2,739,652
Improving Teacher Quality State Grants	84.367			318,190	318,190
Total - U.S. Department of Education			2,425,243	23,738,712	26,163,955
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003			29,094	29,094
Total - National Archives and Records Administration			0	29,094	29,094
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	1 HHSN2612007005		70,698	70,698
		09P 011-		396,814	396,814
		HHSN263200700021C 01			
		1 R01 CA116813-01A1, 02, 03		294,107	294,107
		1 R01 GM65797-01, 02,03,04,05		(342)	(342)
		1 R15 HL077222-01		34,629	34,629
		2 R56 CA103986 04		103,393	103,393
		2 R01 GM57400-04		140	140
		2 R01 HD28419		222,294	222,294
		200-1999-0095		421,462	421,462
		200-2001-00084		180	180
		200-2001-00084/0013		166,035	166,035
		200-2003-01442		204,562	204,562
		200-2006-15812		102,848	102,848
		200801437		75	75
		200801442		43,815	43,815
		263-MJ-611296		26,456	26,456
		263-MJ-611300		124,138	124,138
		263-MQ-417611 01		14,317	14,317
		263-MQ-515960		59,195	59,195
		263-MQ-611337		6,919	6,919
		5 K01 DP001120 02		111,368	111,368
		5 N01 AR62279 08	93,687	375,306	468,993
		5 R01 HD046228 04		11	11
		5 R01 MH076776 03		349,450	349,450
		5 KO1 DA016262		99,531	99,531
		5 R01 AA015167-01A1,02,03, EXT		162,602	162,602
		5 R01 AG026613-01A1,02,03		293,471	293,471
		5 R01 CA095548-01A2,2,3,4,05		306,488	306,488
		5 R01 GM067317-01A1, 02,03,04 REVISED		22,921	22,921
		5 R01 MH064560-02,03,04,05		283,168	283,168
		5 R01 NS049091-01A2,02,03 REVISED		239,749	239,749

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
		5 R03 HD047507-01A1.02_REVISED		40,731	40,731
		5 R24 HD042849-06,07		414,492	414,492
		5 T32 DA018926-04 (REVISED)		289,852	289,852
		570230	54,439	35,453	89,892
		5R01FD002600-03		158,722	158,722
		6111.04.099.00.UTA05-897		(16,038)	(16,038)
		HSHS230200532004C		3,249,110	3,249,110
		HSHS234200737001C 02		1,468,201	1,468,201
		HHSN261200700277P		100,697	100,697
		HHSN261200700395P		8,720	8,720
		HHSN267200700006C/HA		441,417	441,417
		HHSN2700788601C/R OAC		145,120	145,120
		HHSN271200800172P		7,088	7,088
		HHSN275200403380I		319,379	319,379
		HHSN275200503407C		3,001,330	3,001,330
		HHSN276200		3,350	3,350
		HHSN276200700338P		52,571	52,571
		IPAA-NINDS-HART		44,397	44,397
		N01 AI030041		12,282	12,282
		N01 AR-0-2249 06		5,697	5,697
		N01 CM-07109 05		(752)	(752)
		N01 CM-52204 03		317,529	317,529
		N01 CM-62202 07		557,012	557,012
		N01 CN-035159 04		17,921	17,921
		N01 CN035159 05	497,003	97,365	594,368
		N01 CN03515905		7,542	7,542
		N01 CN-095040 04	(50,287)	76,749	26,462
		N01 CN-35112 03	339,068	25,500	364,568
		N01 CN95139 01		(33,926)	(33,926)
		N01-A1-30026		2,634	2,634
		N01AI25459	5,170		5,170
		N01-AI-25475		351,522	351,522
		N01AI25488-07		1,713,161	1,713,161
		N01AI25489		632,031	632,031
		N01-AI-30041	284,320	471,013	755,333
		N01-AI-30065	516,856		516,856
		N01-AI-40097/HHSN266		1,751,412	1,751,412
		N01CM17003		(50,949)	(50,949)
		N01-CN035159 05	62,432	409,699	472,131
		N01CN03515904		15,085	15,085
		N01-CN-05126	46,405	(6,565)	39,840
		N01CN095139	2,500	136,974	139,474
		N01-CN-85186		135,760	135,760
		N01DA-7-8872		612,488	612,488
		N01DA-9-8101 TO#05		(2,335)	(2,335)
		N01DA-9-8101 TO#07		244,084	244,084
		N01DK92321		187,274	187,274
		N01HB007159	581,030	161,676	742,706
		N01HV028185		1,982,957	1,982,957

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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>					
		N01HV28184		677,890	677,890
		N01MH090003		3,531,212	3,531,212
		N01-WH-4-2111		116,312	116,312
		N02 CP-55503 03		341,583	341,583
		N02 OR-0-4021 08		(13,829)	(13,829)
		NIDA-N01DA-2-882		62,571	62,571
		NIMH-00-AI-0005		42,942	42,942
		ORPHAN PROJECTS		(24,999)	(24,999)
		R01 GM024365		85,746	85,746
		RAA015082A		497	497
		W81XWH-07-1-0132 02		33,147	33,147
<i>Pass-Through from Accacia International</i>		UTA08-216		46,926	46,926
<i>Pass-Through from Adoption Exchange Association</i>		UTA05-795, AMD NO 2		42,188	42,188
<i>Pass-Through from Afya, Inc.</i>		1052-028		61,031	61,031
<i>Pass-Through from American College of Radiology Imaging</i>		U10 CA21661		3,190	3,190
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 HL079533 04		64,267	64,267
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-30039		532,776	532,776
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		1435-04-04-CT-73980		93,199	93,199
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		TO 9 & MOD 9 01		1,005	1,005
<i>Pass-Through from Case Western Reserve University</i>		HHSN275200403367C		94,087	94,087
<i>Pass-Through from Case Western Reserve University</i>		N01DK62203		263,290	263,290
<i>Pass-Through from Children's Hospital Research</i>		N01A125459		258,850	258,850
<i>Pass-Through from Children's Research Institute</i>		N01-AI-05407		(141)	(141)
<i>Pass-Through from Cincinnati Children's Hospital</i>		N01-A1-25459		309,945	309,945
<i>Pass-Through from Dallas County Hospital District</i>		CON16376		7,356	7,356
<i>Pass-Through from Duke Clinical Research Institute</i>		N01MH80008TADS04		2,651	2,651
<i>Pass-Through from Duke University</i>		5 R01 CA092461		2,858	2,858
<i>Pass-Through from Duke University</i>		5 U19 A1067798 03		138,257	138,257
<i>Pass-Through from Duke University</i>		N01-AI-05419 04		105	105
<i>Pass-Through from Duke University Medical Center</i>		N01AI05419		(11)	(11)
<i>Pass-Through from Duke University Medical Center/NIH</i>		N01AR22265		18	18
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		ECOG 5202		187	187
<i>Pass-Through from Emmes Corp/ NIH</i>		HHSN260200500007C		33	33
<i>Pass-Through from Fairway Medical Technologies</i>		R44CA110137		76,448	76,448
<i>Pass-Through from Feinstein Institute for Medical Research</i>		N01 AR-2-2263 05		45,993	45,993
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		05-201573-01-S1300		9,039	9,039
<i>Pass-Through from George Mason University</i>		E 600247-2		17,096	17,096
<i>Pass-Through from Inotek, Inc.</i>		CON11297		(27)	(27)
<i>Pass-Through from Johns Hopkins University</i>		8407-46304-X		4,842	4,842
<i>Pass-Through from Johns Hopkins University</i>		8408-53718		22,982	22,982
<i>Pass-Through from Johns Hopkins University</i>		BREY:S/G AR49125		1,660	1,660
		JHI			
<i>Pass-Through from LDS Hospital</i>		HHSN268200425210C		12,964	12,964
<i>Pass-Through from Lifeworks</i>		UTA06-753, AMD 001		2,345	2,345
<i>Pass-Through from Louisiana State University</i>		200401316;11765		19,598	19,598
<i>Pass-Through from Lynntech, Inc.</i>		2007-NIH469-0001		5,730	5,730
<i>Pass-Through from MacFarlane Burnet Institution of Med</i>		CON14105		3,751	3,751
<i>Pass-Through from Massachusetts General Hospital</i>		BOWDEN:STEP- MH80001		130,489	130,489
<i>Pass-Through from Massachusetts General Hospital</i>		HHSN261200744000C		49,484	49,484
<i>Pass-Through from Massachusetts General Hospital</i>		SG		13,218	13,218
		HHSN261200744000C			
<i>Pass-Through from Mayo Clinic - Jacksonville</i>		5 R01 CA104505 05		74,493	74,493
<i>Pass-Through from McMaster University</i>		HHSN266200400066C		217,045	217,045

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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 Georgia</i>		R01NS38455		(10,838)	(10,838)
<i>Pass-Through from Medical University of South Carolina Foundation</i>		N01 HV 28181 02		28,994	28,994
<i>Pass-Through from Morehouse School of Medicine</i>		US2MP02001-03-4		24,445	24,445
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		15867		101,073	101,073
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		173-RITN 02		8,995	8,995
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		T0008		60	60
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		U01 HL69334		120,554	120,554
<i>Pass-Through from Northrop Grumman Corporation</i>		BRCS04086	16,364	607,075	623,439
<i>Pass-Through from Northrop Grumman Corporation</i>		HHSN266200400076C	103,454	810,415	913,869
<i>Pass-Through from Northwestern University</i>		HHSN27220070058C		139,031	139,031
<i>Pass-Through from Oklahoma University Health Sciences Center</i>		07AP07006NL		84,955	84,955
<i>Pass-Through from Oregon Health Science University</i>		GVGT1036A-UOFTXMEDBR		38,520	38,520
<i>Pass-Through from Purdue University</i>		5 U01 CA060548 15		17,651	17,651
<i>Pass-Through from Radiant Creative Group</i>		1 R41 CA126453 01 A1		7,296	7,296
<i>Pass-Through from RTI International</i>		3-312-0210547		184,305	184,305
<i>Pass-Through from Saic - Frederick, Inc.</i>		26XS197		524,738	524,738
<i>Pass-Through from Saic-Frederick, Inc.</i>		1 N01 CM017003 04		156	156
<i>Pass-Through from Saic-Frederick, Inc.</i>		25XS068		54,440	54,440
<i>Pass-Through from Saic-Frederick, Inc.</i>		25XS068 01		57,482	57,482
<i>Pass-Through from Saic-Frederick, Inc.</i>		25XS068 04(P7156)		17,277	17,277
<i>Pass-Through from Saic-Frederick, Inc.</i>		25XS068		4,422	4,422
		TASKORDER 6			
<i>Pass-Through from Saic-Frederick, Inc.</i>		26XS148 T0# 02		28,101	28,101
<i>Pass-Through from Saic-Frederick, Inc.</i>		27XS112 01		90,708	90,708
<i>Pass-Through from Saic-Frederick, Inc.</i>		N01 CM10073 04		(25,353)	(25,353)
<i>Pass-Through from Saic-Frederick, Inc.</i>		N01 CO 12400 01		163	163
<i>Pass-Through from Saic-Frederick, Inc.</i>		S07-060 02		125,926	125,926
<i>Pass-Through from Scripps Research Institute</i>		5-22646		33,227	33,227
<i>Pass-Through from Scripps Research Institute</i>		5-22649		34,796	34,796
<i>Pass-Through from Scripps Research Institute</i>		5-22650		15,770	15,770
<i>Pass-Through from Selenium, Ltd.</i>		08LM060097NL		63,983	63,983
<i>Pass-Through from Social and Scientific System, Inc.</i>		1 N01 ES045525 01		75,091	75,091
<i>Pass-Through from Southwest Oncology Group</i>		S0342		37	37
<i>Pass-Through from Southwest Research Institute</i>		699007W		63,512	63,512
<i>Pass-Through from Stanford University</i>		18079440-30501-D		(127)	(127)
<i>Pass-Through from Strang Cancer Prevention Center</i>		HHSN261200433002C		30,625	30,625
<i>Pass-Through from Strang Cancer Prevention Center</i>		N01CN15132WKST85		140	140
<i>Pass-Through from Sun Nuclear Corporation</i>		N43 CM-52214 02		109,737	109,737
<i>Pass-Through from TKC Integration Services, LLC</i>		200200615969		82,475	82,475
<i>Pass-Through from University North Carolina at Chapel Hill</i>		N01MH90001		70,078	70,078
<i>Pass-Through from University of Alabama</i>		N01-A1-30025		448	448
<i>Pass-Through from University of Alabama - Birmingham</i>		5 N01 CN35103 02		23,294	23,294
<i>Pass-Through from University of Alabama - Tuscaloosa</i>		S/C N01-95117-02		(60,287)	(60,287)
<i>Pass-Through from University of Alabama at Birmingham</i>		CASG 210		45	45
<i>Pass-Through from University of Alabama at Birmingham</i>		LEACH: S/G AI30025AL		916	916
<i>Pass-Through from University of Alabama at Birmingham</i>		PATTERSN: UAB CDC S/G		8,512	8,512

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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 Alabama/NIH</i>		N01AI15113		15	15
<i>Pass-Through from University of Alabama/NIH</i>		N01AI30025		27,382	27,382
<i>Pass-Through from University of Alabama-Birmingham/NIH</i>		HHSN26120043301C		479	479
<i>Pass-Through from University of California - Berkeley</i>		DE-AC03-76SF0098 01		2,714	2,714
<i>Pass-Through from University of California - San Diego</i>		10278739/N01MH22005		15,408	15,408
<i>Pass-Through from University of California - San Diego</i>		NIMH-00-A1-0005		376,835	376,835
<i>Pass-Through from University of California - San Francisco</i>		N01 AI-15416 02		7,609	7,609
<i>Pass-Through from University of California/NIH</i>		N01AI15416		(48,526)	(48,526)
<i>Pass-Through from University of Kansas Medical Center</i>		05DP050061FNL		2,639	2,639
<i>Pass-Through from University of Michigan</i>		F009470		27,537	27,537
<i>Pass-Through from University of New Mexico Health Science Center</i>		3904		421,634	421,634
<i>Pass-Through from University of North Carolina/NIH</i>		N01MH090001		93,657	93,657
<i>Pass-Through from University of Notre Dame</i>		200943		4,885	4,885
<i>Pass-Through from University of Pittsburgh</i>		BOWDEN: S/G MH63420		5,233	5,233
<i>Pass-Through from University of Pittsburgh/NIH</i>		N01AR42273		23,097	23,097
<i>Pass-Through from University of San Francisco/NIH</i>		N01AI15416		10,602	10,602
<i>Pass-Through from University of Utah</i>		N01-A1-15435		5,867	5,867
<i>Pass-Through from University of Wisconsin/NIH</i>		N01AI025496		571,604	571,604
<i>Pass-Through from Us Immunodeficiency Network</i>		N01-AI-30070		38	38
<i>Pass-Through from Utah State University</i>		14029001		104,001	104,001
<i>Pass-Through from Veterans Administration</i>		V688P-2994		159,149	159,149
<i>Pass-Through from W.M. Keck Foundation</i>		CON16512		(1,629)	(1,629)
<i>Pass-Through from Wake Forest University</i>		ROYALL-WAKE FOREST		100	100
<i>Pass-Through from Wayne State University</i>		5 N01 ES7518 06 A8		660	660
<i>Pass-Through from Wayne State University</i>		N01-HD-2-2342		14,567	14,567
<i>Pass-Through from Wayne State University/NIH</i>		N01CN0502257		10,133	10,133
<i>Pass-Through from Westat Inc/NIH</i>		N01HD33345		40,065	40,065
<i>Pass-Through from Westat, Inc./Cdc</i>		200200409976		30,905	30,905
<i>Pass-Through from Winprobe Corporation</i>		UTA06-030		10,461	10,461
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100535, MOD 1		37,480	37,480
Community-Based Abstinence Education (CBAE)	93.010		2,148		2,148
<i>Pass-Through from Administration for Children and Families</i>		90XF0036		125,043	125,043
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018			28,000	28,000
Alzheimer's Disease Demonstration Grants to States	93.051				
<i>Pass-Through from Alzheimer's Association</i>		OAKES		4,275	4,275
Innovations in Applied Public Health Research	93.061			200,426	200,426
<i>Pass-Through from Genomics USA, Inc.</i>		G092508		52,443	52,443
Centers for Genomics and Public Health	93.063			208,470	208,470
Public Health Emergency Preparedness	93.069			510,960	510,960
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086				
<i>Pass-Through from Alliance for North Texas Healthy and Effective Marriages</i>		90FE0072-01		45,591	45,591
Health Disparities in Minority Health	93.100			1,835,429	1,835,429
Food and Drug Administration--Research	93.103		21,667	1,203,440	1,225,107
<i>Pass-Through from Massachusetts General Hospital</i>		FD-R-002588-01		1,717	1,717
Model State-Supported Area Health Education Centers	93.107		154,184	971,983	1,126,167
Maternal and Child Health Federal Consolidated Programs	93.110		189,842	193,268	383,110
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5 U22MC03962-03-00		4,932	4,932
Environmental Health	93.113		61,014	11,053,614	11,114,628

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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 Southern University A&amp;M College</i>		OGSP-23-99-0200-125B		19	19
<i>Pass-Through from University of California - Berkeley</i>		SA5293-11074		11,503	11,503
<i>Pass-Through from University of Maryland School of</i>		S/G HASTY S01769		9,675	9,675
<i>Pass-Through from University of New Mexico</i>		1 R01 ES015826 01 A1		30,463	30,463
<i>Pass-Through from University of New Mexico</i>		1R01ES014565		27,592	27,592
Applied Toxicological Research and Testing	93.114			131,585	131,585
Biometry and Risk Estimation--Health Risks from Environmental Exposures	93.115		(2,827)	74,128	71,301
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			59,850	59,850
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118				
<i>Pass-Through from Westat, Inc.</i>		8062-S025		32,307	32,307
Oral Diseases and Disorders Research	93.121		954,846	8,449,479	9,404,325
<i>Pass-Through from Pennsylvania State University</i>		R21DE018328-01-TEXAS		8,597	8,597
<i>Pass-Through from Rann Research Corporation</i>		SG/2R44DE013996-02A1		105,359	105,359
<i>Pass-Through from Rice University</i>		1R01DE015164		3,712	3,712
<i>Pass-Through from Seattle Biomedical Research Institute</i>		UT-1700/DE017541		125	125
<i>Pass-Through from University of Iowa</i>		1000555741/U OF IOWA		155,700	155,700
<i>Pass-Through from University of Kentucky</i>		S/G DE13958--U KENTU		1,874	1,874
<i>Pass-Through from University of Louisville</i>		5 U01 DE014543 05		26,097	26,097
<i>Pass-Through from University of Louisville Research Foundation</i>		5U01DE14543		18,454	18,454
<i>Pass-Through from University of North Carolina</i>		COCHRAN: S/G DE014577		11,943	11,943
<i>Pass-Through from University of Washington</i>		5R01DE13546-05		(42)	(42)
Emergency Medical Services for Children	93.127		65,101	55,262	120,363
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		684,527	4,980,889	5,665,416
<i>Pass-Through from American Institute for Research</i>		200-2007-20026		30,422	30,422
<i>Pass-Through from Battelle Memorial Institute</i>		189160		(2,968)	(2,968)
<i>Pass-Through from Boston University</i>		PUGH 044-240-7189-5		392	392
<i>Pass-Through from University of Washington</i>		UWA/927175/DP000050		14,677	14,677
Injury Prevention and Control Research and State and Community Based Programs	93.136		32,069	(4,056)	28,013
<i>Pass-Through from University of Kentucky</i>		7R49CE000606		135,978	135,978
Community Programs to Improve Minority Health Grant Program	93.137			29,747	29,747
NIEHS Superfund Hazardous Substances--Basic Research and Education	93.143		30,581	68,836	99,417
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Dallas County Hospital District</i>		CON13209		160	160
<i>Pass-Through from Dallas County Hospital District</i>		CON14001		(883)	(883)
<i>Pass-Through from Dallas County Hospital District</i>		CON15196		(382)	(382)
<i>Pass-Through from Dallas County Hospital District</i>		CON17498		70,764	70,764
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		109,631	1,423,957	1,533,588
<i>Pass-Through from Resource Group</i>		07UTG00T4		5,690	5,690
<i>Pass-Through from Resource Group</i>		08UTG00RWD		11,304	11,304
Centers of Excellence	93.157			6,869	6,869
Human Genome Research	93.172		84,569	852,605	937,174

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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 Atactic Technologies, Inc.</i>		5 R41 HG003786-02- UH		61,131	61,131
<i>Pass-Through from Biotex, Inc.</i>		1R43GM076791		363	363
<i>Pass-Through from Coriell Institute</i>		NIH-G510052		2,000	2,000
<i>Pass-Through from Duke University</i>		146500		234,305	234,305
<i>Pass-Through from Duke University</i>		155325/146500		1,207	1,207
<i>Pass-Through from Massachusetts Institute of Technology</i>		HHSN268200625226C		21,040	21,040
<i>Pass-Through from The Research Foundation of Suny</i>		07-35/HG004571		160,504	160,504
<i>Pass-Through from University of Iowa</i>		5R01HG003330		16,815	16,815
<i>Pass-Through from William Marsh Rice University</i>		R21491		27,685	27,685
Research Related to Deafness and Communication Disorders	93.173		210,571	5,108,247	5,318,818
<i>Pass-Through from Feinstein Institute for Medical Research</i>		1 U01 DC007946 01 A2		2,400	2,400
<i>Pass-Through from Massachusetts Eye and Ear Institute</i>		5U01DC00629604		19,462	19,462
<i>Pass-Through from Massachusetts Eye and Ear Institute</i>		5U01DC00629605		2,461	2,461
<i>Pass-Through from Purdue University</i>		5R01DC00578804		1,493	1,493
<i>Pass-Through from University of Alabama-Birmingham/NIH</i>		HHSN260200500008C		344,933	344,933
<i>Pass-Through from University of California - Santa Barbara</i>		KK6121		229,078	229,078
<i>Pass-Through from University of Colorado</i>		154- 4294/R01DC001150		10,383	10,383
<i>Pass-Through from University of Colorado</i>		FOX-UCB-DC001150		10,457	10,457
<i>Pass-Through from Vanderbilt University/NIH</i>		1R01DC00840801A1		12,725	12,725
Disabilities Prevention	93.184			9,699	9,699
Health Education and Training Centers	93.189			29,369	29,369
Allied Health Special Projects	93.191			(1,116)	(1,116)
Childhood Lead Poisoning Prevention Projects--State and Local	93.197				
Childhood Lead Poisoning Prevention and Surveillance of Blood					
Lead Levels in Children					
<i>Pass-Through from City of Houston Health and Human Services</i>		98-412-FC39033		4,133	4,133
Telehealth Network Grants	93.211			(332)	(332)
Research and Training in Complementary and Alternative Medicine	93.213		6,781	2,180,010	2,186,791
<i>Pass-Through from Louisiana State University Agricultural Center</i>		1 R21 AT002882 01		59,065	59,065
<i>Pass-Through from University of Missouri - Columbia</i>		5P01ES10535-05		(2)	(2)
<i>Pass-Through from University of Missouri - Columbia</i>		5U9AT003264-03		19,415	19,415
<i>Pass-Through from Washington University</i>		WU-08-78		112,246	112,246
Research on Healthcare Costs, Quality and Outcomes	93.226		682,532	2,245,988	2,928,520
<i>Pass-Through from Isis Incorporated</i>		HHSA29020050020C		3,309	3,309
<i>Pass-Through from Westat, Inc.</i>		8362-S-005		245,031	245,031
Consolidated Knowledge Development and Application (KD&A) Program	93.230		89,039	170,720	259,759
National Center on Sleep Disorders Research	93.233			109,724	109,724
Traumatic Brain Injury State Demonstration Grant Program	93.234			15,530	15,530
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238				
<i>Pass-Through from Boston University</i>		S3492-23/23		3,238	3,238
Mental Health Research Grants	93.242		2,815,486	23,015,617	25,831,103
<i>Pass-Through from Acenta Discovery, Inc.</i>		5R41MH070083-02		(5,995)	(5,995)
<i>Pass-Through from Baylor College of Medicine</i>		100589118		34,261	34,261
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 MH053932 09		407	407
<i>Pass-Through from Baylor College of Medicine</i>		5 R34 MH074360 03		27,999	27,999
<i>Pass-Through from Cerebral Magnetics, LLC</i>		1R41MH074278-01A1		8,648	8,648
<i>Pass-Through from Duke Clinical Research Institute</i>		5R01MH07049404		34,455	34,455

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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 Georgia State University</i>		H3102		17,991	17,991
<i>Pass-Through from Hartford Hospital/NIH</i>		A07077M08A00728		110	110
<i>Pass-Through from John Hopkins University</i>		5PO1MH070306		9,880	9,880
<i>Pass-Through from John Hopkins University</i>		5R01MH069116		6,253	6,253
<i>Pass-Through from Loyola University Chicago</i>		5R01DA015760-03		(206)	(206)
<i>Pass-Through from McLean Hospital</i>		2P50MH6045008		108,903	108,903
<i>Pass-Through from McLean Hospital</i>		5P50MH06045009		18,834	18,834
<i>Pass-Through from Northwestern University</i>		1P50MH07492403		209,628	209,628
<i>Pass-Through from Northwestern University</i>		5P50MH07492402		1,343	1,343
<i>Pass-Through from Northwestern University</i>		5P50MH07492404		15,540	15,540
<i>Pass-Through from Oregon Research Institute</i>		R34MH073756		6,938	6,938
<i>Pass-Through from Psychogenic Incorporated</i>		1R43MH078433-01A1		3,167	3,167
<i>Pass-Through from Rockefeller University/NIH</i>		5P01MH07486603		192,093	192,093
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		SFBR/06-1496.002		57,258	57,258
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		05-1244		(70)	(70)
<i>Pass-Through from The Pennsylvania State University</i>		G096664		49,166	49,166
<i>Pass-Through from Tourette Syndrome Association</i>		PETERSON-TOURETE/NIH		21,133	21,133
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-50556/7R01MH069774		11,413	11,413
<i>Pass-Through from University North Carolina at Chapel Hill</i>		R01MH059312		7,052	7,052
<i>Pass-Through from University of Arizona</i>		Y432173/5R01MH066235		102,849	102,849
<i>Pass-Through from University of California - Davis</i>		SUB0700359		60,755	60,755
<i>Pass-Through from University of California - Los Angeles</i>		2000GJU938 / MINTZ		13,417	13,417
<i>Pass-Through from University of California - San Francisco</i>		3961SC, AMD 004		3,865	3,865
<i>Pass-Through from University of California/NIH</i>		5R01MH03391721		53,829	53,829
<i>Pass-Through from University of Michigan/NIH</i>		5R01MH08001502		23,770	23,770
<i>Pass-Through from University of North Carolina</i>		SGR01MH068766/UNC		11,413	11,413
<i>Pass-Through from University of North Carolina/NIH</i>		5R01MH05931203		32	32
<i>Pass-Through from Washington University</i>		29325X		2,614	2,614
<i>Pass-Through from Washington University</i>		WU-HT-08-19		6,574	6,574
<i>Pass-Through from Yale University</i>		UTA04-015; A05241A		21,789	21,789
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		52,185	2,056,599	2,108,784
Advanced Education Nursing Grant Program	93.247			(7)	(7)
Public Health Training Centers Grant Program	93.249			92,273	92,273
Health Communities Access Program	93.252				
<i>Pass-Through from Dallas Academy of Medicine</i>		5G92OA0013102		181	181
Poison Control Stabilization and Enhancement Grants	93.253			187,582	187,582
Occupational Safety and Health Program	93.262		196,274	1,076,436	1,272,710
<i>Pass-Through from University of Massachusetts - Worcester</i>		R21OH07322		1,018	1,018
<i>Pass-Through from University of South Dakota</i>		USD0809/R03OH009325		2,302	2,302
Alcohol Research Career Development Awards for Scientists and Clinicians		93.271		15,424	15,424
Alcohol National Research Service Awards for Research Training	93.272			5,992	5,992
Alcohol Research Programs	93.273		551,294	10,094,660	10,645,954
<i>Pass-Through from Mercer University</i>		GC06-420604-04		5,852	5,852
<i>Pass-Through from Oklahoma University Health Sciences Center</i>		06LM050047NL		30,194	30,194
<i>Pass-Through from Palo Alto Institute for Research and Educ, Inc</i>		M000021-001		14,400	14,400



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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 Stanford University</i>		17362290-23482-C, AMD 1		16,982	16,982
<i>Pass-Through from Stanford University</i>		18303980-24776-A		43,190	43,190
<i>Pass-Through from The Corporation of Mercer University</i>		1R25AA014915		9,880	9,880
<i>Pass-Through from University of Kentucky</i>		4-64281-02-045		(164)	(164)
<i>Pass-Through from University of North Dakota</i>		5R01AA04610		12,718	12,718
<i>Pass-Through from University of Virginia</i>		GC11487-127303		65,917	65,917
<i>Pass-Through from University of Washington</i>		825449		10,770	10,770
Career Development Awards	93.277			362,266	362,266
Drug Abuse National Research Service Awards for Research Training	93.278			(233)	(233)
Drug Abuse and Addiction Research Programs	93.279		569,143	21,664,160	22,233,303
<i>Pass-Through from Baylor College of Medicine</i>		100503787		81,991	81,991
<i>Pass-Through from Baylor College of Medicine</i>		5P50DA018197		82,507	82,507
<i>Pass-Through from Georgetown University</i>		R01DA1045806		(25,361)	(25,361)
<i>Pass-Through from Henry M. Jackson Foundation</i>		R01 DA020436 04		11	11
<i>Pass-Through from Indiana University</i>		# 344652		45,816	45,816
<i>Pass-Through from Johns Hopkins University</i>		1R01DA024565-01A2		119,450	119,450
<i>Pass-Through from Kentucky Research Foundation</i>		08AP030016N3L		30,024	30,024
<i>Pass-Through from King's College London</i>		2R01DA004376		20,820	20,820
<i>Pass-Through from National Development and Research Inst.</i>		NDRII# 137B00-791		17,579	17,579
<i>Pass-Through from Ohio Northern University</i>		110-60516A		61,501	61,501
<i>Pass-Through from Rush University Medical Center</i>		7R01DA01576005		22,826	22,826
<i>Pass-Through from University of Illinois</i>		5 P30 DA018310 05		17,938	17,938
<i>Pass-Through from University of Illinois at Chicago</i>		5R01DA02231702		41,535	41,535
<i>Pass-Through from University of Illinois at Chicago</i>		R01DA010458-10		(9,614)	(9,614)
<i>Pass-Through from University of Miami</i>		M768664		127,078	127,078
<i>Pass-Through from University of Pittsburgh</i>		106668-1		5	5
<i>Pass-Through from Vanderbilt University</i>		VUMC31439- R/R01DA007		39,034	39,034
Mental Health Research Career/Scientist Development Awards	93.281			1,528,181	1,528,181
Mental Health National Research Service Awards for Research Training	93.282			338,228	338,228
Centers for Disease Control and Prevention--Investigations and Technical Assistance	93.283		510,424	1,766,649	2,277,073
<i>Pass-Through from Association of American Medical</i>		U36/CCU319276		(1,728)	(1,728)
<i>Pass-Through from Associations of Schools of Public Health</i>		U36CCU300430		198,108	198,108
<i>Pass-Through from Michigan State University</i>		5U10DD000007		11,689	11,689
<i>Pass-Through from Research Triangle Institute</i>		12-312-0208633		243,779	243,779
<i>Pass-Through from University of Colorado Health</i>		U27/CCU812106		32	32
<i>Pass-Through from University of Colorado/NIH</i>		U27CCU81210606		10,304	10,304
<i>Pass-Through from Washington University/NIH</i>		5R01NS32228		24,544	24,544
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		418,707	7,672,209	8,090,916
<i>Pass-Through from Cedars-Sinai Health System</i>		537666		18,033	18,033
<i>Pass-Through from City of Houston Health and Human Services</i>		FC62154		5,705	5,705
<i>Pass-Through from City of Houston Health and Human Services</i>		U62/CCU606238		134,804	134,804
<i>Pass-Through from Marval Therapeutics, Inc.</i>		1R43EB004700		370	370
<i>Pass-Through from Marval Therapeutics, Inc.</i>		1R44EB004700		50,801	50,801
<i>Pass-Through from Purdue University</i>		1R21EB00725601A1		24,190	24,190
<i>Pass-Through from Rice University</i>		R01 EB002179 07		48,445	48,445

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of California</i>		CLARKE UC# 2005-1654		486	486
<i>Pass-Through from University of California - Los Angeles</i>		5 R01 EB004898 02		38,048	38,048
<i>Pass-Through from University of California - Los Angeles</i>		FOX:S/G EB001955UCLA		112,356	112,356
<i>Pass-Through from University of California - Santa Barbara</i>		KK8148		3,899	3,899
<i>Pass-Through from University of Missouri</i>		C00013378-1		54,933	54,933
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		RS20071006-01		8,866	8,866
<i>Pass-Through from Yale University</i>		A06981		87,236	87,236
National Center for Health Workforce Analysis	93.300			(5)	(5)
Small Rural Hospital Improvement Grant Program	93.301			235,146	235,146
Minority Health and Health Disparities Research	93.307		24,800	4,307,870	4,332,670
Trans-NIH Research Support	93.310		112,136	4,466,705	4,578,841
Clinical Research	93.333			2,890,294	2,890,294
Advanced Education Nursing Traineeships	93.358			62,951	62,951
Nurse Education, Practice and Retention Grants	93.359		11,944		11,944
Nursing Research	93.361		108,229	5,039,543	5,147,772
<i>Pass-Through from Indiana University</i>		5R01NR00843403		52,076	52,076
<i>Pass-Through from University of Washington</i>		341230/R01-NR00962		49,975	49,975
<i>Pass-Through from Wake Forest University</i>		5 R01 NR009675 02		783	783
Biomedical Technology	93.371			238,680	238,680
<i>Pass-Through from Oncosis</i>		R44RR1537402		(511)	(511)
Minority Biomed	93.375			76,999	76,999
National Center for Research Resources	93.389		2,138,535	33,372,757	35,511,292
<i>Pass-Through from Baylor College of Medicine</i>		1 P20 RR020647-01 400613194		49,714	49,714
<i>Pass-Through from Baylor College of Medicine</i>		5P20RR020626		(12,591)	(12,591)
<i>Pass-Through from Constella Group, Inc.</i>		GENLINK-32831		466	466
<i>Pass-Through from Incell Corporation, LLC</i>		1 R41 RR024772		39,816	39,816
<i>Pass-Through from Johns Hopkins University</i>		5P40RR019995		3,115	3,115
<i>Pass-Through from Mount Sinai School of Medicine - NYU</i>		5U54RR01948406		108,124	108,124
<i>Pass-Through from Oklahoma University Health Sciences Center</i>		08LM030014F5H		167,038	167,038
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		07-1503.003/RR23345		8,417	8,417
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		SFBR - 06-2500.55		31,445	31,445
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		TARDIF - SFBR/NIH		10,479	10,479
<i>Pass-Through from University of Florida</i>		UF05099/R01HL068085		74,012	74,012
<i>Pass-Through from University of Rochester/NIH</i>		5U54NS05906505		159,927	159,927
<i>Pass-Through from Virginia Polytechnic Institute</i>		19543-431399		4,667	4,667
Academic Research Enhancement Award	93.390			1,270,842	1,270,842
Bacterial Heme Transport and Hemoglobin Expression	93.391			52,137	52,137
Cancer Construction	93.392		68,258	837,805	906,063
Cancer Cause and Prevention Research	93.393		1,983,126	32,875,232	34,858,358
<i>Pass-Through from Axis Healthcare Communications, LLC</i>		1 R42 CA123932 01		14,097	14,097
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		3 R01 CA095662 05 S1		27,804	27,804
<i>Pass-Through from British Columbia Cancer Agency</i>		5P01CA09696405		71,009	71,009
<i>Pass-Through from British Columbia Cancer Agency</i>		5U01CA09610905		150,876	150,876
<i>Pass-Through from Burnham Institute for Medical Research</i>		5R01CA109345		79,528	79,528
<i>Pass-Through from Digital Science Technologies, LLC</i>		7 R42 CA123932 02		42,077	42,077

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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 Einstein Medical College-Yeshiva University</i>		9526-3878 NIHCA77290		2,707	2,707
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		1R01CA114467		71,624	71,624
<i>Pass-Through from Indiana University</i>		5R01CA11598302		47,204	47,204
<i>Pass-Through from Indiana University</i>		5R01CA11598303		7,929	7,929
<i>Pass-Through from International Epidemiology Institute, Ltd.</i>		5 R01 03		22,093	22,093
<i>Pass-Through from Lawrence Berkeley National Lab</i>		6815123, MOD 2		95,331	95,331
<i>Pass-Through from Massachusetts General/NIH</i>		3U01CA07828405S2		15,813	15,813
<i>Pass-Through from Mayo Clinic</i>		3 R01 CA097075 05 S1		53,900	53,900
<i>Pass-Through from Mayo Clinic</i>		5 R01 CA097075 05		(3,756)	(3,756)
<i>Pass-Through from Mayo Clinic</i>		5 U01 CA118444 02		71,613	71,613
<i>Pass-Through from Mayo Clinic</i>		5R01CA090636-06		27,928	27,928
<i>Pass-Through from Mayo Medical School</i>		2R01CA090636-05A1		27,462	27,462
<i>Pass-Through from Medical University of South Carolina</i>		MUSC/1R03CA128089-01		50,121	50,121
<i>Pass-Through from Northwestern University</i>		5 R01 CA104768 04		20,748	20,748
<i>Pass-Through from Rice University</i>		5 U01 CA097431 03		120,976	120,976
<i>Pass-Through from Saint Louis University</i>		1R21CA126326		87,917	87,917
<i>Pass-Through from Trustees of Dartmouth College</i>		5 R01 CA066032 08		12,034	12,034
<i>Pass-Through from University of Arizona</i>		5 P01 CA041108 21		148,058	148,058
<i>Pass-Through from University of Arizona</i>		Y480655		3,391	3,391
<i>Pass-Through from University of California</i>		2007-1825/CA074415		50,703	50,703
<i>Pass-Through from University of California - Berkeley</i>		5P01CA09258408		67,851	67,851
<i>Pass-Through from University of California - Berkeley</i>		6721739		(4,407)	(4,407)
<i>Pass-Through from University of California - San Diego</i>		5 R01 CA069375 10		(8,977)	(8,977)
<i>Pass-Through from University of California - San Francisco</i>		5 R01 CA052689 15		1,694	1,694
<i>Pass-Through from University of California/NIH</i>		5P01CA09258407		160,379	160,379
<i>Pass-Through from University of Cincinnati</i>		5 R01 CA097099 05		49,958	49,958
<i>Pass-Through from University of Cincinnati</i>		5 U01 CA076293 08		98,143	98,143
<i>Pass-Through from University of Cincinnati/NIH</i>		5U01CA07629307		1,771	1,771
<i>Pass-Through from University of Cincinnati/NIH</i>		5U01CA07629308		66,642	66,642
<i>Pass-Through from University of Iowa</i>		5 R01 CA104825 05		(23,035)	(23,035)
<i>Pass-Through from University of Minnesota</i>		5R01CA86191		27,037	27,037
<i>Pass-Through from University of Minnesota</i>		Q6437319103/CA111355		54,446	54,446
<i>Pass-Through from University of Missouri - Columbia</i>		G72134		13,323	13,323
<i>Pass-Through from University of Pennsylvania</i>		TOMLINSON/DNA REPAI		1,397	1,397
<i>Pass-Through from University of Pittsburgh</i>		5 R01 CA101980 05		55,783	55,783
<i>Pass-Through from University of Rochester</i>		5 R01 CA098954 04		9,462	9,462
<i>Pass-Through from University of Wisconsin - Madison</i>		5 R01 CA114539 02		29,129	29,129
<b>Cancer Detection and Diagnosis Research</b>	93.394		1,398,732	5,359,471	6,758,203
<i>Pass-Through from 3 Gen, LLC</i>		R01 CA106728 01		18,365	18,365
<i>Pass-Through from American College of Radiology Imaging</i>		1R41CA110159		24,054	24,054
<i>Pass-Through from American College of Radiology Imaging</i>		6666CA080098		62,788	62,788
<i>Pass-Through from American College of Radiology Imaging</i>		ACRIN PROT#6673		5,387	5,387
<i>Pass-Through from American College of Radiology Imaging</i>		DODD-ACRIN-NCI		9,755	9,755
<i>Pass-Through from American College of Radiology Imaging</i>		U01CA80098		(35)	(35)
<i>Pass-Through from Duke Clinical Research Institute</i>		5R01CA082344		1,330	1,330
<i>Pass-Through from Fairway Medical Technologies</i>		5R44CA096153-03		3,658	3,658
<i>Pass-Through from Purdue University</i>		4102-19026		55,478	55,478
<i>Pass-Through from Research Triangle Institute</i>		N01-CP-01004		685	685
<i>Pass-Through from Rice University</i>		R21141		2,817	2,817
<i>Pass-Through from Rice University</i>		R21143		32	32
<i>Pass-Through from Rice University</i>		R33CA100986		48,599	48,599
<i>Pass-Through from University of California</i>		SUB07006		6,938	6,938
<i>Pass-Through from University of California - San Diego</i>		4 R44 CA097686 02		43,781	43,781

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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>		5R01CA113828		48,960	48,960
<i>Pass-Through from University of California - San Francisco</i>		5 U24 CA126477 03		127,207	127,207
<i>Pass-Through from University of Chicago</i>		TRACS 25878		557	557
<i>Pass-Through from University of Maryland - Baltimore County</i>		CG0604		4,407	4,407
<i>Pass-Through from University of Wisconsin - Madison</i>		5 R33 CA111933 03		61,385	61,385
<i>Pass-Through from Vanderbilt University</i>		3 U01 CA091664 05 S2		31,631	31,631
<i>Pass-Through from Vanderbilt University</i>		5 U01 CA114771 03		115,408	115,408
<i>Pass-Through from Vanderbilt University</i>		U24 CA126479 02		155,165	155,165
<i>Pass-Through from Vanderbilt University/NIH</i>		5U01CA11477103		82,965	82,965
<i>Pass-Through from Vanderbilt University/NIH</i>		5U01CA11477104		2,916	2,916
<i>Pass-Through from Washington State University</i>		WU-HT-08-16		31,452	31,452
<i>Pass-Through from Washington University</i>		7 R01 CA106728 04		75,933	75,933
Cancer Treatment Research	93.395		2,273,435	35,152,124	37,425,559
		2R01CA10466106		93,087	93,087
<i>Pass-Through from American College of Radiology</i>		3 U10 CA021661 32 S1		2,037	2,037
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 06		262,156	262,156
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 07		(1,800)	(1,800)
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 08		49,089	49,089
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 27		(25,736)	(25,736)
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 32 S		17,505	17,505
<i>Pass-Through from American College of Radiology</i>		U10CA21661		187	187
<i>Pass-Through from American College of Radiology</i>		UID CA021661-29		860	860
<i>Pass-Through from American College of Surgeons</i>		5 U10 CA076001 04		4,575	4,575
<i>Pass-Through from Bio Tex, Inc.</i>		2 R44 CA079282 04		7,701	7,701
<i>Pass-Through from Bio Tex, Inc.</i>		2 R44 CA096227 02A1		6,107	6,107
<i>Pass-Through from Brigham and Women's Hospital/NIH</i>		5R01CA10716404		14,650	14,650
<i>Pass-Through from Burnham Institute for Medical Research</i>		5R01CA107039		86,269	86,269
<i>Pass-Through from Cancer Therapy and Research Foundation</i>		CON13299		4,190	4,190
<i>Pass-Through from Case Western Reserve University</i>		5R21CA11243602		48,422	48,422
<i>Pass-Through from Cincinnati Children's Hospital</i>		1R01CA11916201A1		7,889	7,889
<i>Pass-Through from CTRC Research Foundation</i>		BEERAM S/G CA 069853		8,560	8,560
<i>Pass-Through from CTRC Research Foundation</i>		SWOG 99055		(524)	(524)
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5 U19 CA100265 05	6,000	1,349,443	1,355,443
<i>Pass-Through from Dana-Farber Cancer Institute/NIH</i>		5R01CA1063703		85,356	85,356
<i>Pass-Through from Duke University</i>		2 U10 CA076001 09		52,664	52,664
<i>Pass-Through from Duke University</i>		2 U10 CA076002 04		498	498
<i>Pass-Through from Duke University</i>		5 P01 CA078673 03		4,717	4,717
<i>Pass-Through from Duke University</i>		5 U10 CA033601 28		32,006	32,006
<i>Pass-Through from Duke University</i>		5 U10 CA076001 10		7,763	7,763
<i>Pass-Through from Duke University</i>		5 U10 CA076001 11		5,906	5,906
<i>Pass-Through from Duke University</i>		5 U10 CA85850 06		(10,653)	(10,653)
<i>Pass-Through from Duke University</i>		5U10CA07600110		1,875	1,875
<i>Pass-Through from Duke University Medical Center</i>		1U01CA076001		37,303	37,303
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		5U10CA02111534		2,983	2,983
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		PSAUTJS00		21,380	21,380
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		U10CA2111533		9,342	9,342
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		EASTERN COOPERATIVE ONCOLOGY GROUP(ECOG)		2,897	2,897
<i>Pass-Through from Fairway Medical Technologies</i>		5R11CA096153-03		1,947	1,947

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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 Fem Cadet, Inc.</i>		FEM.CADET		6,822	6,822
<i>Pass-Through from Foundation Children's Oncology Group</i>		U01CA9745206		10,712	10,712
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		5 R21 CA115044 02		(60,601)	(60,601)
<i>Pass-Through from Gensolve, Inc.</i>		8 R42 CA089778 08		172,732	172,732
<i>Pass-Through from Gynecologic Oncology Group</i>		27469-114		8,196	8,196
<i>Pass-Through from Gynecologic Oncology Group</i>		SPA2746937		47,132	47,132
<i>Pass-Through from Gynecologic Oncology Group</i>		U10CA2746927		13,178	13,178
<i>Pass-Through from Gynecologic Oncology Group (GOG)</i>		5 U10 CA027469 26		4,106	4,106
<i>Pass-Through from Gynecologic Oncology Group (GOG)</i>		5 U10 CA027469 28		3,703	3,703
<i>Pass-Through from Health Research, Inc.</i>		S/G R01CA106815		5,601	5,601
<i>Pass-Through from Health Research, Inc.</i>		S/G R01CA116395		3,617	3,617
<i>Pass-Through from Houston Pharmaceuticals</i>		1 R43 CA130272 01		18,157	18,157
<i>Pass-Through from Houston Pharmaceuticals</i>		5 R41 CA109862 02		5,061	5,061
<i>Pass-Through from Lpath Therapeutics</i>		2 R44 CA110298 02		4,567	4,567
<i>Pass-Through from Michigan Critical Care Consultants</i>		1R41CA120616-01A2		15,555	15,555
<i>Pass-Through from National Cancer Institute - DHHS - NIH</i>		5 R01 CA089442 05		(9,653)	(9,653)
<i>Pass-Through from National Childhood Cancer Foundation</i>		15975		25,000	25,000
<i>Pass-Through from National Childhood Cancer Foundation</i>		16933/COG		7,113	7,113
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U01CA09745205		6,013	6,013
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U01CA09745206		18,671	18,671
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA09854304		1,664	1,664
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA09854305		99,098	99,098
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA9854303		57,209	57,209
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA9854305S1		241,714	241,714
<i>Pass-Through from National Childhood Cancer Foundation</i>		U10CA9854305		15,782	15,782
<i>Pass-Through from National Surgical Adjuvant Breast and</i>		NSABP - TFEED 36, 37		24,554	24,554
<i>Pass-Through from Neurobio Tex, Inc.</i>		CON16448		10,280	10,280
<i>Pass-Through from Northwestern University</i>		3 R01 CA085915 07 S1		41,031	41,031
<i>Pass-Through from Northwestern University</i>		5 R01 CA085915 08		164,554	164,554
<i>Pass-Through from NSABP Foundation</i>		1 U10 CA012027 01		(1,994)	(1,994)
<i>Pass-Through from NSABP Foundation</i>		U10CA12027		13,336	13,336
<i>Pass-Through from Oregon Health Science University</i>		5 R01 CA083936 04		10,696	10,696
<i>Pass-Through from Pediatric Oncology Group</i>		5U10CA30969		2,561	2,561
<i>Pass-Through from Radiation Therapy Oncology Group</i>		5 U10 CA21661 32		28,748	28,748
<i>Pass-Through from Rice University</i>		5 R01 103830 04		366,256	366,256
<i>Pass-Through from Rice University</i>		5 R01 CA103830 04A4		339,668	339,668
<i>Pass-Through from Rice University</i>		7R01CA103830		38,392	38,392
<i>Pass-Through from Rice University</i>		R21151, AMNT 4		60,849	60,849
<i>Pass-Through from Rice University</i>		R21156, AMEND 4		92,027	92,027
<i>Pass-Through from RTOG/NIH</i>		U10CA21661		58,978	58,978
<i>Pass-Through from Sidney Kimmel Cancer Center</i>		1R21GM077681		72,939	72,939
<i>Pass-Through from Sloan Kettering Institute</i>		5R01CA10047403		(1,495)	(1,495)
<i>Pass-Through from St Jude Children's Research Hospital</i>		5U24CA05572713		39,014	39,014
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5 U24 14		267,943	267,943
<i>Pass-Through from The University of Michigan</i>		CA32102		93,357	93,357
<i>Pass-Through from The University of Michigan</i>		S/G U10CA32102		1,116,544	1,116,544
<i>Pass-Through from The University of Michigan</i>		SWOG/CTEP, CA32102		16,450	16,450
<i>Pass-Through from Translational Genomics Research</i>		5 P01 04		202,823	202,823
<i>Pass-Through from Translational Genomics Research</i>		5 P01 CA109552 02A1		34,958	34,958
<i>Pass-Through from Transpire, Inc.</i>		2 R44 CA105806 02		59,235	59,235
<i>Pass-Through from University of Arizona</i>		2 P01 CA017094 28A2		258,182	258,182
<i>Pass-Through from University of Arkansas for Medical Sciences</i>		S/G R01CA118981	40,077	4,875	44,952
<i>Pass-Through from University of California</i>		S/G R01CA107228		(532)	(532)
<i>Pass-Through from University of California - San Diego</i>		5 P01 CA081534 06		(25,562)	(25,562)

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>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>		5 P01 CA081534 06 S1		(52,146)	(52,146)
<i>Pass-Through from University of California - San Diego</i>		5 P01 CA081534 09		356,921	356,921
<i>Pass-Through from University of California - San Francisco</i>		5 U01 CA062399 14		483,718	483,718
<i>Pass-Through from University of California - San Francisco</i>		U01 CA062399		4,995	4,995
<i>Pass-Through from University of Chicago</i>		5U10CA03744705		17,041	17,041
<i>Pass-Through from University of Colorado</i>		5 R33 CA097710 04		(10,323)	(10,323)
<i>Pass-Through from University of Southern CA/NIH</i>		5R01CA07192109		3,298	3,298
<i>Pass-Through from University of Tennessee</i>		2 R01 CA092160 06		35,056	35,056
<i>Pass-Through from Vanderbilt University</i>		5 R01 CA038079 20		5,676	5,676
<i>Pass-Through from Vanderbilt University</i>		5 R01 CA115556 02		76,823	76,823
<i>Pass-Through from Virginia Commonwealth University</i>		5 R21 CA092950 03		(12,000)	(12,000)
<i>Pass-Through from Virginia Commonwealth University</i>		5 R01 CA093626-04		(1,408)	(1,408)
<i>Pass-Through from Washington University</i>		2 U24 CA081647 09		137,005	137,005
Cancer Biology Research	93.396		229,919	17,403,623	17,633,542
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA 105352 04		156,715	156,715
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA084243 09		187,150	187,150
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA105352 04		486,481	486,481
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA105491 03		(316)	(316)
<i>Pass-Through from Einstein Medical College-Yeshiva University</i>		9-526-2343/AG24391		9,409	9,409
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		5 U01 CA084296 10		139,973	139,973
<i>Pass-Through from Louisiana State University Health Science Center</i>		1 R21 CA116324 01 A2		15,563	15,563
<i>Pass-Through from Massachusetts Institute of Technology</i>		5 U01 CA084306 05		(25,578)	(25,578)
<i>Pass-Through from Massachusetts Institute of Technology</i>		5 U01 CA084306 09		155,508	155,508
<i>Pass-Through from Mayo Clinic</i>		5 P50 CA116201 03		11,264	11,264
<i>Pass-Through from Mayo Clinic</i>		5R01CA10450505		29,698	29,698
<i>Pass-Through from Rhode Island Hospital</i>		RIH 701-1461		7,593	7,593
<i>Pass-Through from University of California - San Francisco</i>		5 P01 CA064602 09 4		(167,273)	(167,273)
<i>Pass-Through from University of Massachusetts Medical School</i>		5 R01 02		54,049	54,049
<i>Pass-Through from University of Pennsylvania</i>		5 R01 CA089202 07		27,326	27,326
<i>Pass-Through from University of Pittsburgh</i>		5 R01 CA098372 03		17,948	17,948
<i>Pass-Through from University of Virginia</i>		5 R01 CA088456 04		(45)	(45)
<i>Pass-Through from Vanderbilt University</i>		2P01CA040035-18A1		276,241	276,241
<i>Pass-Through from Yale University</i>		S/C 1U01 CA8181001		(30,111)	(30,111)
<i>Pass-Through from Yale University</i>		5U01CA81810-02		(21,398)	(21,398)
Cancer Centers Support Grants	93.397		1,725,187	24,590,723	26,315,910
<i>Pass-Through from University of Arizona</i>		P50 CA095060 07		319,130	319,130
<i>Pass-Through from University of Iowa</i>		2 P50 CA097274 06		34,348	34,348
Cancer Research Manpower	93.398		656,181	10,506,561	11,162,742
<i>Pass-Through from University of Michigan</i>		5 K07 CA090241 05		187	187
Cancer Control	93.399		7,274,003	20,596,651	27,870,654
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 CA078480 11		53,202	53,202
<i>Pass-Through from Baylor College of Medicine</i>		5 R01 CA-101211 05		80,163	80,163
<i>Pass-Through from Brigham and Women's Hospital/NIH</i>		2U01CA08634108		47,562	47,562
<i>Pass-Through from Brigham and Women's Hospital/NIH</i>		2U01CA08638108		29,182	29,182
<i>Pass-Through from Dartmouth Medical School</i>		5 R01 CA059005 15		80,629	80,629
<i>Pass-Through from Duke University</i>		1 R21 CA122143 01A1		3,970	3,970
<i>Pass-Through from Duke University</i>		5 R01 CA106919 04		2,533	2,533
<i>Pass-Through from Eastern Cooperative Oncology Group (ECOG)</i>		5 MDA520SH05-00		181,143	181,143
<i>Pass-Through from Fox Chase Cancer Center</i>		2 R01 CA075795 08		34,436	34,436

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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 Frontier Science and Technology Research Foundation</i>		3 U10 CA037403 21 S4		(913)	(913)
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		3 U10 CA037403 21-S1		(31,592)	(31,592)
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5 U10 CA037403 23		53,781	53,781
<i>Pass-Through from Health Research, Inc.</i>		U01CA77178-12 PIN SELENIUM		1,976	1,976
<i>Pass-Through from Johns Hopkins University</i>		5 U01 CA084986 08		430	430
<i>Pass-Through from Memorial Sloan-Kettering Cancer Center</i>		5 R01 CA90514 04		16,423	16,423
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA094006-02		(438)	(438)
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA094006-05		28,393	28,393
<i>Pass-Through from National Childhood Cancer Foundation</i>		16935/CA95861		12,107	12,107
<i>Pass-Through from NSABP Foundation</i>		1 U10 CA037377 01		(20,811)	(20,811)
<i>Pass-Through from NSABP Foundation</i>		2 U10 CA037377 10		599,061	599,061
<i>Pass-Through from NSABP Foundation</i>		2 U10 CA037377 22		106,637	106,637
<i>Pass-Through from NSABP Foundation</i>		5 U10 CA037377 09		(65,076)	(65,076)
<i>Pass-Through from NSABP Foundation</i>		NSABP PFED22- TXS-01		(14,770)	(14,770)
<i>Pass-Through from NSABP Foundation</i>		PFED22UTS01	17,000	20,671	37,671
<i>Pass-Through from NSABP Foundation</i>		U10 CA37377		4,488	4,488
<i>Pass-Through from Rush University Medical Center</i>		7 R21 CA106958 03		1	1
<i>Pass-Through from Southwest Oncology Group</i>		1 01		16,011	16,011
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA037429 21		(7,032)	(7,032)
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA077178 11		853	853
<i>Pass-Through from Southwest Oncology Group</i>		5 U10 CA37429 17		15,275	15,275
<i>Pass-Through from Southwest Oncology Group</i>		742618443		9,440	9,440
<i>Pass-Through from Southwest Oncology Group</i>		CA037429 01		5,148	5,148
<i>Pass-Through from Southwest Oncology Group</i>		CA37429		2,826	2,826
<i>Pass-Through from Southwest Oncology Group</i>		PCPT9345		348	348
<i>Pass-Through from Southwest Oncology Group</i>		(50)		97,557	97,557
<i>Pass-Through from Southwest Oncology Group</i>		SWOG CA37429		66,192	66,192
<i>Pass-Through from Southwest Oncology Group</i>		SWOG/5U10CA37429		124,017	124,017
<i>Pass-Through from Southwest Oncology Group</i>		UTHSCASWOG CA37429		8,301	8,301
<i>Pass-Through from Southwest Oncology Group</i>		CA37429		16,118	16,118
<i>Pass-Through from Stanford University</i>		17666630-33956-A (UTA06-119) AMD NO 1		65,115	65,115
<i>Pass-Through from Stanford University</i>		17666630-33956-A		140	140
<i>Pass-Through from Stanford University</i>		17666630-33956- A(UTA06-119)		28,532	28,532
<i>Pass-Through from The University of Michigan</i>		SG: U10CA037429-24	19,633	1,275,526	1,295,159
<i>Pass-Through from Trustees of Dartmouth College</i>		5 R01 CA098286 05		163,554	163,554
<i>Pass-Through from University of California - Irvine</i>		PCPT U10CA37429		29,371	29,371
<i>Pass-Through from University of Michigan</i>		5 U01 CA086400 05		96	96
<i>Pass-Through from University of Michigan</i>		5 U01 CA086400 08		251,509	251,509
<i>Pass-Through from University of Michigan</i>		CA11675804		25,955	25,955
<i>Pass-Through from University of Wisconsin - Madison</i>		1 R03 CA126406 01		(2)	(2)
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 05		59,035	59,035
<i>Pass-Through from Washington University</i>		5 R01 CA085920 05		(1,607)	(1,607)
Ruminant Feed Ban Support Project	93.449			249,177	249,177
Promoting Safe and Stable Families	93.556			2	2
<i>Pass-Through from Spaulding for Children</i>		G096358		23,091	23,091

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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>					
Community-Based Child Abuse Prevention Grants	93.590			541	541
Head Start	93.600		9,316	232,575	241,891
Developmental Disabilities Basic Support and Advocacy Grants	93.630			186,305	186,305
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632		42,000	450,102	492,102
Child Welfare Services Training Grants	93.648		22,173	16,907	39,080
<i>Pass-Through from City of Ft Worth</i> Adoption Opportunities	93.652	33788		90	90
<i>Pass-Through from Adoption Exchange Association</i> Demonstration to Maintain Independence and Employment	93.769	UTA07-833		157,787	157,787
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			519,149	519,149
				1,158,279	1,158,279
<i>Pass-Through from Memorial Hermann TIRR</i> State Pharmaceutical Assistance Programs	93.786	11-P-92574		39,291	39,291
Money Follows the Person Rebalancing Demonstration	93.791			(3,299)	(3,299)
<i>Pass-Through from Center for Health Care Services</i> Biomedical Research and Research Training	93.821	MAPLES-CHCS		10,950	10,950
<i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from University of California - San Diego/NIH</i>		4600592817 5U54GM06933806		111,671	111,671
Health Careers Opportunity Program	93.822			(301)	(301)
Cardiovascular Diseases Research	93.837		5,923,934	32,471	32,471
<i>Pass-Through from University of Washington/NIH</i> <i>Pass-Through from Baylor College of Medicine</i>		U01HL071556 100528276/R01HL90514		12,608	12,608
<i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Baylor College of Medicine</i>		5 R01 HL068884 05 N01HC55016		36,450,289	42,374,223
<i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Case Western Reserve University</i>		R01HL078589 R01HL086718		9,217	9,217
<i>Pass-Through from Cincinnati Children's Hospital</i> <i>Pass-Through from Cincinnati Children's Hospital</i>		5P50HL07710103 5P50HL07710104		13,199	13,199
<i>Pass-Through from Corinnova, Inc.</i>		PRIME 4R42HL080759 - 426049		(2,411)	(2,411)
<i>Pass-Through from Duke University</i> <i>Pass-Through from Duke University Medical Center/NIH</i>		04-SC-NIH-1063 1U01HL06901501		154,230	154,230
<i>Pass-Through from Kaiser Foundation</i> <i>Pass-Through from Mayo Clinic</i>		R01HL78972 5R01HL53330		11,809	11,809
<i>Pass-Through from Medarray, Inc.</i> <i>Pass-Through from Medical College of Georgia</i>		2R44HL68375 5R01HL07294602		37,748	37,748
<i>Pass-Through from Medical College of Wisconsin</i> <i>Pass-Through from Medical College of Wisconsin</i>		2R01HL07292005 4R37HL07431406		4,672	4,672
<i>Pass-Through from Medical College of Wisconsin</i> <i>Pass-Through from Medical College of Wisconsin</i>		5P01HL02958725 5P01HL05999608		15,771	15,771
<i>Pass-Through from Medical College of Wisconsin</i> <i>Pass-Through from Medical College of Wisconsin</i>		5P01HL05999609 5R01HL07292006		72,856	72,856
<i>Pass-Through from Medical College of Wisconsin</i> <i>Pass-Through from Medical University of Ohio</i>		5R37HL07431405 NS 2006-048		84,264	84,264
<i>Pass-Through from Medical University of Ohio</i> <i>Pass-Through from New England Medical Center Hospitals, Inc.</i>		U00HL077821		20,604	20,604
<i>Pass-Through from New England Research</i> <i>Pass-Through from New England Research Institute</i>		5U01HL06827006 5U01HL06827007		265,395	265,395
<i>Pass-Through from New England Research Institute</i> <i>Pass-Through from New York Medical College</i>		U01HL68270 5P01HL03430022		(4,581)	(4,581)
<i>Pass-Through from Northwestern University</i> <i>Pass-Through from Ohio State University</i>		0600-370-V983-1431 05LM050030FNL		(54)	(54)
<i>Pass-Through from Research Triangle Institute</i>		HHSN268200648199C		660	660
				12,224	12,224
				542	542
				325,591	325,591
				287	287
				57,984	57,984
				7,170	7,170
				82,670	82,670
				560	560
				104,122	104,122



# STATE OF TEXAS

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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 Southwest Foundation for Biomedical Research</i>		P01 HL45522-CORE A		(1,081)	(1,081)
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		P01 HL45522-CORE C		706	706
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		SFBR 06-1498.002		172,655	172,655
<i>Pass-Through from St Luke's Hospital/NIH</i>		1P50HL07711301		21,642	21,642
<i>Pass-Through from Statistics and Epidemiology Research Corporation</i>		N01HC55139		(1,838)	(1,838)
<i>Pass-Through from Texas Heart Institute</i>		U01HL087365		61,640	61,640
<i>Pass-Through from Tufts - New England Medical</i>		5U01HL07782103		445,814	445,814
<i>Pass-Through from Tulane University</i>		3U01HL72507		67,685	67,685
<i>Pass-Through from University of Alabama - Birmingham</i>		U01HL072524		14,593	14,593
<i>Pass-Through from University of California - San Diego</i>		10259605		139,916	139,916
<i>Pass-Through from University of Michigan</i>		R01HL39107		21,128	21,128
<i>Pass-Through from University of Minnesota</i>		B636777720		28,935	28,935
<i>Pass-Through from University of Minnesota</i>		TONEY-UM- HL076312		168,258	168,258
<i>Pass-Through from University of Mississippi Medical Center</i>		R01HL70825		14,838	14,838
<i>Pass-Through from University of Pittsburgh</i>		5U01HL61744		22,461	22,461
<i>Pass-Through from University of Pittsburgh/NIH</i>		5R01HL07503804		4,870	4,870
<i>Pass-Through from University of Toledo</i>		942536-03		16,588	16,588
<i>Pass-Through from University of Washington</i>		N01-HC-95159		933	933
<i>Pass-Through from University of Washington/NIH</i>		5U01HL07786304		3,230	3,230
<i>Pass-Through from Wake Forest</i>		UT 155030-11129		412,879	412,879
Lung Diseases Research	93.838		1,951,495	7,939,262	9,890,757
<i>Pass-Through from Colla Genex Pharmaceutical, Inc.</i>		2R42HL065030-02A1		(972)	(972)
<i>Pass-Through from Compact Membrane Systems, Inc.</i>		2R44HL064528-02		(2,511)	(2,511)
<i>Pass-Through from Cornell University</i>		R01HL071022	98,736	103,580	202,316
<i>Pass-Through from John Hopkins University/NIH</i>		1R01HL6892701		560	560
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL04929413		16,631	16,631
<i>Pass-Through from Medical College of Wisconsin</i>		5R01HL06862705		10	10
<i>Pass-Through from Michigan Critical Care, Inc.</i>		A-AVCO2R		(803)	(803)
<i>Pass-Through from Michigan Critical Care, Inc.</i>		CON12892		(100)	(100)
<i>Pass-Through from National Jewish Health</i>		24021001/HL089897		40,243	40,243
<i>Pass-Through from University of Alabama at Birmingham</i>		063690705		14,636	14,636
<i>Pass-Through from University of California - San Francisco</i>		SEIDNER:S/G HL056061		(4,306)	(4,306)
<i>Pass-Through from University of Chicago</i>		U01HL084715		33,777	33,777
<i>Pass-Through from University of Pennsylvania/NIH</i>		5R01HL07909004		79,444	79,444
<i>Pass-Through from Washington University in St Louis</i>		WU-07-34		115,661	115,661
Blood Diseases and Resources Research	93.839		278,925	3,318,275	3,597,200
<i>Pass-Through from Baylor College of Medicine</i>		5K23HL081539		27,602	27,602
<i>Pass-Through from Children's Hospital Boston/NIH</i>		5U01HL06526005		1,053	1,053
<i>Pass-Through from Children's Hospital Research /NIH</i>		5U01HL068091		539	539
<i>Pass-Through from H Lee Moffitt Cancer/NIH</i>		2R01HL07252305A1		77,325	77,325
<i>Pass-Through from Massachusetts General Hospital</i>		5 U54 HL081030 02		(57,756)	(57,756)
<i>Pass-Through from Medical College of Wisconsin</i>		1P01HL081588		23,027	23,027
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		14867 02		40,109	40,109
<i>Pass-Through from National Marrow Donor Program-DHHS-NIH</i>		5 U01 HL69334		13,906	13,906
<i>Pass-Through from Northwestern University</i>		5R01HL06971702		24	24
<i>Pass-Through from St Jude Children's Hospital</i>		5U01HL07878702		49,638	49,638

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from St Jude Children's Hospital</i>		5U01HL07878703		12,718	12,718
<i>Pass-Through from Stanford University</i>		5R01HL079381		230,053	230,053
<i>Pass-Through from University Medicine and Dentistry of New Jersey</i>		SG/1R01HL073958- 01A1		3,179	3,179
<i>Pass-Through from University of Alabama at Birmingham</i>		N01-HC-95095		179,790	179,790
<i>Pass-Through from University of Louisville</i>		40999		(2)	(2)
<i>Pass-Through from University of Nevada - Reno</i>		502963		15,380	15,380
<i>Pass-Through from University of Oklahoma</i>		5U01HL07228305		30,840	30,840
<i>Pass-Through from University of Oklahoma/NIH</i>		2U01HL07228306		38,410	38,410
<i>Pass-Through from University of Oklahoma/NIH</i>		5U01HL07228303		7,967	7,967
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		694,301	10,981,994	11,676,295
<i>Pass-Through from Biomedical Development Corporation</i>		1R43AR052544		2,354	2,354
<i>Pass-Through from Biomedical Development Corporation</i>		1R43AR052998		1,559	1,559
<i>Pass-Through from Biomedical Development Corporation</i>		G93.006/2R44DE017301		39,098	39,098
<i>Pass-Through from Biotex, Inc.</i>		04-028		5,603	5,603
<i>Pass-Through from Cedars-Sinai Medical Center</i>		5R01AR048465		10,210	10,210
<i>Pass-Through from Cincinnati Children's Hospital</i>		U01AR05186803		43	43
<i>Pass-Through from Cooper Institute</i>		G72117		23,269	23,269
<i>Pass-Through from Duke University</i>		N01AI05419		10,284	10,284
<i>Pass-Through from Feinstein Institute for Medical Research</i>		2 R01 AR44422 09 A1		77,742	77,742
<i>Pass-Through from Jackson Laboratory</i>		S/G AR45433 JAX LABS		76,477	76,477
<i>Pass-Through from Jackson Laboratory</i>		SG/1R01AR05385301A1		45,685	45,685
<i>Pass-Through from Regents of The University of California, UCLA</i>		U01AR055057		33,016	33,016
<i>Pass-Through from Seattle Children's Institute/NIH</i>		1R01AR04976201A2		1,609	1,609
<i>Pass-Through from Somagenics, Inc.</i>		1 R43 AR054301 01		18,075	18,075
<i>Pass-Through from The Cooper Institute</i>		5 R01 AR052459-02		73,938	73,938
<i>Pass-Through from University of Alabama - Birmingham</i>		1P01AR49084		3,546	3,546
<i>Pass-Through from University of Alabama - Birmingham</i>		P50AR45231		(22,241)	(22,241)
<i>Pass-Through from University of Alabama at Birmingham</i>		BREY/UA		11,251	11,251
<i>Pass-Through from University of Connecticut Health Center</i>		R01 AR049341/HARRIS		55,499	55,499
<i>Pass-Through from University of Maryland at Baltimore</i>		BAUER- S01835		54,536	54,536
<i>Pass-Through from University of Missouri at Kansas City</i>		8054 - P01 AR046798		40,815	40,815
<i>Pass-Through from University of Missouri at Kansas City</i>		8057/00012317		120,279	120,279
<i>Pass-Through from University of Missouri at Kansas City</i>		UMKC 8058		195,090	195,090
<i>Pass-Through from University of Missouri/NIH</i>		2R01AR04941906		5,035	5,035
<i>Pass-Through from University of Pennsylvania</i>		545295		50,864	50,864
<i>Pass-Through from University of Tennessee</i>		N01 AR92242		754	754
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		1,843,863	18,324,662	20,168,525
<i>Pass-Through from Arthrochip, LLC</i>		5R42DK06538803		(77,566)	(77,566)
<i>Pass-Through from Avi Bio Pharma</i>		1R41DK067706-01		5,108	5,108
<i>Pass-Through from Baylor College of Medicine</i>		5U19DK6243405		5,420	5,420
<i>Pass-Through from Baylor College of Medicine/NIH</i>		2U19DK06243406		202,604	202,604
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		U01DK062418		1,724	1,724
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		3215.06/U01DK062418		542	542
<i>Pass-Through from Betastem Therapeutics, Inc.</i>		1R41DK07952901		52,964	52,964
<i>Pass-Through from Biochem Analysis Corporation</i>		CON15453		(2,721)	(2,721)
<i>Pass-Through from Case Western Reserve University</i>		N01DK62203		480	480
<i>Pass-Through from Duke University Medical Center</i>		5P01DK05839807		473,985	473,985
<i>Pass-Through from Duke University/NIH</i>		2P01DK05839807		668,303	668,303
<i>Pass-Through from George Washington University</i>		233012CCLS20127A		104,322	104,322
<i>Pass-Through from George Washington University</i>		HALE/GWU 06-T49		121,792	121,792

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from George Washington University</i>		HALE:S/G DK6123-01 G		435,363	435,363
<i>Pass-Through from George Washington University</i>		U01 DK061230	916,934	350,720	1,267,654
<i>Pass-Through from Grassroots Pharmaceuticals, Inc.</i>		R41DK63882		80	80
<i>Pass-Through from Joslin Diabetes Center</i>		5U01DK07455602		408	408
<i>Pass-Through from Marquette University</i>		5R01DK035153		9,517	9,517
<i>Pass-Through from Medical College of Georgia</i>		5R01DK04314013		19,326	19,326
<i>Pass-Through from Medical College of Georgia</i>		5U24DK076169-02		26,541	26,541
<i>Pass-Through from Medical College of Georgia</i>		5U24DK07616903		540,417	540,417
<i>Pass-Through from PLX Pharma, Inc.</i>		5R42DK063882		17	17
<i>Pass-Through from Probetex, Inc.</i>		PROBOTEX		66,495	66,495
<i>Pass-Through from Probetex, Inc.</i>		R41DK077436		54,638	54,638
<i>Pass-Through from Spire Corporation</i>		07LM0600PL		69,117	69,117
<i>Pass-Through from The University of Chicago</i>		DK58026		(15,021)	(15,021)
<i>Pass-Through from University of Arkansas</i>		1R01DK071100		115,861	115,861
<i>Pass-Through from University of Montana/NIH</i>		7R01DK04637114		51,130	51,130
<i>Pass-Through from Van Andel Research Institute/NIH</i>		5R01DK07166203		22,844	22,844
<i>Pass-Through from Vanderbilt University/NIH</i>		5U01DK07247303		121,770	121,770
<i>Pass-Through from Vanderbilt University/NIH</i>		5U19DK04250217		362,198	362,198
<i>Pass-Through from Vanderbilt University/NIH</i>		5U19DK04250219		27,833	27,833
Digestive Diseases and Nutrition Research	93.848		476,735	10,248,678	10,725,413
		1 R01 DK071707 01A2		21,360	21,360
<i>Pass-Through from Baylor College of Medicine</i>		2 P30 DK056338 06 A2		3,495	3,495
<i>Pass-Through from Baylor College of Medicine</i>		4600670598		141,224	141,224
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338		33,708	33,708
<i>Pass-Through from Biochemanalysis Corporation</i>		1R43DK06449501A1		8,027	8,027
<i>Pass-Through from Duke University</i>		5U01DK06517605		9,964	9,964
<i>Pass-Through from Kaiser Foundation Research Institute</i>		1 R01 DK 070553-04		30,466	30,466
<i>Pass-Through from Natural Therapeutics, Inc.</i>		5R44DK52740		139	139
<i>Pass-Through from PLX Pharma, Inc.</i>		R42DK063882		240,235	240,235
<i>Pass-Through from Purdue University</i>		5R01DK04520414		45,997	45,997
<i>Pass-Through from University of California - Davis</i>		2 R01 DK056839 06 A2		63,807	63,807
<i>Pass-Through from University of Chicago</i>		5 U01 GM061393 08		114,811	114,811
Kidney Diseases, Urology and Hematology Research	93.849		92,038	12,442,646	12,534,684
<i>Pass-Through from Children's Mercy Hospital</i>		5U01DK06614302		1,379	1,379
<i>Pass-Through from Cincinnati Children's Hospital</i>		1R01DK07695701A1		62,218	62,218
<i>Pass-Through from Cornell University/NIH</i>		5R01DK5944304/NIH		16	16
<i>Pass-Through from John Hopkins University</i>		5U01DK066174		87,963	87,963
<i>Pass-Through from Northwestern University</i>		0600370P509280		(5,448)	(5,448)
<i>Pass-Through from Suny Stonybrook/ NIH</i>		5 U01 DK063385		335	335
<i>Pass-Through from The Research Foundation of Suny Stonybrook</i>		S/G ARAR-SUNY 063385		120	120
<i>Pass-Through from University of Alabama Birmingham</i>		5P30DK07403802		1,278	1,278
<i>Pass-Through from University of Alabama-Birmingham/NIH</i>		5P30DK07403803		30,891	30,891
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5R01DK066101-02		(679)	(679)
<i>Pass-Through from Vanderbilt University/NIH</i>		5P01DK03822621		282,219	282,219
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		8,959,196	34,257,518	43,216,714
<i>Pass-Through from ALA Scientific Instruments</i>		1R41NS046182-01		(223)	(223)
<i>Pass-Through from ALA Scientific Instruments</i>		61620052		(140)	(140)
<i>Pass-Through from Apt Therapeutics, Inc.</i>		R43NS060175		59,001	59,001
<i>Pass-Through from Baylor College of Medicine</i>		100538450		89,065	89,065
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS038660		178,463	178,463
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS021889		40,514	40,514

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine/NIH</i>		5R01NS02188924		51,635	51,635
<i>Pass-Through from Baylor College of Medicine/NIH</i>		5R01NS02188925		8,060	8,060
<i>Pass-Through from Brandeis University</i>		1R01NS050944		22,132	22,132
<i>Pass-Through from Children's Hospital of Philadelphia</i>		1R01NS05048801A1		18,827	18,827
<i>Pass-Through from Columbia University</i>		COL U/R01NS048125-02		1,288	1,288
<i>Pass-Through from Columbia University</i>		JACKSON:CUNY- N045294		(1,184)	(1,184)
<i>Pass-Through from Columbia University</i>		R01NS050724		41,991	41,991
<i>Pass-Through from Columbia University/NIH</i>		5R01NS04529403		1,448	1,448
<i>Pass-Through from Emory University</i>		5 R01 NS0428647 05		68,072	68,072
<i>Pass-Through from Hawaii Biotech</i>		9R44NS052139-02A1		(53,349)	(53,349)
<i>Pass-Through from Henry Ford Hospital and Health Services</i>		UTA04-156		75,932	75,932
<i>Pass-Through from John Hopkins University</i>		5R01NS050028		10,080	10,080
<i>Pass-Through from John Hopkins University</i>		5R01NS055651		4,216	4,216
<i>Pass-Through from John Hopkins University</i>		R01NS055648		6,629	6,629
<i>Pass-Through from Loyola University Chicago</i>		LU1760		(22)	(22)
<i>Pass-Through from Mayo Clinic</i>		5 R01 NSO49720 02		(4,150)	(4,150)
<i>Pass-Through from Mayo Clinic Rochester/NIH</i>		5P50NS03235213		156,921	156,921
<i>Pass-Through from Mayo Foundation</i>		2R01NS039987 06		(1,166)	(1,166)
<i>Pass-Through from Mount Sinai Medical Center</i>		5U01NS045719		467,545	467,545
<i>Pass-Through from Mount Sinai School of Medicine</i>		MSSM# 0255-0521- 4609		51,687	51,687
<i>Pass-Through from Northwestern University</i>		0600 370 J005 U TEXAS AUSTIN 00		87	87
<i>Pass-Through from Northwestern University</i>		0600 370 S366 795		149,851	149,851
<i>Pass-Through from RFE Pharma</i>		2R42NS04877702		118,001	118,001
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		SG SZABO 047755 SFBR		77,262	77,262
<i>Pass-Through from St. Louis University</i>		5R01NS050547-02		16,103	16,103
<i>Pass-Through from Stanford University/NIH</i>		1P01NS05386201A1		312,626	312,626
<i>Pass-Through from Thomas Jefferson University</i>		5R01NS05059702		27,986	27,986
<i>Pass-Through from Thomas Jefferson University</i>		5R01NS05059703		918	918
<i>Pass-Through from University of California</i>		P50NS044378		13,674	13,674
<i>Pass-Through from University of California - Los Angeles</i>		0980GGH018		155,880	155,880
<i>Pass-Through from University of California - San Diego</i>		5P50NS044148		36,577	36,577
<i>Pass-Through from University of Cincinnati</i>		5R01NS047603		180,845	180,845
<i>Pass-Through from University of Cincinnati</i>		U01NS052220		4,695	4,695
<i>Pass-Through from University of Cincinnati/NIH</i>		5R01NS05489002		34,645	34,645
<i>Pass-Through from University of Florida</i>		UF07079		106,748	106,748
<i>Pass-Through from University of Kentucky Research Foundation</i>		3046960400-06-241		16,478	16,478
<i>Pass-Through from University of Kentucky Research Foundation</i>		3047310200-06-311		1,350	1,350
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		1U01NS043975		2,074	2,074
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		R01NS38384		42,198	42,198
<i>Pass-Through from University of Medicine and Dentistry of New Jersey/NIH</i>		5R01NS03838406		98,240	98,240
<i>Pass-Through from University of Medicine and Dentistry of New Jersey/NIH</i>		5R01NS05273303		43,541	43,541
<i>Pass-Through from University of Medicine and Dentistry of New Jersey/NIH</i>		5R21NS05351702		35,248	35,248
<i>Pass-Through from University of Miami</i>		5R01NS04954503		41,600	41,600

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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>		F011315, LTR DTD 5.12.08		30,746	30,746
<i>Pass-Through from University of Michigan</i>		3000911237		23,288	23,288
<i>Pass-Through from University of Pittsburgh</i>		9002033		66,107	66,107
<i>Pass-Through from University of Pittsburgh/NIH</i>		1U01NS05247801A2		7,664	7,664
<i>Pass-Through from University of Rochester/NIH</i>		5R01NS3716705		580	580
<i>Pass-Through from University of Virginia</i>		5 R01 NS049065 03		81,848	81,848
<i>Pass-Through from University of Virginia</i>		5R01NS037666		69,022	69,022
<i>Pass-Through from Wake Forest University/NIH</i>		NS34447		1,338	1,338
<i>Pass-Through from Washington University</i>		5U01NS04280404		25,000	25,000
<i>Pass-Through from Washington University in St Louis</i>		SHERMAN:S/G NS42167		2,839	2,839
<i>Pass-Through from Washington University/NIH</i>		5U01NS04280405		51,300	51,300
<i>Pass-Through from Washington University/NIH</i>		U01NS04280402		3,886	3,886
<i>Pass-Through from Washington University/NIH</i>		WU0304		461	461
<i>Pass-Through from Yale University</i>		A05648		19,062	19,062
<i>Pass-Through from Yale University/NIH</i>		1R01NS04487601A2		353	353
<i>Pass-Through from Yale University/NIH</i>		5R01NS04487602		113	113
<i>Pass-Through from Yale University/NIH</i>		5R01NS04487603		113	113
<i>Pass-Through from Yale University/NIH</i>		5U01NS04487604		14,974	14,974
Biological Basis Research in Neurosciences	93.854			(3,468)	(3,468)
<i>Pass-Through from University of Maryland</i>		R01NS3858501A1		(1,575)	(1,575)
Allergy, Immunology and Transplantation Research	93.855		4,486,755	55,358,157	59,844,912
<i>Pass-Through from Albert Einstein College</i>		9-526-2107 AMD NO 1		87,534	87,534
<i>Pass-Through from Albert Einstein College of Medicine</i>		503600		97,666	97,666
<i>Pass-Through from Albert Einstein College of Medicine</i>		503750		83,390	83,390
<i>Pass-Through from Alexion Antibody Technologies</i>		5R01A1061311-03		4,001	4,001
<i>Pass-Through from American Type Culture Collection</i>		2006-001		50,355	50,355
<i>Pass-Through from Baylor College of Medicine</i>		1U91AI070973		58,829	58,829
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-25465		110,753	110,753
<i>Pass-Through from Baylor Research Institute</i>		3U19AI05723405S1		159,456	159,456
<i>Pass-Through from Burnham Institute</i>		5R01AI05914604		27,689	27,689
<i>Pass-Through from Columbia University</i>		5-35467		39,228	39,228
<i>Pass-Through from Columbia University</i>		5U19A1067773-02		(800)	(800)
<i>Pass-Through from Fred Hutchinson Cancer Research</i>		R01AI041721		19,901	19,901
<i>Pass-Through from George Washington University</i>		U01AI069503		520,726	520,726
<i>Pass-Through from Health Research, Inc.</i>		2983-01		(56)	(56)
<i>Pass-Through from Health Research, Inc.</i>		5U54A105715805		161,197	161,197
<i>Pass-Through from Ibis Biosciences Incorporated</i>		1R41A1072859-01A2		40,897	40,897
<i>Pass-Through from Imperial College of Science, Technology And Medicine</i>		DD/2134001 DDDH P10552		41,669	41,669
<i>Pass-Through from Institute for Clinical Research</i>		U01-AI068641		677,112	677,112
<i>Pass-Through from Louisiana State University Medical Center</i>		R01AI046142		26,622	26,622
<i>Pass-Through from Marshfield Clinic Research Foundation</i>		R01AI061385		13,350	13,350
<i>Pass-Through from Medicine for Malaria Venture/NIH</i>		1U01AI07559401		282,866	282,866
<i>Pass-Through from Oregon Health Sciences University</i>		HHSN2662005000027		47,263	47,263
<i>Pass-Through from Pharmareview Corporation</i>		5R42AI051050		8,261	8,261
<i>Pass-Through from Resuscitation Solutions, Inc.</i>		1R43A158393-01A1		(529)	(529)
<i>Pass-Through from Social and Scientific Systems</i>		UMIN1.SITES.SANTO		4,153	4,153
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		NIH NO.5 U54AI057156		10,474	10,474
<i>Pass-Through from Starpharma Pty., Ltd.</i>		5U19A1060598-04		126,989	126,989
<i>Pass-Through from The Burnham Institute</i>		5R01AI05914603		3,278	3,278
<i>Pass-Through from Universal Stabilization Technologies</i>		CON17400		176,638	176,638
<i>Pass-Through from University of California</i>		503322		11,501	11,501

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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 - Berkeley</i>		SA5641-11595		158,662	158,662
<i>Pass-Through from University of California - Davis</i>		01RA5807-UT		70,043	70,043
<i>Pass-Through from University of California - Los Angeles</i>		5U01A1070495		225,814	225,814
<i>Pass-Through from University of California - San Diego</i>		SG: 1P01AI074621-01		6,744	6,744
<i>Pass-Through from University of California - San Francisco</i>		4943SC/1P01AI071713		22,959	22,959
<i>Pass-Through from University of Cincinnati</i>		1R01A107371301A2		7,126	7,126
<i>Pass-Through from University of Cincinnati</i>		5R01A107204002		37,684	37,684
<i>Pass-Through from University of Colorado</i>		STACY-FY05.062.016		1,040	1,040
<i>Pass-Through from University of Georgia</i>		R01AI06890801		35,790	35,790
<i>Pass-Through from University of Mississippi</i>		R21AI067873		16,976	16,976
<i>Pass-Through from University of Pittsburgh</i>		1U19AI065430		4,673	4,673
<i>Pass-Through from University of Pittsburgh</i>		5R01AI060422		3,313	3,313
<i>Pass-Through from University of Rochester</i>		1 U19 AI067733 01		32,248	32,248
<i>Pass-Through from US Immunodeficiency Network</i>		N01-A1-30070		176,453	176,453
<i>Pass-Through from Vaxinnate</i>		1R43A1074162-01		92,762	92,762
<i>Pass-Through from Virginia Technical Institute</i>		5R01A1051880-05		(8,133)	(8,133)
<i>Pass-Through from Washington University - School of Medicine</i>		5U19A1070489-02		(1,714)	(1,714)
<i>Pass-Through from Washington University in St Louis</i>		5U19A1070489-02		31,143	31,143
<i>Pass-Through from Washington University in St Louis</i>		WU-08-110		202,923	202,923
Microbiology and Infectious Diseases Research	93.856		2,729,226	40,977,696	43,706,922
<i>Pass-Through from Adults Aids Clinical Trial Group</i>		204VC010		(14)	(14)
<i>Pass-Through from Albert Einstein College</i>		9-526-1123		(8,846)	(8,846)
<i>Pass-Through from Baylor College of Medicine</i>		1 P30 AI036211-11/15		(821)	(821)
<i>Pass-Through from Baylor College of Medicine</i>		4600629622		3,175	3,175
<i>Pass-Through from Baylor College of Medicine</i>		5R01AI41735		(102)	(102)
<i>Pass-Through from Baylor College of Medicine</i>		P30A103621113		14,511	14,511
<i>Pass-Through from Baylor College of Medicine</i>		P30AI036211		216,109	216,109
<i>Pass-Through from Beth Israel Deaconess</i>		5P01DK05611608		107,833	107,833
<i>Pass-Through from Beth Israel Deaconess</i>		5P01DK05611609		7,850	7,850
<i>Pass-Through from Case Western Reserve University</i>		5000003580		(67)	(67)
<i>Pass-Through from Cytogenix</i>		1R43A1080000-01		5,617	5,617
<i>Pass-Through from Dor Biopharma, Inc.</i>		UC1AI657001		49	49
<i>Pass-Through from Drexel University</i>		232165		(283)	(283)
<i>Pass-Through from Drexel University</i>		U01A1061441-04		227,117	227,117
<i>Pass-Through from Duke University</i>		5U54AI05715702		190	190
<i>Pass-Through from Dynavax Technologies</i>		5U01A156559-03		105,257	105,257
<i>Pass-Through from Harvard University</i>		SUB:137811;NIAID: 1 R01 AI065540-01		9,987	9,987
<i>Pass-Through from Hawaii Biotech</i>		1R43A155225-01A2		(51)	(51)
<i>Pass-Through from Investigen, Inc.</i>		2R44AI069574-02		36,353	36,353
<i>Pass-Through from Louisiana State University Health Science Center</i>		5U19A1061972-04		294,155	294,155
<i>Pass-Through from Molecular Express, Inc.</i>		5R43Z106662103		15,732	15,732
<i>Pass-Through from Molecular Targeting Technologies</i>		R41A1063822-01A2		62,005	62,005
<i>Pass-Through from Planet Biotechnology, Inc.</i>		CON17685		211,103	211,103
<i>Pass-Through from Siga Technologies</i>		5R44A1056525-04		138,619	138,619
<i>Pass-Through from Social and Scientific System</i>		U01AI46362		(15,670)	(15,670)
<i>Pass-Through from Social and Scientific Systems</i>		204VC010		(3,446)	(3,446)
<i>Pass-Through from Social and Scientific Systems</i>		AACTG.27.5170.01		19	19
<i>Pass-Through from Social and Scientific Systems</i>		NO.A5211.05		(133)	(133)
<i>Pass-Through from Starpharma Pty., Ltd.</i>		1U19A160598-01		303,766	303,766
<i>Pass-Through from University of Alabama Birmingham</i>		N01AI-30025		(310)	(310)
<i>Pass-Through from University of California - San Francisco</i>		R08163-01		206	206
<i>Pass-Through from University of Louisville</i>		T15A10755201A1		(69)	(69)

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from University of Maryland</i>		5U54AI05716802		165	165
<i>Pass-Through from University of Minnesota</i>		1U01AI46957		(13,155)	(13,155)
<i>Pass-Through from University of Toledo</i>		N 2006-69		82,585	82,585
<i>Pass-Through from University of Washington</i>		5U54AI05715602		158	158
Biomedical Research and Research Training	93.859		2,516,206	60,586,998	63,103,204
<i>Pass-Through from Accacia International</i>		UTA08-217		109,784	109,784
<i>Pass-Through from Aegis Bioscience</i>		1R43GM075581-01		(585)	(585)
<i>Pass-Through from Aiatctic Technologies, Inc.</i>		1 R43 GM076941-01-UH		200,948	200,948
<i>Pass-Through from Baylor College of Medicine</i>		1 P01 GM081627 01		392,499	392,499
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM008280-19		(1,247)	(1,247)
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM008280-20		52,814	52,814
<i>Pass-Through from Baylor College of Medicine</i>		CON16491		(2,124)	(2,124)
<i>Pass-Through from Baylor College of Medicine/NIH</i>		1P01GM08162701		67,925	67,925
<i>Pass-Through from Carnegie Mellon University</i>		1090125-17		1,117	1,117
<i>Pass-Through from Cornell University</i>		49238-8402		111,022	111,022
<i>Pass-Through from Cytellect Incorporated</i>		1R41GM074436-01A1		39,159	39,159
<i>Pass-Through from Delsite Biotechnologies, Inc.</i>		503133		186,264	186,264
<i>Pass-Through from Harvard Medical School</i>		149015-0006, AMD 05		171,301	171,301
<i>Pass-Through from Institute for Systems Biology</i>		5 R01 04		61,960	61,960
<i>Pass-Through from Johnson Foundation, Robert Wood</i>		P01-3 / P0389273		51,650	51,650
<i>Pass-Through from Massachusetts General Hospital</i>		5U54GM06211908		122,759	122,759
<i>Pass-Through from Massachusetts General/NIH</i>		2U54GM06211906		13,375	13,375
<i>Pass-Through from Massachusetts General/NIH</i>		2U54GM06211907		369,158	369,158
<i>Pass-Through from Mayo Clinic</i>		5 U01 GM0613888 08		71,181	71,181
<i>Pass-Through from Michigan State University</i>		R01AI06871801		75,984	75,984
<i>Pass-Through from Pharmareview Corporation</i>		R41GM079810		92,246	92,246
<i>Pass-Through from Research Foundation of The State</i>		1064773-2-43776		57,203	57,203
<i>Pass-Through from Rice University</i>		401GM080575		128,163	128,163
<i>Pass-Through from Scripps Research Institute</i>		5 P01 HL016411-35		100,598	100,598
<i>Pass-Through from Temple University School of Medicine</i>		WEISS / STRUCTURE		6,527	6,527
<i>Pass-Through from University of Arizona</i>		5 R01 GM070890 04		64,254	64,254
<i>Pass-Through from University of Arizona</i>		Y431369		95,365	95,365
<i>Pass-Through from University of California</i>		DE-AC-03-76SF00098		187,990	187,990
<i>Pass-Through from University of California - San Diego/NIH</i>		5R01GM07666503		517,926	517,926
<i>Pass-Through from University of California - San Francisco</i>		P01 GM047818, AMD 3, 3816SC		315,558	315,558
<i>Pass-Through from University of California/NIH</i>		1R01GM07938301A1		70,673	70,673
<i>Pass-Through from University of Florida</i>		U01GM074492		316,256	316,256
<i>Pass-Through from University of Hawaii/NIH</i>		5R01GM07666503		127,114	127,114
<i>Pass-Through from University of Illinois at Urbana</i>		2006-02321-01		17,640	17,640
<i>Pass-Through from University of Louisville</i>		R1GM62378B		(69,918)	(69,918)
<i>Pass-Through from University of Michigan</i>		P50GM065509		1,083,275	1,083,275
<i>Pass-Through from University of New Mexico</i>		1 R01 GM079381 01		51,750	51,750
<i>Pass-Through from University of Pittsburgh</i>		0005602, 110784-2		24,723	24,723
<i>Pass-Through from Washington University in St Louis</i>		503604		34,611	34,611
<i>Pass-Through from Yale University/NIH</i>		1P01GM06631105		235,043	235,043
Genetics and Development Biology Research and Research Training	93.862			255,918	255,918
Population Research	93.864			903,912	903,912
Child Health and Human Development Extramural Research	93.865		4,754,296	31,696,228	36,450,524
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 HD039372 03		21,039	21,039
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 HD039372 05		2,070	2,070
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 HD39372 2 (PP-1)		680	680
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 HD39372 2 (PP-2)		1,502	1,502
<i>Pass-Through from Baylor College of Medicine</i>		5R01HD046623-04		16,125	16,125

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Baylor College of Medicine</i>		N01-A1-30039		163,833	163,833
<i>Pass-Through from Baylor College of Medicine</i>		P30AI036211		24,982	24,982
<i>Pass-Through from Baylor College of Medicine</i>		R01HD051437		76,266	76,266
<i>Pass-Through from Baylor College of Medicine</i>		R01HD43943		442	442
<i>Pass-Through from Baylor College of Medicine/NIH</i>		5R01HD04394304		11,097	11,097
<i>Pass-Through from Boston University Medical</i>		3U10HD02906714S1		2,859	2,859
<i>Pass-Through from Boston University Medical</i>		5U10HD02906714		31,246	31,246
<i>Pass-Through from California State University Long Beach</i>		S07-303005B-UH		66,828	66,828
<i>Pass-Through from Center for Applied Linguistics</i>		2 P01 HD-039530-06A2		4,899	4,899
<i>Pass-Through from Children's Memorial Hospital</i>		1R01HD04569401A1		2,079	2,079
<i>Pass-Through from Emmes Corporation</i>		HHSN267200603425C		23,414	23,414
<i>Pass-Through from Harvard Pilgrim Health Care</i>		HARVARD/5R01HD0488		19,344	19,344
<i>Pass-Through from Johns Hopkins University</i>		8603-53737		15,755	15,755
<i>Pass-Through from Manpower Demonstration Research Corporation</i>		6111.04.099.00 UTA06-668		66,693	66,693
<i>Pass-Through from Max Mobility, LLC</i>		1 R01HD053732-01A1		14,306	14,306
<i>Pass-Through from Northwestern University</i>		0980 520 W297 975		49	49
<i>Pass-Through from Southwest Foundation for Biomedical Research</i>		SG HALE HD049051		149,909	149,909
<i>Pass-Through from Southwestern Foundation for Biomedical Research</i>		1R01HD049051		12,634	12,634
<i>Pass-Through from University of Alabama</i>		5U01HD039939-05		27,024	27,024
<i>Pass-Through from University of Alabama-Birmingham</i>		5U01HD039939		(26,161)	(26,161)
<i>Pass-Through from University of Alabama-Birmingham/NIH</i>		5U01HD03993903		11,685	11,685
<i>Pass-Through from University of Alabama-Birmingham/NIH</i>		5U01HD03993905		16,216	16,216
<i>Pass-Through from University of Arkansas</i>		07079GFR		39,076	39,076
<i>Pass-Through from University of Arkansas</i>		UTA05-922		(28,828)	(28,828)
<i>Pass-Through from University of California - Irvine</i>		1P01HD047609		410,576	410,576
<i>Pass-Through from University of California - Los Angeles</i>		5R01HD05176402		21,462	21,462
<i>Pass-Through from University of California - San Francisco</i>		2 K12 HD000849 02		145,370	145,370
<i>Pass-Through from University of Florida</i>		330536812-01 UFPS0021 UNIV FL CONTRACT		2,513	2,513
<i>Pass-Through from University of Michigan/NIH</i>		2U01HD04124906		71,031	71,031
<i>Pass-Through from University of North Carolina</i>		5-50751		38,244	38,244
<i>Pass-Through from University of North Carolina at Chapel</i>		5-34541;5 U01 HD045982-04		9,709	9,709
<i>Pass-Through from University of North Carolina at Chapel</i>		5-50752 (5-U01- HD045982-05)		30,737	30,737
<i>Pass-Through from University of Notre Dame</i>		5R01HD044868		293,259	293,259
<i>Pass-Through from University of Pennsylvania</i>		5-44511-C; 1775684 958209		76,174	76,174
<i>Pass-Through from University of Pittsburgh</i>		R01HD052436		3,434	3,434
<i>Aging Research</i>	93.866		1,184,133	28,484,852	29,668,985
<i>Pass-Through from Albert Einstein College of Medicine</i>		3905-16		14,477	14,477
<i>Pass-Through from Baylor College of Medicine</i>		5600051318		178,256	178,256
<i>Pass-Through from Bio Tex, Inc.</i>		2 R44 AG019276 04		74,703	74,703
<i>Pass-Through from Buck Institute</i>		2018		75,590	75,590
<i>Pass-Through from Buck Institute</i>		2025		121,225	121,225
<i>Pass-Through from Case Western Reserve University</i>		P01AG014359-11		264,728	264,728
<i>Pass-Through from Columbia University</i>		5U24AG02639503		133,677	133,677
<i>Pass-Through from Columbia University</i>		5U24AG02639504		15,189	15,189
<i>Pass-Through from Drexel University</i>		232263/R01AG022443		137,431	137,431



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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 Georgetown University/NIH</i>		R01AG19268		17,562	17,562
<i>Pass-Through from Innovative Health Solutions</i>		1R41AG022247-01A1		(415)	(415)
<i>Pass-Through from L2 Diagnostics</i>		G091424		5,297	5,297
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9898-4609		219,910	219,910
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9899-4609		94,808	94,808
<i>Pass-Through from Mount Sinai School of Medicine</i>		S/G AG18772 MT SINAI		1,068	1,068
<i>Pass-Through from Mount Sinai School of Medicine</i>		UTA05-495		(6,633)	(6,633)
<i>Pass-Through from Purdue University</i>		PURDUE-NIH		101,285	101,285
<i>Pass-Through from The University of Michigan</i>		3001000435		181,926	181,926
<i>Pass-Through from The University of Michigan</i>		S/G AG20591 UNV MICH		(35,149)	(35,149)
<i>Pass-Through from University of Arkansas</i>		1P01AG023591-03		(5,927)	(5,927)
<i>Pass-Through from University of California - San Diego/NIH</i>		1U01AG024904		69,104	69,104
<i>Pass-Through from University of Colorado</i>		NELSON S/G AG024354		108,012	108,012
<i>Pass-Through from University of Kentucky Research Foundation</i>		5 R01AG019241-06/UKR	1,515	158,350	159,865
<i>Pass-Through from University of Kentucky Research Foundation</i>		S/G R01AG019241	6,579	259,486	266,065
<i>Pass-Through from University of Maryland</i>		P60AG12583		1,467	1,467
<i>Pass-Through from University of Michigan/NIH</i>		1R01AG02239401		1,348	1,348
<i>Pass-Through from University of Pittsburgh</i>		5T35AG26778-02		(831)	(831)
<i>Pass-Through from University of Pittsburgh</i>		5T35AG26778-03		12,938	12,938
<i>Pass-Through from University of Pittsburgh</i>		5T35AG26778-04		15,358	15,358
<i>Pass-Through from University of Washington/NIH</i>		5U01AG01697609		28,892	28,892
<i>Pass-Through from University of Washington/NIH</i>		5U01AG01697610		3,583	3,583
Vision Research	93.867		1,349,225	16,683,540	18,032,765
<i>Pass-Through from Baylor College of Medicine</i>		5 T32 EY007102 15		(1,269)	(1,269)
<i>Pass-Through from Brigham and Women's Hospital</i>		R01EY014418		17,885	17,885
<i>Pass-Through from Calhoun Vision, Inc.</i>		2 R44-EY015321-02		26,544	26,544
<i>Pass-Through from Case Western Reserve University</i>		5R01EY01648203		306	306
<i>Pass-Through from Jaeb Center for Health Research</i>		U10EY12358		3,360	3,360
<i>Pass-Through from Jaeb Center for Health Research</i>		U10EY14231		19,247	19,247
<i>Pass-Through from Johns Hopkins University</i>		LSOCA-96195		117,014	117,014
<i>Pass-Through from Johns Hopkins University</i>		U10EY0805711		176,138	176,138
<i>Pass-Through from New York University</i>		F6330-02, P113955		153,577	153,577
<i>Pass-Through from Ohio State University Research</i>		4 U10 EY008893-16		41,411	41,411
<i>Pass-Through from Oregon Health Sciences University</i>		2R01EY013139		12,040	12,040
<i>Pass-Through from Retina Foundation of The Southwest</i>		HHSN26020070001C		15,253	15,253
<i>Pass-Through from University of Florida</i>		R01EY007739		41,897	41,897
<i>Pass-Through from University of Miami</i>		M125759		22,397	22,397
<i>Pass-Through from University of Southern California</i>		124374		28,241	28,241
Medical Library Assistance	93.879		35,051	492,923	527,974
<i>Pass-Through from Houston Academy of Medicine</i>		HHSN276200663505C		12,582	12,582
<i>Pass-Through from Massachusetts General Hospital</i>		UTA07-516; 205870		25,318	25,318
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		S/G R01LM009362		25,625	25,625
<i>Pass-Through from Rice University</i>		5T15LM007093-14		(855)	(855)
<i>Pass-Through from Rice University</i>		5T15-LM07093-11		(653)	(653)
<i>Pass-Through from Rice University</i>		R2026573900002		(144)	(144)
<i>Pass-Through from Rice University</i>		R2077273900003		114	114
Grants for Training in Primary Care Medicine and Dentistry	93.884			386,518	386,518
Health Care and Other Facilities	93.887		19,890	1,670,666	1,690,556
Specially Selected Health Projects	93.888			66,371	66,371
HIV Care Formula Grants	93.917				

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-Through from Urban League of Greater Dallas North Central Texas</i>		MA12007025554-001		19,566	19,566
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918				
<i>Pass-Through from Resource Group</i>		07UTG00T3		23,336	23,336
<i>Pass-Through from Resource Group</i>		08UTG00PTC		44,096	44,096
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919			26	26
Fogarty International Research Collaboration Award	93.934				
<i>Pass-Through from Fogarty International Center</i>		5R03TW00761403		26,721	26,721
HIV Prevention Activities--Health Department Based	93.940			54,653	54,653
<i>Pass-Through from Harris County Hospital District</i>		6H12HA000000		(66,608)	(66,608)
HIV Demonstration, Research, Public and Professional Education Projects	93.941			42,327	42,327
<i>Pass-Through from City of Houston Health and Human Services</i>		B8-031-5B		157,732	157,732
<i>Pass-Through from HRSA/CRS/University of Maryland</i>		U51HA02521		64,929	64,929
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-53073/1UR6PS000670		16,918	16,918
<i>Pass-Through from University of California</i>		444918-29945		18,781	18,781
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			340,611	340,611
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			409,585	409,585
Block Grants for Prevention and Treatment of Substance Abuse	93.959				
<i>Pass-Through from CRP Incorporated</i>		277-01-6059		42,261	42,261
Geriatric Education Centers	93.969			175,808	175,808
<i>Pass-Through from Baylor College of Medicine</i>		458340		31,722	31,722
<i>Pass-Through from Baylor College of Medicine</i>		4600171106		(5)	(5)
Preventive Health Services--Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978			128,708	128,708
Academic Administrative Units in Primary Care	93.984			(131)	(131)
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		39,993	123,018	163,011
International Research and Research Training	93.989		52,361	242,549	294,910
<i>Pass-Through from Baylor College of Medicine</i>		1R25TW007508		43,153	43,153
<i>Pass-Through from Baylor College of Medicine</i>		5R25TW007508-03		6,153	6,153
<i>Pass-Through from Fogarty International Center</i>		5D43TW006569-05		129,356	129,356
<i>Pass-Through from Fogarty International Center</i>		5D43TW006569-06		90,331	90,331
<i>Pass-Through from Southern Research Institute</i>		5R01TW006986-02S04- 006		18,327	18,327
Maternal and Child Health Services Block Grant to the States	93.994			59,100	59,100
Bioterrorism Training and Curriculum Development Program	93.996			(14,945)	(14,945)
Total - U.S. Department of Health and Human Services			67,614,300	776,759,118	844,373,418
<b>Corporation for National and Community Service</b>					
Corporation for National and Community Service	94.XXX	H129B040027-07, ACTION 05		137,418	137,418
Learn and Serve America--Higher Education	94.005				
<i>Pass-Through from Morehouse School of Medicine</i>		06LHHGA001		759	759

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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>Corporation for National and Community Service (continued)</b>					
AmeriCorps	94.006				
<i>Pass-Through from One Star Foundation</i>		11.0609.018-1 AMD NO. 1		17,279	17,279
<i>Pass-Through from One Star Foundation</i>		11.0609.018-2		467,157	467,157
<i>Pass-Through from One Star National Americorps Texas</i>		1506070901	9,000	6,976	15,976
Total - Corporation for National and Community Service			9,000	629,589	638,589
<b>Social Security Administration</b>					
Social Security Administration	96.XXX				
<i>Pass-Through from Dartmouth College</i>		5-37206.570		265,181	265,181
Total - Social Security Administration			0	265,181	265,181
<b>Department of Homeland Security</b>					
Department of Homeland Security	97.XXX	HSBP1008P2		581	581
Research Projects	97.002				
<i>Pass-Through from Accacia International</i>		UTA05-855, MOD 01 07-0249		(1,068)	(1,068)
<i>Pass-Through from Lynntech, Inc.</i>				6,877	6,877
Homeland Security Preparedness Technical Assistance Program	97.007			408,015	408,015
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017			69,421	69,421
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			64,607	64,607
Hazard Mitigation Grant	97.039			92,885	92,885
Centers for Homeland Security	97.061		207,085	303,552	510,637
<i>Pass-Through from Oak Ridge Institute for Science</i>		416000		24,137	24,137
<i>Pass-Through from University of Minnesota</i>		503685		32,365	32,365
<i>Pass-Through from University of Minnesota</i>		503745		73,794	73,794
<i>Pass-Through from University of Minnesota</i>		570428	44,736	44,736	44,736
<i>Pass-Through from University of Southern California</i>		126675		28,678	28,678
State Homeland Security Program (SHSP)	97.073			25,291	25,291
Homeland Security Testing, Evaluation, and Demonstration of Technologies	97.077				
<i>Pass-Through from Harris County</i>		R242035		105,957	105,957
Homeland Security Outreach, Education, and Technical Assistance	97.086			213,300	213,300
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108			16,740	16,740
Total - Department of Homeland Security			251,821	1,465,132	1,716,953
<b>United States Agency for International Development</b>					
USAID Foreign Assistance for Programs Overseas	98.001		569,889	2,649,730	3,219,619
<i>Pass-Through from Agrilogic</i>		503729		17,673	17,673
<i>Pass-Through from Angola Educational Assistance Fund</i>		UTA06-787		16,309	16,309
<i>Pass-Through from Government of Jordan</i>		UTA05-608		4	4
<i>Pass-Through from Pa Consulting Group</i>		US0254.1-7HP-001		33,946	33,946
<i>Pass-Through from Pa Consulting Group</i>		US0254.1-7HP-006		76,146	76,146
<i>Pass-Through from Save The Children - United Kingdom</i>		503334		62,296	62,296
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503589		(23,301)	(23,301)
<i>Pass-Through from The Louis Berger Group, Inc.</i>		503686		1,747,582	1,747,582
<i>Pass-Through from University of California - Davis</i>		503668		3,370	3,370
<i>Pass-Through from University of California - Davis</i>		570460	16,630		16,630
Cooperative Development Program	98.002				

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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 Agency for International Development (continued)</b>					
<i>Pass-Through from National Academy of Sciences</i>		PGA-7251-05-009		25,254	25,254
USAID Development Partnerships for University Cooperation and Development	98.012				
<i>Pass-Through from International Institute of Tropical Agriculture</i>		503572		3,311	3,311
<i>Pass-Through from University of Georgia</i>		RC7100253842248		496	496
Total - United States Agency for International Development			586,519	4,612,816	5,199,335
<b>Total Research and Development Cluster</b>			105,352,468	1,327,072,422	1,432,424,890
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	84.007			22,938,673	22,938,673
Federal Family Education Loans	84.032			1,934,121,156	1,934,121,156
Federal Work-Study Program	84.033			22,034,282	22,034,282
Federal Perkins Loan Program-Federal Capital Contribution	84.038			31,613,516	31,613,516
Federal Pell Grant Program	84.063			432,123,364	432,123,364
Federal Direct Student Loans	84.268			167,307,340	167,307,340
Academic Competitiveness Grants	84.375			11,163,083	11,163,083
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376			9,486,115	9,486,115
Total - U.S. Department of Education			0	2,630,787,529	2,630,787,529
<b>U.S. Department of Health and Human Services</b>					
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			2,226,879	2,226,879
Nursing Student Loans	93.364			477,625	477,625
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			3,334,530	3,334,530
Total - U.S. Department of Health and Human Services			0	6,039,034	6,039,034
<b>Total Student Financial Assistance Cluster</b>			0	2,636,826,563	2,636,826,563
<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			22,763,242	23,091,153
Special Programs for the Aging--Title III, Part C--Nutrition Services	93.045			30,236,031	30,727,535
Nutrition Services Incentive Program	93.053			7,859,531	11,146,414
Total - U.S. Department of Health and Human Services			60,858,804	4,106,298	64,965,102
<b>Total Aging Cluster</b>			60,858,804	4,106,298	64,965,102

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-State Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>CDBG - ENTITLEMENT SMALL CITIES PROGRAM CLUSTER</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/Entitlement Grants	14.218			4,187	4,187
Total - U.S. Department of Housing and Urban Development			0	4,187	4,187
<b>Total CDBG - Entitlement Small Cities Program Cluster</b>			0	4,187	4,187
<b>CHILD CARE DEVELOPMENT FUND CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Child Care and Development Block Grant	93.575		161,292,840	42,304,040	203,596,880
<i>Pass-Through from Workforce Solutions Deep East Texas</i>		752765176		40,472	40,472
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		195,660,613	10,385,883	206,046,496
<i>Pass-Through from Upper Rio Grande Workforce</i>		08EM070999F1H		42,194	42,194
Total - U.S. Department of Health and Human Services			356,953,453	52,772,589	409,726,042
<b>Total Child Care Development Fund Cluster</b>			356,953,453	52,772,589	409,726,042
<b>CHILD NUTRITION CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
School Breakfast Program	10.553		304,180,073	2,817,213	306,997,286
National School Lunch Program	10.555		901,594,749	3,717,433	905,312,182
Special Milk Program for Children	10.556		54,142	5,799	59,941
Summer Food Service Program for Children	10.559		24,170,538	7,421,691	31,592,229
Total - U.S. Department of Agriculture			1,229,999,502	13,962,136	1,243,961,638
<b>Total Child Nutrition Cluster</b>			1,229,999,502	13,962,136	1,243,961,638
<b>DISABILITY INSURANCE/SSI CLUSTER</b>					
<b>Social Security Administration</b>					
Social Security--Disability Insurance	96.001			115,671,923	115,671,923
Total - Social Security Administration			0	115,671,923	115,671,923
<b>Total Disability Insurance/SSI Cluster</b>			0	115,671,923	115,671,923
<b>EMERGENCY FOOD ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Emergency Food Assistance Program (Administrative Costs)	10.568		4,809,054	805,232	5,614,286
Emergency Food Assistance Program (Food Commodities)	10.569		19,563,369		19,563,369
Total - U.S. Department of Agriculture			24,372,423	805,232	25,177,655
<b>Total Emergency Food Assistance Cluster</b>			24,372,423	805,232	25,177,655
<b>EMPLOYMENT SERVICES CLUSTER</b>					
<b>U.S. Department of Labor</b>					
Employment Service/Wagner-Peyser Funded Activities	17.207		9,996,009	41,479,741	51,475,750

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<b>EMPLOYMENT SERVICES CLUSTER (continued)</b>					
<b>U.S. Department of Labor (continued)</b>					
<i>Pass-Through from Tarrant County Local Workforce Development Area</i>		07-WSW-A/AM-003		13,139	13,139
Disabled Veterans' Outreach Program (DVOP)	17.801			5,509,203	5,509,203
Local Veterans' Employment Representative Program	17.804			6,168,685	6,168,685
Total - U.S. Department of Labor			9,996,009	53,170,768	63,166,777
<b>Total Employment Services Cluster</b>			9,996,009	53,170,768	63,166,777
<b>FEDERAL TRANSIT CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Federal Transit--Formula Grants	20.507		65,008		65,008
Total - U.S. Department of Transportation			65,008	0	65,008
<b>Total Federal Transit Cluster</b>			65,008	0	65,008
<b>FISH AND WILDLIFE CLUSTER</b>					
<b>U.S. Department of the Interior</b>					
Sport Fish Restoration Program	15.605			20,957,708	20,957,708
Wildlife Restoration	15.611			14,347,755	14,347,755
Total - U.S. Department of the Interior			0	35,305,463	35,305,463
<b>Total Fish and Wildlife Cluster</b>			0	35,305,463	35,305,463
<b>FOOD STAMP CLUSTER</b>					
<b>Department of Agriculture</b>					
Food Stamps	10.551			2,948,042,497	2,948,042,497
State Administrative Matching Grants for Food Stamp Program	10.561		13,589,823	151,833,748	165,423,571
Total - Department of Agriculture			13,589,823	3,099,876,245	3,113,466,068
<b>Total Food Stamp Cluster</b>			13,589,823	3,099,876,245	3,113,466,068
<b>FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER</b>					
<b>Corporation for National and Community Service</b>					
Foster Grandparent Program	94.011			1,999,713	1,999,713
Total - Corporation for National and Community Service			0	1,999,713	1,999,713
<b>Total Foster Grandparent/Senior Companion Cluster</b>			0	1,999,713	1,999,713
<b>HAZARD MITIGATION CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Hazard Mitigation Grant	83.548		26,512,649	2,286,907	28,799,556
Total - Federal Emergency Management Agency			26,512,649	2,286,907	28,799,556

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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>HAZARD MITIGATION CLUSTER (continued)</b>					
<b>Department of Homeland Security</b>					
Hazard Mitigation Grant	97.039		18,055,079	814,995	18,870,074
Total - Department of Homeland Security			18,055,079	814,995	18,870,074
<b>Total Hazard Mitigation Cluster</b>			44,567,728	3,101,902	47,669,630
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction	20.205		110,265,025	2,471,471,060	2,581,736,085
<i>Pass-Through from Outside Plant Consulting Service</i>		DTRT57-07-C-10046		9,290	9,290
Total - U.S. Department of Transportation			110,265,025	2,471,480,350	2,581,745,375
<b>Total Highway Planning and Construction Cluster</b>			110,265,025	2,471,480,350	2,581,745,375
<b>HIGHWAY SAFETY CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
State and Community Highway Safety	20.600		10,927,600	3,462,535	14,390,135
<i>Pass-Through from Brazos County</i>		17460004330		1,374	1,374
<i>Pass-Through from University of Michigan Transport</i>		G096797		20,020	20,020
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		2,928,218	1,975,988	4,904,206
Occupant Protection	20.602		2,276,383		2,276,383
Safety Incentive Grants for Use of Seatbelts	20.604		659,412	347,499	1,006,911
Safety Belt Performance Grants	20.609		5,656,888	1,931,734	7,588,622
Total - U.S. Department of Transportation			22,448,501	7,739,150	30,187,651
<b>Total Highway Safety Cluster</b>			22,448,501	7,739,150	30,187,651
<b>HOMELAND SECURITY CLUSTER</b>					
<b>Department of Homeland Security</b>					
State Domestic Preparedness Equipment Support Program	97.004		8,095	2,317,280	2,325,375
Emergency Management Performance Grants	97.042		3,677,038	6,618,825	10,295,863
Citizen Corps	97.053			55,710	55,710
Centers for Homeland Security	97.067		63,227,301	16,948,079	80,175,380
Law Enforcement Terrorism Prevention Program (LETPP)	97.074			554,347	554,347
Total - Department of Homeland Security			66,912,434	26,494,241	93,406,675
<b>Total Homeland Security Cluster</b>			66,912,434	26,494,241	93,406,675
<b>MEDICAID CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
State Medicaid Fraud Control Units	93.775			12,360,331	12,360,331
State Survey and Certification of Health Care Providers and Suppliers	93.777			47,510,708	47,510,708
Medical Assistance Program	93.778		34,104,947	12,986,102,472	13,020,207,419
Total - U.S. Department of Health and Human Services			34,104,947	13,045,973,511	13,080,078,458
<b>Total Medicaid Cluster</b>			34,104,947	13,045,973,511	13,080,078,458

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<b>PUBLIC ASSISTANCE CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Public Assistance Grants	83.544		11,266,814	944,272	12,211,086
Total - Federal Emergency Management Agency			11,266,814	944,272	12,211,086
<b>Department of Homeland Security</b>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		86,873,963	26,459,848	113,333,811
Total - Department of Homeland Security			86,873,963	26,459,848	113,333,811
<b>Total Public Assistance Cluster</b>			98,140,777	27,404,120	125,544,897
<b>PUBLIC WORKS/ECONOMIC DEV CLUSTER</b>					
<b>U.S. Department of Commerce</b>					
Investments for Public Works and Economic Development Facilities	11.300			102,766	102,766
Economic Adjustment Assistance	11.307			279,599	279,599
Total - U.S. Department of Commerce			0	382,365	382,365
<b>Total Public Works/Economic Dev Cluster</b>			0	382,365	382,365
<b>SPECIAL EDUCATION CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education--Grants to States	84.027		838,299,947	37,970,273	876,270,220
<i>Pass-Through from Clear Creek Independent School District</i>		PE-G200003-GS		19,999	19,999
<i>Pass-Through from Dickinson Independent School District</i>		GS-EDG200006		25,958	25,958
<i>Pass-Through from Pasadena Independent School Dist</i>		EDG200002-SE		38,937	38,937
<i>Pass-Through from Pearland Independent School Dist</i>		ED-G200004-G		36,554	36,554
<i>Pass-Through from Education Service Center Region XI</i>		DEC SER		254,545	254,545
<i>Pass-Through from Education Service Center Region XVII</i>		135744C704/D106		254,000	254,000
Special Education--Preschool Grants	84.173		20,627,082	88,199	20,715,281
Total - U.S. Department of Education			858,927,029	38,688,465	897,615,494
<b>Total Special Education Cluster</b>			858,927,029	38,688,465	897,615,494
<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		7,368,857	619,891	7,988,748
Job Access--Reverse Commute	20.516		2,515,749	293,350	2,809,099
New Freedom Program	20.521		32,185	36,446	68,631
Total - U.S. Department of Transportation			9,916,791	949,687	10,866,478
<b>Total Transit Services Programs Cluster</b>			9,916,791	949,687	10,866,478



# STATE OF TEXAS

## Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education</b>					
TRIO--Student Support Services	84.042			4,090,638	4,090,638
TRIO--Talent Search	84.044			4,534,577	4,534,577
TRIO--Upward Bound	84.047			9,777,102	9,777,102
TRIO--Educational Opportunity Centers	84.066			1,305,694	1,305,694
TRIO--McNair Post-Baccalaureate Achievement	84.217			3,179,319	3,179,319
Total - U.S. Department of Education			0	22,887,330	22,887,330
<b>Total TRIO Cluster</b>			0	22,887,330	22,887,330
<b>WORKFORCE INVESTMENT ACT CLUSTER</b>					
<b>U.S. Department of Labor</b>					
WIA Adult Program	17.258		70,410,359	6,868,461	77,278,820
<i>Pass-Through from San Jacinto College District</i>		TWC213396003		4,214	4,214
<i>Pass-Through from San Jacinto Community College District</i>		TWC213396001		166,340	166,340
<i>Pass-Through from San Jacinto Community College District</i>		TWC213396004		134,864	134,864
WIA Youth Activities	17.259		63,632,432	7,995,225	71,627,657
<i>Pass-Through from Alamo Workforce Development, Inc.</i>		PS2005014-03		34,691	34,691
<i>Pass-Through from Northeast Texas Workforce Development Board</i>		427052,427053,427054		79,877	79,877
<i>Pass-Through from San Jacinto College District</i>		TWC213396003		13,461	13,461
WIA Dislocated Workers	17.260		80,837,527	10,231,382	91,068,909
<i>Pass-Through from 1st Generation</i>		22-3-1402410		18,578	18,578
<i>Pass-Through from 1st Generation 08-09</i>		1ST Gen Y5-3		8,802	8,802
<i>Pass-Through from San Jacinto College District</i>		TWC213396003		18,499	18,499
Total - U.S. Department of Labor			214,880,318	25,574,394	240,454,712
<b>Total Workforce Investment Act Cluster</b>			214,880,318	25,574,394	240,454,712
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 6,601,222,405</b>	<b>\$ 28,632,872,254</b>	<b>\$ 35,234,094,659</b>

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal award programs administered by the State of Texas (the "State"), except for four component units, for the fiscal year ended Aug. 31, 2008. Those component units, the Texas Guaranteed Student Loan Corporation, Texas A&M Research Foundation, Texas Health Insurance Risk Pool of the Department of Insurance and Boll Weevil Foundation of the Department of Agriculture, are subject to separate audits in compliance with Office of Management Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The federal transactions for these four entities are excluded from the Schedule.

The Texas A&M Research Foundation is a blended component unit of the Texas A&M University System and is included as part of the primary government in the State of Texas Comprehensive Annual Financial Report (CAFR). The Texas Guaranteed Student Loan Corporation, Texas Health Insurance Risk Pool and Boll Weevil Foundation are discrete component units and are not part of the primary government in the CAFR.

Federal award programs include expenditures, pass-throughs to non-state agencies (i.e. payments to subrecipients), non-monetary assistance and loan programs.

#### (b) Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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).

#### (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 funds, expenditures are presented on the accrual basis.

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

#### (d) Matching Costs

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

### (2) Relationship to Federal Financial Reports

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

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

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

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

**Federal Revenues**

---

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, Federal Revenue	\$ 28,656,215,142
---	-------------------

Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds, Federal Revenue	2,646,655,836
---	---------------

Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds, Capital Contributions- Federal	27,411,763
--	------------

Statement of Changes in Fiduciary Net Assets	<u>106,209,407</u>
--	--------------------

Total Federal Revenue per Fund Financial Statements	31,436,492,148
---	----------------

**Reconciling Items**

---

Non-Cash Federal Commodities/Vaccines/Surplus Property/Other (Note 6)	370,912,793
--	-------------

Various Loans Processed by Universities and Agencies (Note 5)	2,136,479,864
--	---------------

State Unemployment Funds (Note 4)	1,329,629,094
-----------------------------------	---------------

Cash rebates to participants in the Special Supplemental Food Program for Woman Infants and Children (WIC) (Note 7)	241,079,164
--	-------------

Other *	(104,784,295)
---------	---------------

Blended Component Unit not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(175,714,109)</u>
--	----------------------

Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 35,234,094,659</u></u>
---	---------------------------------

\* This amount includes deductions of \$1,864,095 for fixed fee contracts; \$2,275,668 of vendor transactions; \$101,774,145 for Medicare portion of Part D which is not subject to OMB A-133 since it does not include any Medicaid funds; and \$368,078 for deferred revenues recognized in fund financial statements but not in the Schedule. This amount also includes additions \$1,446,929 for deferred revenues recognized on the Schedule but not in the fund financial statements and \$50,682 of other transactions. An addition of \$80 is also included to account for rounding in the Schedule.

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

**(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 \$1,329,629,094 is a reconciling item in the reconciliation of the Schedule to revenues in the fund financial statements (See Note 3).

**(5) Federally Funded Loan Programs**

The State participates in various federally funded loan programs. The programs can be grouped into two broad categories:

- Federally Funded Student Loan Programs
- Other Federally Funded Loan Programs

a) *Federally Funded Student Loan Programs*

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

**Student Loan Programs with Continuing Compliance Requirements**

CFDA Number	Program Name	Ending Balances of Previous Year's Loans	New Loans Processed
84.038	Federal Perkins Loan Program (Perkins)	\$ 134,143,144	\$ 29,983,606
93.342	Health Professions Student Loans (HPSL)	6,531,312	2,226,879
93.364	Nursing Student Loans	2,735,140	477,625
		<u>\$143,409,596</u>	<u>\$ 32,688,110</u>

**Other Student Loan Programs**

CFDA Number	Program Name	New Loans Processed
84.032	Federal Family Education Loan Program (FFELP)	\$ 1,934,121,156
84.268	Federal Direct Student Loans (Direct Loans)	167,307,340
93.264	Nursing Faculty Loan Program	53,434
		<u>\$ 2,101,481,930</u>
	Total New Loans Processed	<u>\$ 2,134,170,040</u>

The total new loans processed amount of \$2,134,170,040 is included in the Schedule and as part of a reconciling item on Note 3.

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

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

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

Aug. 31, 2008, THECB received \$317,357 in interest subsidy payments that are included in the Schedule. For the year ended Aug. 31, 2008, THECB originated loans of \$2,309,824 to university students that are included in the Schedule. As of Aug. 31, 2008, THECB services approximately \$53.4 million of FFELP loans.

**b) Other Federally Funded Loan Programs**

The State participates in other federally funded revolving loan programs. The chart below summarizes activity by the State for these programs:

CFDA Number	Program Name	New Loans Processed
66.458	Clean Water State Revolving Funds (CWSRF)	\$ 58,886,149
66.468	Drinking Water State Revolving Funds (DWSRF)	78,750,811
	Total New Loans Processed	<u>\$ 137,636,960</u>

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

The 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. Fixed rate loans offer net long-term interest rates of 0.95 percent below market rates for those applicants financing the origination charge. For applicants who pay for the origination charge from other sources, the interest rate is 0.70 percent below the rate the borrower would receive in the open market at the time of closing. The maximum repayment period for most CWSRF loans is 20 years from completion of construction. Capitalization grants received for CWSRF for the year ended Aug. 31, 2008, were approximately \$58.9 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2008, were approximately \$2.3 billion.

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

The 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. The DWSRF offers a net long-term interest lending rate of 1.2 percent below the rate the borrower would receive in the open market at the time of closing. The maximum repayment period for most DWSRF loans is 20 years from the completion of construction. Capitalization grants received for DWSRF for the year ended Aug. 31, 2008, were approximately \$78.8 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2008, were approximately \$269.6 million.

# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2008

The State also participates in a 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 \$10.5 million of federal grants received and interest earned in fiscal 2007 are subject to continuing audit requirements and are included in the Schedule. In addition, approximately \$464 thousand of interest earned on the federal grant monies drawn down in fiscal 2008 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, 2008, \$8.5 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 include cash and non-cash amounts are included in the Schedule as follows:

<b>CFDA Number</b>	<b>Program Name</b>	<b>Grant Awards</b>
10.550	Food Distribution	\$ 106,253,437
10.565	Commodity Supplemental Food Program	4,150,111
10.569	Emergency Food Assistance Program	19,563,369
17.002	Labor Force Statistics	346
17.207	Employment Services	45,677
17.225	Unemployment Insurance	328,516
39.003	Donation of Federal Surplus Personal Property	11,328,174
93.268	Immunization Grants	229,243,163
	Total	<u>\$ 370,912,793</u>

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

During fiscal 2008, the State received cash rebates from infant formula manufacturers in the amount of approximately \$241.1 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.

### **(8) 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.

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**Schedule of Findings and Questioned Costs**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2008

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Section 1:

**Summary of Auditors' Results**

**Financial Statements**

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2008 Statewide Single Audit Report dated February 20, 2009.

**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 Significant Deficiencies:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.550	Food Donation
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
20.106	Airport Improvement Program
20.233	Border Enforcement Grant
66.000	Capitalization Grants for Colonias Wastewater Treatment Assistance Program
66.458	Capitalization Grants for Clean Water State Revolving Fund
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.011	Migrant Education - State Grant Program
84.032L	Federal Family Education Loans (FFEL) - Lender
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.287	Twenty-First Century Community Learning Centers
84.357	Reading First State Grants
93.217	Family Planning - Services
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
93.889	Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the State
97.036	Public Assistance Grants (including CFDA 83.544)
97.039	Hazard Mitigation Grant (including CFDA 83.548)
Cluster	Food Stamp
Cluster	Highway Planning and Construction
Cluster	Homeland Security
Cluster	Medicaid
Cluster	Special Education
Cluster	Student Financial Assistance
Cluster	Research and Development

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

---

**Major Programs with Material Weaknesses:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
20.106	Airport Improvement Program
20.233	Border Enforcement Grant
84.011	Migrant Education - State Grant Program
93.558	Temporary Assistance for Needy Families
Cluster	Food Stamp
Cluster	Medicaid
Cluster	Highway Planning and Construction
Cluster	Student Financial Assistance

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

**Qualification:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
20.106	Airport Improvement Program
84.011	Migrant Education - State Grant Program
84.048	Vocational Education - Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.357	Reading First State Grants
93.558	Temporary Assistance for Needy Families
93.767	State Children's Insurance Program
Cluster	Food Stamp
Cluster	Highway Planning and Construction
Cluster	Medicaid
Cluster	Special Education
Cluster	Student Financial Assistance

**No Qualification:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.550	Food Donation
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
20.233	Border Enforcement Grants
66.000	Water Programs
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.032L	Federal Family Education Loans (FFEL) - Lender
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.181	Special Education - Grants for Infants and Families with Disabilities
93.217	Family Planning Services
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.568	Low-Income Home Energy Assistance
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.889	Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health
97.036	Public Assistance Grants (including CFDA 83.544)
97.039	Hazard Mitigation Grant (including CFDA 83.548)
Cluster	Aging
Cluster	Disability Insurance/SSI
Cluster	Employment Services
Cluster	Fish and Wildlife Cluster
Cluster	Homeland Security
Cluster	Workforce Investment Act
Cluster	Research and Development

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: \$49,627,044
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>
10.550	Food Donation
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
20.106	Airport Improvement Program
20.233	Border Enforcement Grants
66.000	Capitalization Grants for Colonias Wastewater Treatment Assistance Program
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.011	Migrant Education - State Grant Program
84.032L	Federal Family Education Loans (FFEL) - Lender

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

---

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.181	Special Education - Grants for Infants and Families with Disabilities
84.287	Twenty-First Century Community Learning Centers
84.357	Reading First State Grants
93.217	Family Planning Services
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
97.036	Public Assistance Grants (including CFDA 83.544)
97.039	Hazard Mitigation Grant (including CFDA 83.548)
Cluster	Aging
Cluster	Disability Insurance/SSI
Cluster	Employment Services
Cluster	Fish and Wildlife
Cluster	Food Stamp
Cluster	Highway Planning and Construction
Cluster	Homeland Security
Cluster	Medicaid
Cluster	Research and Development
Cluster	Special Education
Cluster	Student Financial Assistance
Cluster	Workforce Investment Act

Section 2:

**Financial Statement Findings**

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2008 Statewide Single Audit Report dated February 20, 2009.

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Section 3a:

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

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

**Department of Agriculture**

Reference No. 09-01

**Allowable Costs/Cost Principles**

**CFDA 10.558 - Child and Adult Care Food Program**  
**Award year - October 1, 2007 to September 30, 2008**  
**Award number - 6TX300352 and 6TX300332**

**CFDA 10.560 - State Administrative Expenses for Child Nutrition**  
**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**  
**Award number - 6TX300312 and 6TX300312**

**Non-major Programs:**

- CFDA 10.025 - Plant and Animal Disease, Pest Control, and Animal Care**
- CFDA 10.153 - Market News**
- CFDA 10.163 - Market Protection and Promotion**
- CFDA 10.559 - Summer Food Service Program for Children**
- CFDA 10.568 - Emergency Food Assistance Program (Administrative Costs)**
- CFDA 14.228 - Community Development Block Grants/State's Program**
- CFDA 66.700 - Consolidated Pesticide Enforcement Cooperative Agreements**

**Type of finding - Significant Deficiency**

Access to migrate changes to production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to production environment. Access to PATHS production servers is inappropriate. Two developers have access to the application and database servers in production. The ability for these two developers to mitigate changes to production is partially mitigated by their lack of direct access to the ID needed to migrate changes to production. Additionally, two developers have administrative access on the PATHS application.

Questioned Cost: \$ 0  U.S. Department of Agriculture U.S. Department of Housing and Urban Development Environmental Protection Agency
--

Terminated employees should be removed from all systems following termination. One terminated database administrator had access to the database server. The situation was mitigated as the terminated Database Administrator (DBA) was properly removed from the network and without access to the network; an employee is unable to gain direct access to any of the underlying systems or applications. Additionally, a terminated employee user ID for a former DBA was active on the database after their termination date. Upon notification, this terminated employee's access was removed from production on October 31, 2008. Thirdly, four of 16 terminated users selected for testing had access to the PATHS application. This access was mitigated as none of the four terminated employees had network access.

Privileged access (i.e. super user) on the database was granted to six developers when "TDA\_DEVELOPER" was inadvertently granted DBA-type privileges in the production environment. Effective October 31, 2008, TDA\_DEVELOPER role was removed from production.

A periodic review of existing user access and their privilege levels in the application was not performed.

**AGRICULTURE, DEPARTMENT OF**

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No compliance issues were noted for payroll sample items selected with regards to the above major programs. The related timesheets were properly certified and approved and the allocation of expenditures to the various CFDA was recalculated without exception. Total salary and benefits costs charged to the major and non-major program for fiscal year 2008 were:

<u>Federal Program</u>	<u>Amount Charged for FY08</u>
CFDA 10.025	\$ 144,670
CFDA 10.153	32,436
CFDA 10.163	538,897
CFDA 10.560	4,530,364
CFDA 10.558	231,554
CFDA 10.559	142,820
CFDA 10.568	17,404
CFDA 14.228	321,630
CFDA 66.700	<u>2,454,487</u>
Total	<u>\$ 8,414,262</u>

Recommendation:

Management should restrict access based on the individual's job responsibility, including restricting developer access from migrating code into production. Management should also perform a periodic review of active users and user access rights to ensure appropriate segregation of duties is established. Terminated employees should be removed from all systems timely.

Management Response and Corrective Action Plan:

*Texas Department of Agriculture (TDA) agrees and has terminated the identified unnecessary authorizations. TDA is conducting a review of all authorizations to ensure no terminated employee accounts remain and that active user rights are appropriate. TDA will initiate comprehensive periodic reviews.*

*TDA's information technology (IT) department is relatively small. TDA is unable to have a complete segregation of IT duties. Two of the developers that have administrative access on the PATHS application are the application administrators. Their access is necessary to support PATHS for the agency. However, they are not the developers of the application and are not able to modify the code.*

*TDA is currently recruiting a full time Information Security Officer (ISO). The ISO's first priority is to conduct a security risk assessment in conjunction with these findings and develop a work plan to establish security governance, procedures, and guidelines for the agency.*

*Implementation Date: Terminating identified unnecessary authorizations: January 30, 2009  
Security governance, procedures, guidelines, and review: October 31, 2009*

*Responsible Person: Patrick Le*

Reference No. 09-02

**Subrecipient Monitoring**

**CFDA 10.558 - Child and Adult Care Food Program**

**Award year - October 1, 2007 to September 30, 2008**

**Award number - 6TX300352 and 6TX300332**

**Type of finding - Non-Compliance**

The administering agency is required to assess institutional compliance by performing reviews of independent centers, sponsoring organizations of centers, sponsoring organizations of day care homes, and new organizations. The prescribed schedule is such that independent centers and sponsoring organizations of 1 to 100 facilities must be reviewed at least once every three years. A review of such a sponsoring organization must include reviews of 10 percent of the sponsoring organization’s facilities; sponsoring organizations with more than 100 facilities must be reviewed at least once every two years. These reviews must include reviews of 5 percent of the first 1,000 facilities and 2.5 percent of the facilities in excess of 1,000; new institutions that are sponsoring organizations of five or more facilities must be reviewed within the first 90 days of program operations. 7 CFR Ch. II (1–1–08 Edition) § 226.6 (m)(6)(i)(ii)

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Agriculture</p>
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One of the 40 subrecipients selected for review had not received an onsite review in the past three years. For this subrecipient, an on-site review was last performed in fiscal year 2005. The last on-site review date for this subrecipient was incorrectly entered into the field office’s tracking system as 2006, and as such, the subrecipient was on the 2009 review cycle. Upon notification of this oversight, the Department of Agriculture commenced an on-site review. The program expenses for this subrecipient from fiscal year 2006 to 2008 respectively are as follows: \$28,943; \$37,424; and \$41,623.

Recommendation:

All field offices should review their subrecipient work plans to ensure they are correct, and that on-site reviews meet the required time frames.

Management Response and Corrective Action Plan:

*TDA has scheduled and conducted the administrative review for the CACFP contractor that had not received a review within the scheduled time frame. In addition, TDA reviewed work plans for each field office to ensure they were correct. All other scheduled reviews for the audit period had been properly reviewed.*

*To ensure administrative reviews are conducted on time in the future, TDA is scheduled to launch the Field Operations Tracking System in March 2009. This system will track all administrative reviews allowing TDA to review work plans for accuracy. In addition, TDA management will follow up each month to ensure scheduled administrative reviews are completed as scheduled, or if rescheduled, the review is conducted within the proper timeframe.*

*Implementation Date: April 30, 2009*

*Responsible Person: Don Mann*

Reference No. 09-03

**Subrecipient Monitoring**

**CFDA 10.560 - State Administrative Expenses for Child Nutrition**

**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**

**Award number - 6TX300312 and 6TX300312**

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

Texas Department of Agriculture (TDA) is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, the TDA must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to the TDA. The TDA is to review the report and to issue a management decision, if applicable.

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

Only one of the ten subrecipients selected had documentation regarding the receipt and review of the required OMB Circular A-133 Single Audit report. From March to August 2008, the position responsible for the collection and review of the Education Service Centers (ESC) A-133 reports was vacant and management did not reassign the responsibility to another individual. TDA's A-133 review is documented on their desk review form which also includes other procedures. The related desk review forms were on-hand but the section for the A-133 review was not completed. Of the 20 ESC subrecipients, only one had an A-133 Single Audit report review at the time of our test work. TDA management has commenced collection and review of the A-133 audit reports for the ESCs. During fiscal year 2008, approximately \$4,885,000 was passed through to the ESCs.

Recommendation:

TDA management should develop procedures to ensure that the desk reviews are 100% complete prior to being filed and that there is a succession plan in place when key individuals resign.

Management Response and Corrective Action Plan:

*Prior to the completion of the KPMG audit of TDA Food and Nutrition Division's 2008 program operations, the review of the Education Service Center's (ESC) 2007 Annual Financial Reports were performed. No findings for the ESC's Child Nutrition Departments were noted within any of the reports reviewed.*

*TDA has adjusted the timeframe in which the desk reviews will be conducted to ensure that all future desk reviews are 100% complete prior to being filed. In the past, TDA performed desk reviews on all ESCs prior to conducting the scheduled on-site reviews for selected ESCs. Desk reviews were usually performed prior to December of each year. Many A-133 audits are not published within that timeframe resulting in follow-up action by TDA. In the future, TDA will focus staff attention on the on-site review of the ESCs first. The desk reviews of all twenty ESCs will be performed in the spring. This will allow time for all prior year A-133 audits to be completed and published.*

*TDA has already identified staff to cover key positions and cross training is ongoing. Key processes and dates due will be identified by position and maintained by the administrative assistant. Management will review to ensure timely completion.*

*Implementation Date: April 30, 2009*

*Responsible Person: Robin O. Roark*

Reference No. 09-04

**Subrecipient Monitoring**

**CFDA 10.550 - Food Donation**

**Award year - October 1, 2007 to September 30, 2008**

**Award number - FNS-74 (04-2003)**

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

Access to migrate changes to production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to production environment. Terminated employees should be removed from all systems following termination. During the performance of general controls test work for the Texas Commodities System (TCS), the following items were noted with regard to access procedures performed:

Questioned Cost: \$ 157,450  
U.S. Department of Agriculture

- 20 out of 34 admin users on the TCS application belong to terminated employees. Additionally, three of the 34 admin users were developers. Lastly, four out of 34 admin user IDs were assigned to unknown users.
- One out of 17 users with access to production servers belongs to a terminated developer. In addition, an additional user of the 17 belonged to a terminated Database Administrator (DBA).
- Two user DBA IDs were assigned to Health and Human Services Commission developers who do not require access to Department of Agriculture (TDA) systems.
- There are two users with inappropriate access to the TCS application to override the system limitation that prohibits schools from requesting commodities up to 25% of their yearly allocation. During the audit, TDA removed the access for these two users.
- A periodic review of existing user access and their privilege levels in the application was not performed.

For the above four instances, the respective employees did not have network access, thus potential risk of inappropriate access was mitigated.

During change management audit procedures, it was noted that TDA performs testing of code changes after the code is moved into production. TDA does hire a third party developer to create the code changes and the contract between TDA and the third-party developer does require the vendor to perform testing of code changes. However, TDA does not monitor this testing nor retain documents evidencing the work and results performed by the vendor. No application code changes were made during the audit period.

Total meal counts requested by schools are uploaded annually from their source data into the TCS application. TDA procedures include a manual reconciliation from the source date to the TCS system upload to validate completion and accuracy of the upload. However during fiscal year 2008, the reconciliations were not performed. Therefore during the audit, the reconciliation was performed and one requestor was noted to have discrepancies. As a result, the requesting entity received \$259,638 in commodities, but they were only eligible for \$102,188.

Recommendation:

Management should restrict access based on the individual’s job responsibility, including restricting developer access from migrating code into production. Management should also perform a periodic review of active users and user access rights to ensure appropriate segregation of duties is established. Terminated employees should be removed from all systems timely. All changes to code should be tested prior to being deployed into production.

In addition, the annual reconciliation for the meal counts to the source data should be performed and reviewed timely to ensure total meal counts is completely and accurately reflected prior to the allocation of commodities.

Management Response and Corrective Action Plan:

TDA agrees and has terminated the identified unnecessary authorizations. TDA is conducting a review of all authorizations to ensure no terminated employee accounts remain and that active user rights are appropriate. TDA will initiate comprehensive periodic reviews.

In anticipation of the transitioning of the TCS system to TDA from the Health and Human Services Commission, TDA established a TCS test environment on January 16, 2009. Therefore, future TCS code changes will be tested prior to deployment to production.

TDA is currently recruiting a full time Information Security Officer (ISO). The ISO's first priority is to conduct a security risk assessment in conjunction with these findings and develop a work plan to establish security governance, procedures, and guidelines for the agency.

In 2008, over 130 million pounds of commodity foods were received in Texas valued at over \$106 million. Commodities to schools are handled through the Food Distribution Program. Total eligible lunch meals served are used to calculate the allocation amount per school. Schools have 60 days after the end of any given month to report meals served. Revisions to meal counts may also be made after that time. To ensure the meal counts used to allocate meals are the most current, staff will reconcile school district meal counts recorded in the commodity system to the eligible meal counts reported by districts in the information management system annually prior to finalizing the allocation process. Any mismatches will be evaluated and revised as appropriate.

Detailed procedures have been developed and commodity staff involved with the annual reconciliation process have been retrained. The written procedure has been disseminated to all commodity staff and is posted in the Food and Nutrition's policy and procedures folder located on the shared drive.

Implementation Dates:

Terminating identified unnecessary authorizations:	January 30, 2009
Security governance, procedures, guidelines, and review:	October 31, 2009
Annual reconciliation:	January 30, 2009

Responsible Person:

Terminating identified unnecessary authorizations:	Patrick Le
Security governance, procedures, guidelines, and review:	Patrick Le
Annual reconciliation:	Johnny Adams

Reference No. 09-05

**Allowable Costs/Cost Principles**

**CFDA 10.558 - Child and Adult Care Food Program**

**Award year - October 1, 2007 to September 30, 2008**

**Award number - 6TX300352 and 6TX300332**

**CFDA 10.560 - State Administrative Expenses for Child Nutrition**

**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**

**Award number - 6TX300312 and 6TX300312**

**Non-major Programs:**

**CFDA 10.025 - Plant and Animal Disease, Pest Control, and Animal Care**

**CFDA 10.163 - Market Protection and Promotion**

**CFDA 10.559 - Summer Food Service Program for Children**

**CFDA 66.700 - Consolidated Pesticide Enforcement Cooperative Agreements**

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

Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. (A-87, Attachment E, paragraph A.1-3) Indirect cost proposals must be developed (and when required, submitted) within six months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant Federal agency. (A-87, Attachment E, paragraph D.1)

Questioned Cost: \$ 0

U.S. Department of Agriculture  
Environmental Protection  
Agency

Indirect cost rates will be reviewed, negotiated, and approved by the cognizant Federal agency on a timely basis. Once a rate has been agreed upon, it will be accepted and used by all Federal agencies unless prohibited or limited by statute. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the governmental unit. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute, or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate. The agreed upon rates shall be made available to all Federal agencies for their use. (A-87, Attachment E, paragraph E.1-3)

For fiscal year 2008, the Department of Agriculture (TDA) utilized the Environmental Protection Agency's (EPA) approved rate of 66.72% applicable for the 2007 fiscal year in calculating the 2008 indirect cost reimbursement amounts. The EPA approved rate expired August 31, 2007. There was no provision in the indirect costs agreement for a 2008 rate. The 2007 approved rates were based off of expenditures for the fiscal year ended August 31, 2005. In addition, TDA assumed the responsibility for oversight of several additional USDA Food and Nutrition Service programs that were previously administered by the Texas Department of Health and Human Services in fiscal year 2008. The total expenses for CFDA 10.560 and 10.558 during fiscal year 2008, respectively, were approximately \$15.9 million and \$227.3 million of which approximately \$2,800,000 and \$91,000 were indirect costs. Total indirect reimbursement requests for fiscal year 2008 for major and non-major programs are noted below. The Office of Acquisition Management of EPA confirmed with TDA during February 2009 that these expenditures were reimbursable as requested and any adjustments would be considered in the future approved rates for TDA.

<b>Federal Program</b>	<b>Indirect Reimbursement Request in FY08</b>
CFDA 10.025	\$ 101,159
CFDA 10.163	306,077
CFDA 10.558	90,911
CFDA 10.559	65,228
CFDA 10.560	2,814,340
CFDA 66.700	343,386
	\$ 3,721,101



Recommendation:

TDA should work with their cognizant agency, EPA, to obtain a current indirect cost reimbursement rate. Going forward, TDA should ensure that it uses only approved rates for the applicable fiscal year or obtains documentation of an extension allowing the continued usage of prior fiscal year rates.

Management Response and Corrective Action Plan:

*In fiscal year 2008, TDA was faced with several changes associated with incorporating two significant programs. TDA notified the Environmental Protection Agency (EPA), our cognizant agency, about the anticipated change in funding streams for fiscal year 2008 in April 2007. Due to the uncertainty of the anticipated change in funding streams on TDA's fiscal year 2008 expenditures and the fiscal year 2008 indirect cost reimbursement rate, in April 2007, TDA also requested and was granted an extension for submitting the indirect cost rate proposal for fiscal year 2008. Prior to fiscal year 2008, TDA submitted indirect cost rate proposals to EPA each fiscal year and received and used approved rates for the applicable fiscal year.*

*In lieu of having an approved indirect cost reimbursement rate for fiscal year 2008, TDA used the approved 2007 rate as an estimate. Indirect costs are an allowable cost and EPA was aware of the delay in submitting the fiscal year 2008 indirect rate proposal. Unexpected circumstances resulted in a delay greater than initially expected. The proposed 2008 rate has been submitted to EPA for review and approval.*

*TDA is implementing a Financial Services report tracking system to identify the due dates of all division reports and deliverables including the indirect cost rate proposal. Future indirect cost rate proposals will be completed approximately six months prior to the beginning of the fiscal year for which the rate will be applied. If for any reason this time line cannot be met TDA will seek written approval for use of a provisional rate.*

*Implementation Date: February 28, 2009*

*Responsible Person: Heather Griffith-Peterson*

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

Reference No. 09-06

**Allowable Costs/Cost Principles**

**Earmarking**

**Reporting**

**Subrecipient Monitoring**

**CFDA 10.558 - Child and Adult Care Food Program**

**Award year - October 1, 2007 to September 30, 2008**

**Award number - 6TX300352 and 6TX300332**

**Non-major Programs:**

**CFDA 10.553 - School Breakfast Program**

**CFDA 10.555 - National School Lunch Program**

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

During April 2008, the Child and Adult Care Food Program (CFDA 10.558) was administered through the Nutrition Assistance Payment Processing (NAPP) application, which was administered by Health and Human Services. Effective May 2008, the program was migrated to a new application called Special Nutrition Automated Processing System (SNAPS), which is administered by Texas Department of Agriculture. Since the functionality of NAPP was replaced, the application was retired and thus the general controls (logical access, program change controls, and operations) that supported the application could not be assessed.

<p>Questioned Cost: (\$ 24,558)</p> <p>U.S. Department of Agriculture</p>
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During the conversion from the NAPP to SNAPS application, historical data (primarily meal counts) was migrated from the legacy to the new application. During conversion audit procedures, the following discrepancies were noted with regard to the integrity of the underlying data utilized to pay claims and file the respective FNS 44 reports.

- Conversion Error - Within 'At-Risk Snacks' and 'Evening Snacks' meal counts on the FNS reports, both the original claim meal count and amended claim meal count (if applicable) were combined in the SNAPS database during conversion. Therefore when the FNS 44 reports were prepared from SNAPS, both the original and amended claim meal counts were included causing meals to be over-reported.
- NAPP Report Logic Error - In NAPP, there were a number of records where a particular claim month was not marked as eligible on the contract; however, a claim was submitted and paid for the respective month. The FNS-44 reporting process in NAPP first verified the contract to see whether the claim month was eligible and, if not, did not include any claimed meals for the month in the report totals. Therefore meals claimed and paid were under-reported.
- SNAPS Report Logic Error - An error was identified in a SNAPS logic statement when both an original and amended meal count were available for the same month. The logic statement was designed to select the larger of the two meal counts instead of the amended meal count. As such, this is a situation where meals were over-reported.

TDA provided original reported data and corrected data after the above three situations were noted. The under-reported meal count discrepancy detailed above was 117,843 meals for the fiscal year 2008. To quantify this discrepancy, the total meal count difference was multiplied by the Federal rate of assistance per meal (\$0.2084) to obtain the total value of under-reported meals of \$24,558.

The detail by CFDA of funds that flowed through the NAPP/SNAPS system in fiscal year 2008 is noted below:

<u>Federal Program</u>	<u>Amount for FY08</u>
CFDA 10.553	\$ 5,783,192
CFDA 10.555	11,152,200
CFDA 10.558	<u>209,474,157</u>
Total	<u>\$ 226,409,549</u>

Recommendation:

TDA should submit revised FNS 44 reports for the above discrepancies and correct the SNAPS logic error for future reporting.

Management Response and Corrective Action Plan:

*TDA has identified the programming logics that were causing the discrepancies and implemented the following measures. The Conversion Error was corrected by updating the meal count records with the meal count from the actual claims data which are correct. The logic in SNAPS was corrected to report amended meal count. As for the NAPP report logic, SNAPS already had the correct logic which identified this discrepancy with NAPP.*

*The final revised FNS 44 reports have been generated and are currently being verified prior to submission to USDA by January 30, 2009.*

*Implementation Date: January 30, 2009*

*Responsible Person: Patrick Le*

**Department of Assistive and Rehabilitative Services**

Reference No. 09-07

**Eligibility**

**CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States**

**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**

**Award number - H126A080065 and H126A070065**

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

An individual is eligible for Vocational Rehabilitation (VR) services if the individual (a) has a physical or mental impairment that, for the individual, constitutes or results in a substantial impediment to employment; (b) can benefit in terms of an employment outcome from VR services; and (c) requires VR services to prepare for, secure, retain, or regain employment (Section 102(a) (1) of the Act (29 USC 722(a) (1))).

Questioned Cost: \$ 0  U.S. Department of Education
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The State VR Agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless (Section 102(a)(6) of the Act (29 USC 722(a)(6)):

- a. Exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or
- b. The State VR Agency is exploring an individual’s abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.

Per review of 40 blind recipients and 30 rehab recipients, four blind individuals were not determined eligible within 60 days and there was no notation in the case notes explaining exceptional or unforeseen circumstances. The individuals were determined to be eligible so there are no questioned costs. Forty counselors were reviewed to ensure the counselors’ license was current and that training had been received without exception.

Recommendation:

The Department of Assistive and Rehabilitative Services (DARS) should enhance training as to the use of case notes and their importance to complying with federal regulations.

Management Response and Corrective Action Plan:

*Management agrees with the recommendation and will review and strengthen counselor training and documentation regarding federal requirements in determining an individual eligible for VR services within 60 days of application. Management will also provide additional guidance to supervisory personnel.*

*Implementation Date: October 1, 2009*

*Responsible Person: Bill Agnell*

**Department of Family and Protective Services**

Reference No. 09-08

**Allowable Costs/Cost Principles**

**Eligibility**

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

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0802TXTANF and G0702TXTANF**

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

Consistent with Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Pub. L. No. 104-193), and subsequent amendments thereto, and codified at 42 USC 601-619, the Texas Department of Family Protective Services (DFPS) is authorized to provide any service for which the State previously was authorized to use IV-A or IV-F funds under prior law, as in effect on September 30, 1995, as clarified by the State's 1997 plan amendment for the Emergency Assistance Program (EA).

Questioned Cost: \$ 2,627,698  
U.S. Department of Health and Human Services

In accordance with the Temporary Assistance for Needy Families (TANF) State Plan, DFPS is responsible for administering and providing services under EA. A family is eligible for EA Assistance in Texas if all of the following conditions are met, as determined by DFPS:

- An emergency exists. An emergency is defined as (a) a child is at risk of abuse or neglect as determined by DFPS, (b) a child has been removed from their home and placed in DFPS care, or (c) DFPS determines that a child formerly in its care is at risk of being returned to its care.
- The family applies for EA Assistance or a caseworker applies on behalf of a child whose parents are unavailable or unwilling to apply.
- The child under age of 19 has lived with the relative within the six month period prior to application.
- The emergency arose for a reason other than an adult family member's refusal to accept employment without good cause.
- The family has not received Federal EA Assistance in Texas during the 12 month period prior to application.
- The applicant, child, or family declares annual income of less than \$63,000.

A sample of 40 children for whom TANF payments were made during fiscal year 2008 was selected for review. Three children receiving EA funds had documented end dates in IMPACT, the computer system for eligibility. These children all became eligible for Supplemental Security Income (SSI) benefits while receiving EA funds. Per review of the payment history screens, payments of EA funds continued after the end date entered by the case worker due to SSI eligibility. DFPS corrected the system error and quantified all EA and SSI children affected by the programming discrepancy. The amount of EA funds incorrectly awarded is as follows: fiscal year 2007 was \$1,326,816; fiscal year 2008 was \$1,270,417; and fiscal year 2009 payments made through the time of the date correction were \$30,465.

Recommendation:

As noted above, DFPS has corrected the computer system application logic.

Management Response and Corrective Action Plan:

*As noted in the last paragraph of the Finding and in the Recommendation, DFPS made programming changes to the agency's IMPACT system to correct the deficiency. Also, the agency ran a special prior period adjustment batch to correct the funding source for the affected payments.*

*Implementation Date: November 2008*

*Responsible Person: Janis Brown*

Reference No. 09-09

**Allowable Costs/Cost Principles**

(Prior Audit Issue - 08-04, 07-05, 06-05)

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

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0702TXTANF and G0802TXTANF**

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0701TX1401 and G0801TX1401**

**CFDA 93.659 - Adoption Assistance**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0701TX1407 and G0801TX1407**

**CFDA 93.667 - Social Services Block Grant**

**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**

**Award number - G0701TXSOSR and G0801TXSOSR**

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

Effective September 1, 2004, the health and human service agencies for the State of Texas were reorganized, creating a triggering event for the amendment of the public assistance cost allocation plan (CAP). Once a CAP is approved, State public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR section 95.509):

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

- (a) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
- (b) A material defect is discovered in the cost allocation plan.
- (c) The State plan for public assistance programs is amended so as to affect the allocation of costs.
- (d) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

The Department of Family and Protective Services (DFPS) submitted their revised CAP to the U.S. Department of Health and Human Services to be effective September 1, 2004. The federal Division of Cost Allocation (DCA) has not approved the CAP as of August 31, 2008. KPMG was unable to determine that the expenditures charged to the federal programs were based on an approved CAP. However, based on test work performed over the areas noted below, DFPS allocated expenses, including payroll and benefit expenditures, in accordance with the CAP submitted to DCA for approval during fiscal year 2008.

The CAP submitted for approval during fiscal year 2008, incorporated an implementation plan to address mutually agreed methodology changes surrounding its Random Moment Time Studies (RMTS). The methodology change agreed to by DCA is a move from observer-based methodology of tracking RMTS to a web-based response system, using an online tool that assists with the management and oversight of the RMTS studies. The system is maintained in a Windows environment. It was noted with regards to the RMTS web based system that eight INET developers have privileges on the server with ability to access to the production files for the RMTS web application. No compliance exceptions were noted for the allowable costs/cost principles samples selected for the above major programs.

Per review of the 2008 expenditure patterns, expenses (including payroll and benefit expenditures) were determined to be direct and material to various major programs noted above. In accordance with the CAP submitted by DFPS for approval, expenditures are to be allocated based on various methodologies as determined by the associated projects: random moment time study (RMTS), full time employee (FTE) headcount analysis, service unit cost analysis, case count analysis, or payroll effort certification.

- DFPS performs RMTS, service unit cost analysis, and case count analysis on a quarterly basis. The updated allocation information is utilized to update the cost allocation system on a quarterly basis. FTE headcount analysis is performed monthly and certified for payroll effort each month.
- From the results of the various allocation methods noted above, summarized information is used to update or upload the information into the Cost Allocation System which allocates employees' time and other expenditures to the respective programs. Prior to September 1, 2007, the projects were a quarter in arrears. As of September 1, 2007, DFPS is allocating all expenses based on real-time projects as instructed by the HHS Division of Cost Allocation (DCA).

Recommendation:

DFPS should continue to work with DCA to ensure that all outstanding items are appropriately addressed and any necessary adjustments are made once an approved CAP plan is obtained.

DFPS should restrict development personnel from being able to promote code changes into the production environment. If such access is granted, management should develop appropriate monitoring procedures to ensure only changes that have been authorized and tested are promoted into the production environment.

Management Response and Corrective Action Plan:

PACAP

*On September 12, 2008, DFPS submitted a revised complete PACAP (TX DFPS 08-02) which makes further changes to TX DFPS 08-01. The most recently submitted complete revised PACAP (TX DFPS 08-02 dated 9/12/2008) is the plan in effect for expenditures during the period September 1, 2007 to August 31, 2008.*

*The main purpose for this revision was to implement new random moment time study task codes for child protective services and adult protective services specialists which eliminated Medicaid targeted case management. Additionally, the remaining recommendations shared by ACF during the pilot administrative cost review were included. These changes are noted as amendments on the affected Project IDs with an effective date of July 1, 2008. At the end of November 2008, DCA indicated they could not complete the review within the 60-day review period and that the operational divisions had requested an extension. In a letter dated December 3, 2008, DCA acknowledges receipt of both TX DFPS 08-01 and TX DFPS 08-02 and indicated that they would review only the Plan submitted on September 12, 2008 (TX DFPS 08-02), but would keep the prior Plan on file.*

*Implementation Date: Fiscal Year 2009*

*Responsible Person: Janis Brown*

RMIS

*DFPS information technology will limit code promotion capabilities to only one developer and the department manager. Additionally, DFPS will modify the existing process to provide records documenting specific approvals that are used to justify the promotion of code to the production.*

*Implementation Date: April 1, 2009*

*Responsible Person: Monica de Leon*

Reference No. 09-10

**Allowable Costs/Cost Principles**

**Eligibility**

(Prior Audit Issue - 08-05)

**CFDA 93.659 - Adoption Assistance**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G071TX1407 and G0801TX1407**

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

Adoption Assistance Subsidies may be expended for adoption assistance agreement subsidy payments, in accordance with the State's foster care maintenance payment rate schedule; administrative payments for expenses associated with placing children in adoption; and training of professional staff and parents involved in adoptions. Subsidy payments are made to adoptive parents based on the need(s) of the child (i.e. developmental, cognitive, emotional behavioral) and the circumstances of the adopting parents (42 USC 673(a) (2)). Subsidy payment amounts cannot be based on any income eligibility requirements of the prospective adoptive parents (45 CFR section 1356.41(c)). Adoption assistance subsidy payments cannot exceed the foster care maintenance payment the child would have received in a foster family home; however, the amount of the subsidy payments may be up to 100 percent of the foster care maintenance payment rate (42 USC 673(a)(3)).

Questioned Cost: \$ 28,437  
U.S. Department of Health and Human Services

Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

- (1) The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (AFDC) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 USC 673(a)(2)(A)).
- (2) The child was determined by the State to be a child with special needs (42 USC 673(c)).
- (3) The State has made reasonable efforts to place the child for adoption without a subsidy (42 USC 673(c)).
- (4) The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675(3)).

A sample of 40 children, for whom Adoption assistance subsidy payments were made during fiscal year 2008, was selected for review. For each child, we obtained the recipient file and verified that a determination was made for the child's eligibility. For one of the children selected, the case records were not available for review, therefore eligibility could not be verified. Benefits paid to this family were \$46,915, of which \$28,437 was the federal portion.



Recommendation:

DFPS should continue its efforts to ensure staff are monitoring all operations for compliance with eligibility requirements. Supervisor review of files should include a completeness determination that all required documentation is included.

Management Response and Corrective Action Plan:

*This finding was related to a case that could not be located by the CPS regional office. The adoption assistance record could not be reconstructed. Without any documentation to support the IV-E determination, the child's adoption assistance eligibility has been changed from Title IV-E to State-paid in IMPACT.*

*The federal adjustment will be handled through two separate processes. Payments starting in September 2006 will be corrected through Prior Period Adjustments in IMPACT. This process will return \$6,887.42 of the federal adjustment. DFPS/CPS Federal and State Support division will handle these funding adjustments. Corrections for payments made prior to September 2006 will be processed as a manual adjustment by Accounting in HHSAS. This process will account for the remaining federal adjustment of \$21,549.25.*

*Implementation Date: April 1, 2009*

*Responsible Person: Max Villarreal and James R. Wall III*

Reference No. 09-11

**Eligibility**

(Prior Audit Issue - 08-07, 07-08, 06-09, 05-03, 04-37, and 04-38)

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0701TX1401 and G0801TX1401**

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

Criminal Record Check and Child Abuse and Neglect Registry Check

In accordance with 45 CFR section 1356.30 (a) and (b), unless an election provided for in paragraph (d) of this section is made; the State must provide documentation that criminal record checks have been conducted with respect to prospective foster and adoptive parents. The State may not approve or license any prospective foster or adoptive parent, nor may the State claim Federal financial participation for any foster care maintenance or adoption assistance payment made on behalf of a child placed in a foster home operated under the auspices of a child placing agency or on behalf of a child placed in an adoptive home through a private adoption agency, if the State finds that, based on a criminal records check conducted in accordance with paragraph (a) of this section, a court of competent jurisdiction has determined that the prospective foster or adoptive parent has been convicted of a felony involving:

1. Child abuse or neglect
2. Spousal abuse
3. A crime against a child or children (including child pornography), or
4. A crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery.

Questioned Cost: \$ 445

U.S. Department of Health and  
Human Services

5. In addition, the foster family home provider must satisfactorily have met a child abuse and neglect registry check with respect to prospective foster and adoptive parents and any other adult living in the home who has resided in the provider home in the preceding 5 years. The requirement applies to foster care maintenance payments for calendar quarters beginning on or after that date. (42 USC 671(a)(20)(C); Pub. L. No. 109-248, section 152(c)(2) and (3)).

The Department of Family and Protective Services (DFPS) has implemented procedures to ensure that background checks and child abuse and neglect registry checks are completed in accordance with Federal regulations. In accordance with the Texas Administrative Code (TAC) 745 Subchapter F "Requesting Background Checks," management has implemented ongoing monitoring activities to address compliance with the background check requirements found in TAC 745 Subchapter F. DFPS has implemented periodic monitoring activities of criminal background checks to ensure that all individuals have met the requirement. The procedures implemented by DFPS include but is not limited to the following:

- DFPS has established minimum standards that include timeframes for the submission of a person's background check request.
- If the results of the background check are not received within two working days of submission to DFPS, the requestor may obtain a criminal history check on the person through the Department of Public Safety (DPS) at <http://records.txdps.state.tx.us/>.
- DFPS does not allow the person to provide direct care or have direct access to a child in care until the results of the person's background check are received.
- DFPS requires an FBI criminal history check on persons who live outside of Texas or about whom there is reason to believe other criminal history exists. In these situations the individual must submit FBI fingerprint cards.
- DFPS requires the receipt of results from the background checks before issuing a permit to operate a licensed child-care home, a registered child-care home, a listed family home, an independent foster home or a foster group home.
- DFPS conducts investigations at operations due to reported cases of abuse or neglect, a deficiency in licensing statute, rule, or minimum standard.
- DFPS requires an update of the criminal background checks at least once every two years.

A sample of 40 children for whom Foster Care payments were made during fiscal year 2008 was selected for review. For each child, we selected one foster care provider and verified that the provider satisfactorily met the criminal records check. For each foster care provider, we obtained a listing of employees for a selected month and verified that a criminal background check or neglect registry check was performed for one employee within the two year required period. Our review disclosed one instance in which the background check was overdue. During field work, DFPS performed the required background and neglect registry check and noted no issues for this employee.

Re-determination of Eligibility

Per the Texas Administrative Code, rule 700.324, *Re-determination of Foster Care Eligibility*, DFPS must re-determine a child's eligibility for foster care assistance:

- (1) At least every 12 months;
- (2) Whenever changes in the child's circumstances affect his eligibility; and
- (3) If a move affects the child's eligibility, or the rate of foster care payment.

For a sample of 40 children for whom Foster Care payments were made during fiscal year 2008, two instances were found where the eligibility re-determination was overdue, one case by three months and the second case by nine months. The re-determination process is a manually worked process by the case workers. A computer generated list is produced of all children requiring re-determination several months prior to the end of the eligibility period. In both instances, the children were determined to be eligible to continue to receive Foster Care assistance so there are no questioned costs.

Child-Care

Foster Care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in section 406(a) of the Social Security Act, as in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f), (42 USC 672(a)(1) and (2) and 45 CFR section 1356.21). Funds may be expended for Foster Care maintenance payments on behalf of eligible children, in accordance with the State's Foster Care maintenance payment rate schedule, to individuals serving as foster family homes, to child-care institutions, or to public or private child-placement or child-care agencies. Such payments may include the cost of (and the cost of providing, including the associated administrative and operating costs of an institution) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation (42 USC 672(b)(1) and (2), (c)(2), and 675(4)).

For a sample of 40 children for whom Foster Care payments were made during fiscal year 2008, one instance was found where a child who was eligible for state foster care funds received federal foster care funding prior to the completion of the required paper work. Child care expenditures are processed through Texas Workforce Commission. DFPS informs TWC of the eligible recipients and this child was inadvertently included on the eligible federal funding list over a course of four months or 62 units of service. During this time period, \$445 was incurred prior to the child being eligible.

Recommendation:

DFPS should continue its efforts to ensure staff are monitoring all operations for compliance with applicable eligibility and the background and child abuse and neglect registry check requirements. Supervisor review of files should include a completeness determination that all required documentation is included and a review of the re-determination lists to ensure all children are worked timely.

Management Response and Corrective Action Plan:

*Criminal Records Check - The DFPS licensing program will continue to ensure that all operations are evaluated for compliance with the background check requirements found in TAC 745 Subchapter F. Residential Child Care Licensing (RCCL) continues to evaluate compliance with all background check requirements at every inspection. Effective November 2008, licensing implemented the use of the weighted standards system as part of its ongoing monitoring and evaluation of an operation's compliance with minimum standard. Minimum standards related to the submission of initial and subsequent background checks are assigned a "High" weight due to the risk they pose to children in 24-hour child care facilities.*

*Implementation Date: Ongoing*

*Responsible Person: Sasha Rasco*

*Re-determination of Eligibility - DFPS/CPS Federal and State Support Division has contacted the eligibility worker regarding the two delinquent redeterminations. One redetermination was due in June 2007 and completed in August 2007. The 2<sup>nd</sup> was due in December 2007 and was completed in Sept 2008. Both children were determined to remain eligible for Title IV-E assistance. The redeterminations were initiated timely by the eligibility worker but were delayed by the CPS caseworker's submittal of the redetermination documentation after the date it was due. The agency will strengthen policy to require that Eligibility Supervisors monitor redetermination reports to ensure redeterminations are completed timely.*

*Implementation Date: March 31, 2009*

*Responsible Person: Max Villarreal*

*Child-care - Accounting will make the Foster Care federal adjustment associated to the IVE eligibility of noted above, in the federal quarter ending March 31, 2009. It was determined that \$1,279.62 was reimbursed for services performed for the client. DFPS inadvertently claimed \$734.64 of those services as being Title IVE eligible at a time when the client was not IVE eligible. Of the \$734.64, DFPS will be making an adjusting entry refunding \$445.57 of federal funding back to Title IVE*

*Implementation Date: March 31, 2009*

*Responsible Person: Max Villarreal*

Reference No. 09-12

**Subrecipient Monitoring**

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007**

**Award number - G0802TXTANF and G0702TXTANF**

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007**

**Award number - G0801TX1401 and G0701TX1401**

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

The Department of Family and Protective Service (DFPS) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal programs. DFPS 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, DFPS 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 DFPS. DFPS is to review the report and to issue a management decision, if applicable.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

DFPS subrecipient monitoring procedures include use of standard contracts, technical assistance, a risk assessment process, program monitoring, and financial monitoring including compliance reviews, site visits, and A-133 audit report collection and review. The A-133 audit report collection and review is centralized and performed by Health and Human Services Commission (HHSC) Office of Inspector General (OIG) for the State of Texas. Monitoring for client services contracts is based on risk as identified in the Statewide Monitoring Plan. The items noted primarily relate to documentation and follow-up with subrecipients as a result of non-timely submission of required reports or correspondence.

A sample of 30 subrecipients who received TANF payments passed through DFPS during fiscal year 2008 was selected for review. The following is noted:

- One subrecipient failed to timely submit their A-133 report by October 2007. Subsequent to the date, DFPS did not mail out a notification to the recipient nor has the receipt of the A-133 report occurred as of November 2008. Additionally, DFPS has not imposed any sanctions for noncompliance.
- One subrecipient file did not include any support for the submission of required financial reports by the subrecipient and there was no evidence of follow-up performed by DFPS.
- For one additional sample, the A-133 report was not on file.

A sample of 40 subrecipients who received Foster Care payments passed through DFPS during fiscal year 2008 was selected for review. The following is noted regarding 11 of the 40 files:

- An incomplete current year financial on-site monitoring tool (i.e., cash management and allowable costs audit procedures were not completed) for one file was noted and the monitoring visit lacked evidence of management review.
- The risk assessment tool noted one subrecipient as high risk, indicating an on-site monitoring would be conducted. DFPS policy is to document professional judgment when a high risk subrecipient is determined to not require an on-site visit. Such documentation was not available for this sample item.
- For three of the samples, DFPS could not provide evidence that the Single Audit determination forms were received indicating whether the subrecipient would have an A-133 audit. In addition, the A-133 tracking report did not indicate receipt of these reports. However, DFPS was able to provide the respective A-133 reports and noted no management decision was required.
- For two additional samples, the Single Audit determination form was not locatable nor was an A-133 report on file. DFPS was not able to determine if the subrecipients had an A-133 report to provide.
- For one sample, the A-133 due in March 2008 was not received timely. DFPS sent a delinquency letter in June 2008. There has been no follow up action as of December 2008.
- An approved budget was not included in the 2008 contract for two subrecipients. DFPS noted these subrecipients were to comply with the 2003 budgets however this was not communicated to the subrecipients in the 2008 contracts nor were the 2003 budgets available for review.
- DFPS was not able to locate the last monitoring reports for two subrecipients that were performed within the last three years. Additionally, one of these two samples did not have an A-133 for review although OIG records indicated it had been received and reviewed.

Recommendation:

DFPS should ensure that the documentation in all subrecipient files is complete and in accordance with DFPS policy. In addition, DFPS should follow up timely with subrecipients when required correspondence is delinquent. DFPS should consider appropriate use of its sanction policy when noncompliance is not rectified timely.

Management Response and Corrective Action Plan:

*The DFPS Contract Oversight and Support (COS) Division will review and enhance contracting policy and procedures related to implementing contract sanctions for contractors who are noncompliant with contract requirements, such as A-133 audits and the Subrecipient Audit Determination (SAD) form process. Any updated policies will be shared with contract management staff. Additionally, COS will review, enhance and communicate internal processes related to provider notification related to delinquent audit related reports.*

*Purchased Client Services Division, Regional Contracts, will ensure staff are knowledgeable of DFPS contract file documentation and file retention policies. All files will be maintained in accordance with the appropriate DFPS policies.*

*Implementation Date: August 31, 2009*

*Responsible Person: Liz Garbutt and Rebecca Flores*

Reference No. 09-13

**Matching**

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0701TX1401 and G0801TX1401**

**CFDA 93.659 - Adoption Assistance**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - G0701TX1407 and G0801TX1407**

**Type of finding - Non-Compliance**

Section 6053(b) of the Deficit Reduction Act provided for a modification of the Federal Medical Assistance Percentages for any state which has a significant number of evacuees from Hurricane Katrina. Additionally, Sections 1905(b) and 1101(a)(8)(B) of the Social Security Act required the Secretary of Health and Human Services to publish the Federal Medical Assistance Percentages each year and the revised FMAPs and EFMAs for 2008 rates are as follows:

Questioned Cost: \$ 90,777  
  
U.S. Department of Health and Human Services

	<u>Calculated 2008</u>	<u>2008 Adjusted</u>
FMAP	60.53	60.56
EFMAs	72.37	72.39

The modification of the Federal Medical Assistance Percentages and the Enhanced Federal Medical Assistance Percentages under the Deficit Reduction Act affect only medical expenditure payments under Title XIX and expenditure payments for the State Children's Health Insurance Program (SCHIP) under Title XXI. Based on Federal Register dated August 7, 2007 (Volume 72, Number 151), the percentages in this rule do not apply to payments under Title IV of the Social Security Act. In addition, the Title XIX statute provides separately for Federal matching of administrative costs, which is not affected by the subject Deficit Reduction Act provision.

The Department of Family and Protective Services (DFPS) misinterpreted the regulation noted above and utilized the 2008 adjusted rates for all programs at DFPS which utilized the FMAP rates from October 1, 2007 through September 30, 2008 when only Medicaid and SCHIP were eligible for the adjusted rates. DFPS quantified the difference in the 60.56% utilized and the 60.53% as \$90,777 for the federal fiscal year ended September 30, 2008.

	<b>Over charged Amount for Fiscal Year 2008</b>
Adoption subsidy payments, CFDA 93.569	\$ 30,859
Foster care payments, CFDA 93.658	59,918
Total	\$ 90,777

Recommendation:

DFPS should work with Health and Human Services to return the excess funds drawn during the 2008 federal fiscal year.

Management Response and Corrective Action Plan:

*DFPS concurs with this finding and is making the financial adjustments needed to correct claiming at the published federal medical assistance percentage of 60.53% rather than the adjusted rate of 60.56% for federal fiscal year 2008. Prior period adjustments should be reflected on the Form IV-E-1 for the quarter ended March 31, 2009.*

*Implementation Date: March 31, 2009*

*Responsible Person: Janis Brown and Trey Wall III*

**Health and Human Services Commission**

Reference No. 09-14

**Allowable Costs/Cost Principles**

(Prior Audit Issue 08-09, 07-11)

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005**

**Award number - 0805TX5021, 0705TX5021, 0605TX5021, and 0505TX5021**

**Medicaid Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006**

**Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048**

**Type of finding - Significant Deficiency**

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

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

The Health and Human Services Commission (HHSC) currently utilizes the First Health Services Corporation (FHSC) First Rebate application to validate and bill drug manufacturers for drug rebates. Access to the First Rebate production server AZPH-SRV-DB09 and the First Rebate database is not restricted appropriately as an excessive number of employees have administrative access rights to the Windows server and a developer has been granted administrative access in the application and database. In addition, password controls are not in accordance to policy. Specifically:

- Approximately 37 user IDs have administrative access to the First Rebate production server AZPH-SRV-DB09 at CVTY\CVTY-SE-Sever-Admin group. There are two generic IDs in this group.
- Approximately 46 user IDs have administrative access to the First Rebate production server AZPH-SRV-DB09 at CVTY\Domain Admin group. There are 11 generic IDs in this group.
- Approximately 86 user IDs have administrative access to the First Rebate production server AZPH-SRV-DB09 at RICNTDOM0 Domain admin group. There are 12 generic IDs in this group.
- No formal review of users is done by management to determine the appropriateness of access and ensure proper segregation of duties on the First Rebate server.
- Novell logon and passwords are required for First Rebate Application. The security policy requires passwords to expire in 40 days and contains at least one numeric character. However, the password age is set to 95 days and Novell cannot enforce complexity requirements.
- Windows is the operating system for First Rebate Application. The security policy requires passwords to contain at least 8 characters, however, only 6 characters are configured.

With full update access, user IDs can be used to provide system access to add, update, or delete data. Sophisticated users with broad enterprise skills and experience might have the knowledge to violate the requirement for appropriate segregation of duties. Users with inappropriate rights to modify application code or data create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

No compliance exceptions were noted related to the allowable costs/cost principles related to the major programs noted above.

Recommendation:

Employees who perform development should not have access to the production environment. Access to administrative IDs should be restricted to a limited number of authorized employees. Unused generic IDs should be locked or monitored. User access and privileges should be periodically reviewed and approved by management. Finally, passwords should be brought into compliance with policy.

Management Response and Corrective Action Plan:

*HHSC is working with its vendor to improve security, and has placed FHSC under a Corrective Action Plan to address these deficiencies.*

*Regarding the high number of users with administrative access to the production server, although there is no objective and reliable standard upon which to determine the maximum appropriate number of users who require that level of access to adequately support a large data center, HHSC will work with FHSC in an effort to keep the number to a minimum.*

*HHSC will require that FHSC increase the frequency of its user reviews and ensure its password practices comply with applicable policies.*

*HHSC contracted with Clifton Gunderson, LLP on December 14, 2008, to perform a SAS 70, Type II audit to review and test relevant FHSC system controls. The final report is due by July 2009.*

*Implementation Date: On or before December 2009*

*Responsible Person: Andy Vasquez*

Reference No. 09-15

**Allowable Costs/Cost Principles**

(Prior Audit Issue - 08-10 and 07-10)

**Medicaid Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006**

**Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048**

**Type of finding - Non-Compliance**

During fiscal year 2006, the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), regional office from Dallas Texas issued a disallowance letter dated November 29, 2006. On December 22, 2006, Health and Human Services Commission (HHSC) appealed the disallowance. The following information is quoted from the CMS letter:

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

“This letter is notice of a disallowance in the amount of \$14,849,602 Federal Financial participation (FFP) for medical transportation costs claimed during federal fiscal years 2004 and 2005. The transportation costs were improperly claimed at the Federal Medical Assistance Percentage (FMAP) for medical services instead of the 50 percent administration matching rate. (See deferral letter dated January 17, 2006)

The Texas Department of Health and Human Services Commission (HHSC) provides Medicaid reimbursement to the Texas Department of Transportation (TX-DOT) for administration of the State’s Medicaid non-emergency transportation program. TX-DOT subcontracts with transportation providers, who actually provide the transportation services.



The Secretary has specified by regulation that transportation (when necessary to secure medical care) may be treated as medical assistance only when furnished “by a provider to whom a direct vendor payment can appropriately be made by the agency. If other arrangements are made to assure transportation...FFP is available as an administrative cost.” 42 CFR Section 440.170(a)(2)(1991) (unchanged in relevant years). Administrative costs are normally reimbursed at a 50% rate under Section 1903(a)(7) of the Act.

Also, the recipients’ freedom of choice of providers is limited under the TX-DOT transportation program. Regulation cited in 42 CFR Section 431.51 provides that Medicaid recipients may obtain Medicaid services from any entity that is qualified and willing to furnish them. Therefore, Texas may not restrict transportation providers to those subcontracts with TX-DOT without an approved freedom of choice waiver. Texas did not have a freedom of choice waiver for the provision of transportation services.”

On September 17, 2007, in Decision No, 2114, the Departmental Appeals Board reversed the disallowance, in part, and upheld it, in part for services provided by brokers after June 1, 2006.

Recommendation:

HHSC should continue to work with CMS to revise the calculation of the appropriate disallowance amount based on the September 17, 2007 decision of the Departmental Appeals Board noted above.

Management Response and Corrective Action Plan:

*As indicated above, in Decision No. 2114, the Departmental Appeals Board reversed the amount of the disallowance related to expenditures in periods prior to June 1, 2006. For periods after June 1, 2006, State Plan amendment (SPA) 06-022 requires HHSC to claim the appropriate federal match for transportation services according to 42 CFR section 440.170(a)(2)(1991) and Section 1903(a)(7) of the Act. HHSC is still working with CMS on the final disallowance amount for periods after June 1, 2006. HHSC is expected to have the final disallowance amounts by March 2009.*

*Implementation Date: March 2009*

*Responsible Person: Sheryl Woolsey*

Reference No. 09-16

**Eligibility**

(Prior Audit Issue - 08-11 and 07-12)

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005**

**Award number - 0805TX5021, 0705TX5021, 0605TX5021, and 0505TX5021**

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

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

Questioned Cost: \$12,526
U.S. Department of Health and Human Services

concerning individual eligibility

Specifically, State Children's Insurance Program (SCHIP) Administrator Business Rules 370.42, *Eligibility Applicant Children*, SCHIP children are eligible if they are: birth through age 18, live in a household with a Federal Poverty Level (FPL) of at or below 200 percent and are not otherwise eligible for Medicaid, citizens or legal immigrants, and uninsured for at least 90 days. Additionally, families with gross income above 150% FPL and less than or equal to 200% FPL must pass a resource test to qualify for SCHIP. Resource limit is \$10,000 or less in countable liquid value plus excess vehicle value.

Eight of 40 cases did not have the application for benefits. These eight cases were all deemed from Medicaid personnel. For one of the eight files, the eligibility system has two different household sizes (2 and 4) documented. With a household size of two, the cost share required to be paid by the beneficiary is \$295 and with a household size of four, the cost share required to be paid by the beneficiary is \$590. Without an application we could not verify which household size was correct. Additionally, for one case, the application did not indicate whether or not the child had health insurance. The amount of benefits paid for the nine cases that did not have applications during fiscal year 2008 was \$10,195.

Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Medicaid - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, Texas Integrated Eligibility Reporting System (TIERS). Frequently cases are referred from Medicaid to SCHIP. The original design of the TIERS application did not include resource tests for SCHIP eligibility. HHSC determined to rely on the caseworkers to manually identify the affected SCHIP cases. SCHIP eligibility is generally determined by MAXe which has system edit checks to verify resource limitations. However for cases that originate in TIERS, TIERS only denied the clients for Medicaid and does not verify the resource limits for SCHIP. These children are "deemed eligible" without verification of the resource limits and interfaced into MAXe bypassing the resource edit checks.

For two children, the resource value was over the SCHIP limits (income >100% FPL, age of 10 and age of 19) and these two cases originated in TIERS. HHSC quantified all children paid SCHIP funds in fiscal year 2008 that were incorrectly deemed eligible. These questioned costs were \$2,331 for four children.

Recommendation:

HHSC should ensure that an application is maintained for every individual receiving benefits that enroll based on a referral from Medicaid. Additionally, HHSC should consider automating the process to check resource limits for the cases that do not meet Medicaid eligibility requirements, but are potentially eligible for SCHIP benefits.

Management Response and Corrective Action Plan:

*As part of its corrective action in response to the fiscal year 2007 Single State audit, the Office of Eligibility Services reviewed regional processes for case maintenance and found issues with maintaining records related to cases transferred from the regions to Iron Mountain. These issues were addressed with the implementation of improved processes in August 2008. The effectiveness of the regional processes are being evaluated based on each region's ability to provide case data when requested for various audits, Quality Control reviews, Office Management Support (OMS) surveys, and other internal OES case reviews. Although OES is currently in the process of determining whether a consistent statewide process, rather than maintaining separate processes in each region, should be implemented, the results of initiatives implemented in the regions indicate there has been a significant improvement in case record maintenance.*

*HHSC relies on existing eligibility processes to identify cases with resource values that exceed SCHIP eligibility requirements. Analysis provided to the auditors indicates that .07%, or only four clients, were found to be over the SCHIP assets limit of \$10,000. Currently, the SCHIP enrollment broker considers clients deemed from Medicaid as verification that the child is eligible for SCHIP; hence assets limits are not verified again in MAXe. When eligibility is recertified, which is typically every 12 months, household resources are verified during the re-enrollment process. If found to be over the limit, eligibility is terminated.*

*SCHIP resource testing will be implemented with the planned SCHIP eligibility migration into TIERS, which is scheduled for deployment in fiscal year 2010.*

*Implementation Dates: Implement statewide case maintenance process - June 30, 2009  
SCHIP eligibility migration into TIERS - fiscal year 2010*

*Responsible Person: Implement statewide process - Kirsten Jumper  
SCHIP eligibility migration into TIERS - Leah Burton*

Reference No. 09-17

**Eligibility**

(Prior Audit Issue - 08-12 and 07-13)

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006**

**Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF**

**Food Stamp Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007 and October 1, 2005 to September 31, 2006**

**Award number - 6TX400105**

**Medicaid Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006**

**Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048**

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

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

Questioned Cost: \$51,085

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 Food Stamp benefits, individuals must generally meet the following criteria to be eligible for any of the three forms of aid, and the information is required to be verified per a third party source of information. Any exceptions are noted below:

- Completed and signed an application for benefits with eligibility determined at least every 12 months for Medicaid (42 CFR 435.916(a)), TANF (per State Plan), and Food Stamps (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 Food Stamps 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 effective July 1, 2006; cash TANF by State Policy; and Food Stamps 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 for Food Stamps 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 Food Stamps 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 control procedures performed:

- Developers with access to production environment thru the “wasadmin” account.
- No password configurations set for Oracle database for one selected server.
- Three inactive generic accounts exist on the sudoers list for one selected server. These accounts were removed upon notification.
- 33 inactive generic accounts on Oracle database for one selected server. These accounts were locked upon notification.
- The URL for the TIERS login screen is available on the internet and while 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 during the fiscal year.

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. Select 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 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 their 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.

- The Federal Income, Eligibility, and Verification System (IEVS) is used to verify applicant's income information from the Social Security Administration, Internal Revenue Service, and the State of Texas Workforce Commission. Through IEVS, applicants' social security numbers are matched to respective agencies' records to verify earned and unearned sources of income. The automated IEVS interface is currently not in production in TIERS. Use of IEVS is required for Medicaid by 42 CFR 435.940 and TANF by the State Plan. IEVS is optional for Food Stamps (7 CFR 272.8).
- Certain fields are noted as required on various screens within TIERS. Within a set of "logical unit of work" screens, a case worker is not able to advance to the next input screen without entering information into all the required fields. The system design requires case workers to pend from the "questions" page that precedes the logical unit of work when all of the required detail information is not available. However once the case worker unpends the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the case worker has obtained. If the caseworker does not have the information for these required fields, "placeholder" information can be entered in order to advance to the screens for which case information has been. TIERS is not designed to pend these "place holder" inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client's file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.

For 50 files reviewed receiving Food Stamps, 11 files with benefits of \$24,879 were found to be incomplete or the benefits calculated in error as noted below:

- For two files the Cost of Living Adjustment (COLA) was not processed timely due to the case file being in a pending status. TIERS is designed to not process updates to files if the file is in pending status. As a result, the benefit amount calculated by TIERS was based on outdated information. The incorrect benefit amount paid to this household during the fiscal year was \$5,115.
- For three files the application for benefits was not available for review. In addition for one of the three files there was no support for income or support for citizenship. The benefit amount paid to the three households during the fiscal year was \$5,049.
- For three files an incorrect amount was entered into the system for unearned income. For two files there is no questioned cost as the recipients received the correct amount of benefits. The benefit amount paid to the third household, during the fiscal year was \$7,598.
- For two files the incorrect gross earned income was entered into the system. The benefit amount paid to these households during the fiscal year was \$6,117.
- For one file there was insufficient support for income used in determining eligibility. The benefit amount paid to this household, during the fiscal year was \$1,000.
- For three of the 11 files, the benefit amount could not be independently recalculated as proof of income or household size was not provided for review. Information was recalculated based on the information in TIERS. The benefit amount paid to these households is included in the bullets above.

For 50 files reviewed receiving TANF, five files with benefits paid of \$8,793 were found to be incomplete or had benefits calculated in error as noted below:

- For two files the eligibility re-determination application was not available for review. The benefit amount paid to this household, during the fiscal year was \$6,146.
- For one file the Cost of Living Adjustment (COLA) was not processed timely due to the case file being in a pending status. TIERS is designed to not process updates to files if the file is in pending status. As a result, the benefit amount calculated by TIERS was based on outdated information. The incorrect benefit amount paid to this household during the fiscal year was \$621.
- For one file there was no support for Texas residency. The benefit amount paid to this household, during the fiscal year was \$160.
- For one file unearned income was erroneously used in determining the benefit amount resulting in an underpayment during the fiscal year of \$1,866.

For 50 files reviewed receiving Medicaid, four files with total benefits paid of \$8,274 were found to be incomplete or had benefits calculated in error as noted below:

- One file was not available for review. Benefits paid to the family during the fiscal year were \$138.
- One file included self employment income twice in calculating eligibility. Benefits paid to the family were not affected as they were eligible for the benefits received.
- One file was missing a signed application. Benefits paid to this household during the fiscal year were \$2,345.
- One file did not contain support for income used in determining eligibility. Benefits paid for fiscal year were \$5,791.

**SAVERR**

For 50 files reviewed receiving Medicaid, seven files with total benefits paid of \$8,170 were found to be incomplete or had benefits calculated in error as noted below:

- Two files were not made available for review. Therefore, eligibility could not be verified. Benefits paid to these individuals were \$2,619.
- One file did not contain an application or support for income used in eligibility determination. Therefore, the benefit amount could not be determined. Benefits paid to this individual during the fiscal year were \$3,385.
- One file did not contain support for income used in determining eligibility. Benefits paid to this individual were \$1,805.
- For one file the budget for determining eligibility was not calculated correctly. Using the correct budget the family is not eligible for benefits. Benefits paid to this household were \$361.
- For two files the incorrect income amount was used in determining eligibility. The households were still eligible for benefits using the correct income amount.

For 50 files reviewed receiving TANF, one file with total benefits paid of \$969 was not available for review. Therefore eligibility could not be verified.

**HEALTH AND HUMAN SERVICES COMMISSION**

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In addition, 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. Forty-seven 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.

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.

The Federal Income, Eligibility, and Verification System (IEVS) is used to verify applicant's income information from the Social Security Administration, Internal Revenue Service, and the State of Texas Workforce Commission. Through IEVS, applicants' social security numbers are matched to respective agencies' records to verify earned and unearned sources of income. Use of IEVS is required for Medicaid by 42 CFR 435.940 and TANF by the State Plan. IEVS is optional for Food Stamps (7 CFR 272.8). The automated IEVS interface related to Internal Revenue Service was not functional from September 2007 to March 2008. Therefore during this time period earned and unearned income from Internal Revenue Service was not being verified.

**Summary**

The following analysis provides perspective for the above three programs:

	<u>Food Stamps</u>	<u>TANF</u>	<u>Medicaid</u>
Approximate amount of benefits paid for clients processed through TIERS for Fiscal year 2008	\$ 379,289,329	9,993,832	1,852,335,778
Approximate amount of benefits paid for clients processed through SAVERR for Fiscal year 2008	\$ 2,734,176,739	211,592,990	11,227,742,680
Approximate amount of benefits paid for clients processed through non HHSC eligibility system for Emergency Assistance (EA)	\$ —	345,116,839	—
Approximate total expenditures per 2008 Federal Schedule	\$ 3,113,466,068	566,703,661	13,080,078,458
Approximate total number of clients served through SAVERR in August 2008	2,324,763	110,422	2,481,342
Approximate total number of clients served through TIERS in August 2008	424,965	15,782	409,368
Approximate total number of clients served in August 2008, excluding EA	2,749,728	126,204	2,890,710

Recommendation:

The State's policies of what is "required" documentation to support the eligibility determinations should be refined and documented in a manner that will increase the efficiency of the case workers and provide concise, consistent guidance. Documentation does not need to be redundant but sufficient to support the eligibility determinations based on the information maintained in the client file or readily accessible through other State systems. When refining the State policies, consideration should be given to the existing eligibility quality control program that Texas has in place. Documentation standards should be sufficient to enable the quality control personnel to accomplish their task without having to obtain additional documentation from the client, even if a face-to-face interview is required by the quality control policies. In addition, HHSC should continue to focus on their training of case workers with regard to State policy which will further enhance the consistent use of TIERS. HHSC should retain all required documentation supporting the verification of eligibility.

TIERS

HHSC should continue to address the requirement issues as defined by the eligibility process supported by TIERS for:

- the automated control functions and interfaces
- the consideration of additional data validation and/or eligibility rules to TIERS, and
- the consideration of additional manual compensating controls for the eligibility process.

SAVERR

HHSC management should implement procedures in accordance with their security access policies that provide database access security controls based on the individual's demonstrated need to view, add, change, or delete data. Additionally, IT and functional management, in a cooperative effort, should have a control process in place to review and confirm Unisys database access rights periodically.

Management Response and Corrective Action Plan:TIERS*Automated Control Functions and Interfaces*

*Enterprise IT has implemented a tool to automate the code deployment process which will minimize the need for developers to access the wasadmin account.*

*Enterprise IT has processes in place to periodically review operating system and database user accounts, and disable or remove accounts no longer needed. All Oracle database user IDs were reviewed and obsolete accounts de-activated/removed by August 31, 2008. HHSC's password policies, which require the use of complex passwords and regular, forced password changes will be implemented for the non-compliant Oracle database.*

*HHSC has examined the feasibility of using VPN access for external TIERS users and determined that this method is too costly, and is not practical or efficient. Alternatively, automated access control software has been implemented to provide web-based entry into TIERS. This service facilitates statewide access by authorized parties who are not part of the HHSC network, such as HHSC's trading partners. A number of corresponding controls to offset potential vulnerabilities associated with placing the TIERS portal on the public Internet are in place, including: (a) logging and analyzing all unsuccessful web portal log-ins through automated reporting mechanisms, (b) screening logs for evidence of any brute force password attacks, and (c) promptly disabling all accounts that have been inactive in excess of 90 days.*



*Enterprise IT and Commission IT continue to work towards implementing automation changes to implement the IEVS interface with TIERS cases. Automation changes are slated to be implemented in March 2009.*

*Data Validation and/or Eligibility Rules*

*Office of Family Services completed a review and revision of verification and documentation policies with the results published in the Texas Works Handbook Revision, #08-3, effective July 1, 2008.*

*The business requirements document, outlining the proposed automation changes to support the revised processes, was approved in December 2008. These changes have been submitted to the TIERS Change Control Board as a priority, with an estimated implementation date of April 2009.*

*HHSC has improved processes and training of case workers to ensure timely follow up with clients when an automated alert from SSA is received. When a notice from SSA is received indicating that the social security number is un-verified, a task is created in the State Portal and routed to the Customer Care Center for processing and disposition.*

*The TIERS Historical Case Report application is available to OIG investigators. TIERS users will be provided access to the application in fiscal year 2009.*

*Manual Compensating Controls*

*As part of its review and revision of verification and documentation policies, HHSC identified automation changes to support the revised business processes, which included system controls to ensure key support documents are properly maintained. Automation changes are slated for implementation in April 2009. Until automation changes are in place to enforce these requirements, eligibility staff have been instructed and trained to verify required information and enter documentation in the case comments section.*

**SAVERR**

*Access to both the production and development environments is limited to appropriate staff through a request process that requires approval by supervisors in the development area as well as approval by Enterprise IT management responsible for maintaining the production environment. To further ensure appropriate access is established, Enterprise IT is in the process of replacing the SAVERR mainframe and separating the platforms for the development and production environments. Implementation is scheduled to be complete in August 2009. Once complete, the changes will facilitate enforcement of security in SAVERR.*

*Implementation Date: TIERS automation changes - April 2009  
Availability of TIERS Historical Case Report to TIERS users - August 2009  
TIERS manual compensating controls - April 2009  
SAVERR - August 2009*

*Responsible Person: TIERS - Leah Burton  
SAVERR - Gary Gumbert*

Reference No. 09-18

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

(Prior Audit Issue - 08-15 and 07-15)

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006**

**Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF**

**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 Texas Attorney General's agency must notify Health and Human Services Commission (HHSC) agency promptly. HHSC must then take appropriate action by; (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program. Per A2140, the State policy is to reduce benefits 100% for non-cooperation.

Questioned Cost: \$20,563

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 pilot system, Texas Integrated Eligibility Reporting System (TIERS).

In TIERS, sanctions are not being applied correctly on TANF adults who are non-certified payees. When EDDB (eligibility determination) is run after the sanction has been imposed, the sanction is incorrectly removed. TANF benefits should remain forfeited until individual cooperates. Decision tables in TIERS are not properly designed to check conditions that would properly determine if individuals should be included/excluded in sanction determination. HHSC performed a query noting that approximately \$14,656 was paid in TANF benefits to ineligible recipients as a result of this system design issue. HHSC management identified this issue during fiscal year 2007 and corrected the issue as of September 2008.

A sample of 40 beneficiaries who should have had their benefits reduced was selected from SAVERR and a sample of 40 was selected from TIERS. Our review noted the following:

- Of the 40 cases reviewed in TIERS, benefits were not reduced timely for 16 cases. For 15 of the cases, benefits were reduced one to six months late and for one case the benefits were not reduced until the error was discovered during the audit and client erroneously received benefits for six months.
- Of the 40 cases reviewed in SAVERR, benefits were not reduced timely for three cases. For two of the cases, benefits were reduced two to three months late and for one case benefits were not reduced until the error was discovered during the audit and client received benefits for four months.

When HHSC is notified by the Texas Attorney General's office that benefits should be reduced, HHSC sends a denial notification letter to the respective individual and provides for one month to resolve. If the case worker does not manually set the benefit file to sanction status, benefits will continue to pay. In the above 19 instances, the case files were not noted as in sanction status. Total questioned cost for the 19 cases is \$5,907.

Recommendation:

HHSC should implement procedures to ensure case files are properly classified when in sanction status. Also, HHSC management should continue to monitor the proper functioning of identifying and restricting benefits for individuals through TIERS. HHSC management should implement procedures to ensure manual sanctions are applied timely.

Management Response and Corrective Action Plan:

*SAVERR - Effective July 1, 2008, HHSC implemented a new centralization and monitoring process for handling child support non-cooperation sanctions received from the Texas Attorney General's (AG) office for SAVERR cases statewide. Processing of sanction requests received from the AG was centralized at the regional level. Additionally, monitoring of sanction requests was reassigned from regional staff to State Office Service Improvement Program Specialists. These specialists monitor the processing of sanctions at a statewide level and prompt staff on an as-needed basis. A review of child support non-cooperation sanctions processing completed by the Office of Family Service Quality Control staff after centralizing the process shows improvement in this area. The information below shows cumulative totals for the first nine months or federal fiscal year 2008 prior to implementing the centralization of working child support non-cooperation sanctions, compared to the final three months of federal fiscal year 2008 after implementing centralization.*

*Prior to centralization (Oct 07 - June 08) - 195 out of 234 sanctions processed timely = 83.33%  
After Centralization (July 08 - Sept 08) - 128 out of 130 sanctions processed timely = 98.46%*

*TIERS - Training has been completed by all staff who work TANF cases. Sanctions in TIERS are applied to non-cooperating individuals via automated update upon receipt of non-cooperation sanctions from the AG. A review of cases cited in error indicates these cases were not updated via the automated update because the cases were in a mode that, by design, exempts them from mass updates.*

*Office of Family Services (OFS), Office of Eligibility (OES) and Enterprise Applications (EA) staff identified short-term and long-term solutions to respond to this issue in the management response to the FY 2007 audit. A short-term solution was implemented but has not fully resolved the issue.*

*TIERS was designed with the fundamental logic that if a case is in a mode other than "ongoing," changes should not be applied and benefits should not be recalculated until case changes are verified. The long term solution to this issue involves modifications that will allow changes to TIERS cases that are in a mode other than "ongoing." Because this is a major change to TIERS, thorough analysis is required to determine in which instances the new rules would allow changes, and to what extent. An impact assessment was completed on January 14, 2009. Workgroup members will consider various options to determine the best way to resolve the issue without incorrectly affecting client benefits. The estimated implementation date for the selected solution is December 2009.*

<i>Implementation Date:</i>	<i>SAVERR</i>	<i>Enhanced process implemented - July 1, 2008</i>
	<i>TIERS</i>	<i>High level estimate- January 14, 2009</i>
		<i>Implementation of long-term solution - December 31, 2009</i>
<i>Responsible Person:</i>	<i>SAVERR</i>	<i>Kirsten Jumper</i>
	<i>TIERS</i>	<i>Mary Catherine Bailey</i>

Reference No. 09-19

**Special Tests and Provisions - Issuance Document Security**

(Prior Audit Issue - 08-16, 07-16)

**Food Stamp Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007 and October 1, 2005 to September 31, 2006**

**Award number - 6TX400105**

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

The State is required to maintain adequate security over, and documentation/records for, Authorization to Participate (ATP) cards, other documents authorizing issuance, Electronic Benefit Transfer (EBT) cards (7 CFR Section 274.12(h)(3)), and the food stamp coupons themselves to prevent: couple theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use of coupons and alternating or counterfeiting of coupons and other documents authorizing issuance (7 CFR Section 274.7(b) and 274.11(c)).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Agriculture</p>
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Security over EBT Food Stamp cards (i.e., LoanStar cards) was reviewed for 40 local intake offices. Health and Human Services Commission (HHSC) policy is that logs are maintained at each office to denote receipt, issuance, and destruction of EBT cards. Daily reconciliations are prepared of EBT cards issued (including the recipient's name) between cards issued to clients and cards remaining. In addition, monthly inventories of the EBT cards are required to be conducted by management of the office and reconciled to the daily logs. HHSC regional offices perform reviews of selected offices for which the office must respond with a corrective action plan. HHSC policy is to perform these audits once every five years. Per review of 40 sites, 17 sites were identified with the following exceptions:

- For one site, the daily reconciliation did not include the name of the recipient the EBT card was issued to.
- For two sites, the EBT cards and/or PIN packet inventory were not maintained in a secure location.
- For one site, two sequential issuance control numbers were skipped.
- For two sites, there was no signature on the log maintained for several cards that were mailed to the recipients.
- For three sites, there was no authorizing signature validating the monthly inventory reconciliation or the monthly inventory contained errors.
- For 11 sites, there was no log of voided cards available for review or there was no signature of a witness to the destruction of the voided cards.
- For 11 sites, either the recipient or the staff did not sign the log maintained for physical receipt of EBT cards. For two of the eleven sites the recipient signature was crossed out on the log with no explanation.

Recommendation:

HHSC should enforce existing procedures at the various in-take offices to ensure compliance with Federal regulations.

Management Response and Corrective Action Plan:

The Office of Eligibility Services currently requires that Regional Directors conduct one EBT office review each month to confirm compliance with reporting, security, and records maintenance. Reports are submitted to State Operations on a quarterly basis. Effective March 2009, Regional Directors or their designee will be required to obtain a copy of the signed and witnessed voided card logs for each office in their respective regions. Monitoring of this requirement will be completed on a quarterly basis by State Operations.

Other issues were limited to two specific regions in the state. Regional Directors in these regions, Region 7 and Region 6, will be required to complete three office reviews per month, effective March 1, 2009, and submit quarterly reports to State Operations. In addition, a review of EBT reporting and record maintenance will become part of Office Management Support (OMS) Surveys, effective with reviews completed on or after April 1, 2009.

Implementation Date: Voided Logs- March 1, 2009  
Additional Office Reviews (Regions 6 and 7) - March 1, 2009  
OMS Review- April 1, 2009

Responsible Person: Voided Logs- Kirsten Jumper  
Additional Office Reviews (Regions 6 and 7) - Kirsten Jumper  
OMS Review- Sharon Dornak and Todd Byrnes

Reference No. 09-20

**Special Tests and Provisions - Managed Care**

(Prior Audit Issue - 08-17)

**Medicaid Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006**

**Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048**

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

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 (Sections 1115 of the Social Security Act).

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

A sample of 50 beneficiary and 50 provider complaints was selected for review with no compliance issues noted for beneficiary complaints. Health and Human Services Commission (HHSC) is required to send acknowledgement letters and resolution letters to the complaining provider notifying them that their complaint had been received and was being worked by Health Plan Operations. For three provider complaints, two acknowledgement letters and one resolution letter were not available for review.

Our review also found that there is no management review in place to ensure that beneficiary or provider complaints are processed according to HHSC policies and procedures regarding Medicaid Managed Care Complaints.

Recommendation:

HHSC should implement a control process to ensure that beneficiary and provider complaints are handled in accordance with policies and procedures, including maintenance of required documentation. The internal control implemented should ensure that someone other than the resolver of the complaint monitor the resolution for compliance with policies and procedures.

Management Response and Corrective Action Plan:

*Health Plan Management's (HPM) Complaint Policy and Procedures were updated and implemented to reflect improved business practices, including the recommended segregation of duties. Training for all staff on updated policies and procedures and HEARTS processes was conducted. HPM implemented a review/control process to ensure beneficiary and provider complaints are processed in accordance with the revised HPM policy and procedures. The Compliance Administrator conducts the reviews using criteria related to all aspects of the complaints. Exceptions are verbally discussed with appropriate staff and documented accordingly. These reviews will determine if staff members need additional training or guidance.*

*Implementation Date: December 2008*

*Responsible Person: Paula Swenson*

Reference No. 09-21

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

(Prior Audit Issue - 08-18)

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006**

**Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF**

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

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

Questioned Cost: \$639

U.S. Department of Health and  
Human Services

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

A sample of 40 beneficiaries who should have had their benefits reduced was selected from SAVERR and a sample of 40 was selected from TIERS. For two of the 40 TIERS cases reviewed, the reduction in benefits was not processed timely. The two cases received one-two months of ineligible benefits, totaling \$639. When a case file is in pending status in TIERS, the electronic data feeds from Texas Workforce Commission (TWC) noting noncompliance with TANF work provisions will not process timely as long as the case file remains in pending status. Once the status is cleared, the TWC provision is processed causing the delay in benefit reduction. For one additional TIERS case, the benefits should have been retroactively reinstated for one month at \$259 which did not occur.

Recommendation:

HHSC should implement procedures to ensure that cases are processed timely.

Management Response and Corrective Action Plan:

*Office of Family Services (OFS), Office of Eligibility (OES) and Enterprise Applications (EA) staff identified short-term and long-term solutions to respond to this issue in the management response to the fiscal year 2007 audit. A short-term solution was implemented but has not fully resolved the issue.*

*TIERS was designed with the fundamental logic that if a case is in a mode other than “ongoing,” changes should not be applied and benefits should not be recalculated until case changes are verified. The long term solution to this issue involves modifications that will allow changes to TIERS cases that are in a mode other than “ongoing.” Because this is a major change to TIERS, thorough analysis is required to determine in which instances the new rules would allow changes, and to what extent. An impact assessment was completed on January 14, 2009. Workgroup members will consider various options to determine the best way to resolve the issue without incorrectly affecting client benefits. The estimated implementation date for the selected solution is December 2009.*

*Implementation Date: December 31, 2009*

*Responsible Person: Mary Catherine Bailey*

Reference No. 09-22

**Special Tests and Provisions - Provider Eligibility**

(Prior Audit Issue - 08-19)

**Medicaid Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006**

**Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048**

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

Per 42 CFR Sections 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. 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 50 providers receiving Medicaid payments during fiscal year 2008 were selected for review and 33 files were noted to have the following exceptions:

- For three of the 50 provider files reviewed, there was no evidence that a current license to practice was obtained from the provider.
- For 33 of the 50 providers, a search to ensure the provider was not on the Medicaid exclusion list was not conducted.
- For eight of the 50 providers, there was no evidence that the State obtained disclosure of ownership and control interest information signed by the provider and for seven of the eight cases there was no evidence that the State obtained disclosure regarding a provider's owners and other persons convicted of criminal offenses against Medicare, Medicaid, or the other Title XX services provided signed by the provider.
- For two of the 50 providers, there was no application available for review. These two providers were enrolled in 1977 and 1999.
- For eight of the 50 provider files reviewed, there was no evidence that HHSC verified suspension and debarment. Upon review of the Excluded Parties List System, the providers were not suspended or debarred.

Recommendation:

The Health and Human Services Commission should implement procedures to ensure federal requirements and State plan requirements regarding provider eligibility are met.

Management Response and Corrective Action Plan:

*The records that were reviewed during the audit date back to 1997 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.*



**HEALTH AND HUMAN SERVICES COMMISSION**

*In the current process, all applications are checked against HHSC and HHSC OIG exclusion lists (performed since January 2004) and 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, TMHP enrollment staff conduct a 100% review of all applications that have been checked and screened, and are determined to be ready for 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.*

*HHSC is performing an analysis and obtaining cost estimates for possible solutions to address providers enrolled prior to TMHP's contract start date, January 1, 2004. HHSC plans to develop a final solution and begin the contract amendment process to implement the solution no later than Spring 2009. The timeline for completing implementation will be dependent upon which solution is selected; however, HHSC anticipates that the implementation may be completed within three to six months from the execution of the contract amendment.*

*Implementation Date: In process*

*Responsible Person: Billy Millwee*

Reference No. 09-23

**Special Tests and Provisions - EBT Reconciliation**

**Food Stamp Cluster**

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007 and October 1, 2005 to September 31, 2006**

**Award number - 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 90 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 Auditing Standards No. 70, Service Organizations (SAS 70), requirements for reports on controls placed in operation and tests of the operating effectiveness of the controls, as amended.

Questioned Cost: \$ 0

U.S. Department of Agriculture

A service auditor's report covering the period September 1, 2007 through August 31, 2008 (covering the full 12 months of the fiscal year 2008) was issued for the EBT general controls environment. A qualified opinion was issued on the following control objectives:

Controls provide reasonable assurance that the EBT system functions in a manner consistent with its policies, and complies with applicable laws and regulations (Food Stamp Act of 1997, as amended (7 USC 2016(i)) and 7 CFR section 274.12.

Specifically, there was no evidence of the effectiveness of the following control activities:

- IBM's Business Conduct Guidelines address employee conduct and system security. Every employee must read, understand, and certify their commitment to these guidelines annually.
- All new hires for IBM attend a mandatory corporate orientation class. IBM managers are responsible for ensuring that all new employees receive all appropriate training, both in classroom and on the job.
- IBM employees are required to complete diversity training and agree to business conduct guidelines online on an annual basis.
- Every IBM employee, at time of employment, must sign an "Agreement Regarding Confidential Information, Intellectual Property, and Other Matters" form. This form addressed employees' handling of sensitive and confidential data. In addition, employees are required to follow IBM's Business Conduct Guideline and certify to this annually. These guidelines also address handling of sensitive data.
- IBM requires that all regular and non-regular candidates for hire in the U.S. have a criminal background check done as an integral part of the employment process.
- IBM employees agree to work toward achieving personal business commitments (PBCs) each year. All employees complete an individual development plan (IDP) for ongoing career growth.
- IBM employees are given a yearly performance evaluation.

Controls provide reasonable assurance that the EBT system is protected against unauthorized physical and logical access to production EBT systems.

Specifically, there was no evidence of the effectiveness of the following control activities:

- Internet firewall configurations are not compliant with IBM Information Security Controls for State of Texas standards.
- Windows server configurations are not compliant with IBM Information Security Controls for State of Texas standards.
- Password controls for servers and routers are not compliant with IBM Information Security Controls for State of Texas standards.
- Antivirus protection is not installed as required by IBM Information Security Controls for State of Texas standards.
- Servers have excessive system access privileges.

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

Recommendation:

HHSC management should work with Texas EBT and their third party vendors to ensure information technology general controls are operating effectively.

Management Response and Corrective Action Plan:

HHSC requested and received a Corrective Action Plan from IBM to address the weaknesses identified in this finding. HHSC is working through DIR to obtain final agreement on the timeline. HHSC expects to reach final agreement by March 31, 2009.

Implementation Dates:

- Information Security Controls will be implemented by March 31, 2009.
- Server system access privileges (control point 6.6a) will be modified as part of the EBT system upgrade transformation project (currently scheduled for completion in February 2010).
- Timeline for all other control points will be determined by March 31, 2009.

Responsible Persons: Kay Jones and Ron Weiss

Reference No. 09-24

**Special Tests and Provisions - Adult Custodial Parent of Child Under Six When Child Care Not Available**

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

**Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006**

**Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF**

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

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

Questioned Cost: \$4,467

U.S. Department of Health and  
Human Services

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

A sample of 40 beneficiaries who should have had their benefits reduced was selected from SAVERR and a sample of 40 was selected from TIERS. For six of the 40 TIERS cases reviewed, the reduction in benefits was not processed timely. The six cases received two to four months of ineligible benefits, totaling \$4,467. When a case file is in pending status in TIERS, the electronic data feeds from Texas Workforce Commission (TWC) noting noncompliance with TANF work provisions will not process timely as long as the case file remains in pending status. Once the status is cleared, the TWC provision is processed causing the delay in benefit reduction.

Recommendation:

HHSC should implement procedures to ensure that cases are processed timely.

Management Response and Corrective Action Plan:

*TIERS was designed with the fundamental logic that if a case is in a mode other than “ongoing,” changes should not be applied and benefits should not be recalculated until case changes are verified. The long term solution to this issue involves modifications that will allow changes to TIERS cases that are in a mode other than “ongoing.” Because this is a major change to TIERS, thorough analysis is required to determine in which instances the new rules would allow changes, and to what extent. An impact assessment was completed on January 14, 2009. Based on this assessment, workgroup members from the Office of Family Services, the Office of Eligibility, and Enterprise Applications will consider various options to determine the best way to resolve the issue without incorrectly affecting client benefits. The estimated implementation date for the selected solution is December 2009.*

*Implementation Date: December 31, 2009*

*Responsible Person: Mary Catherine Bailey*

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

Reference No. 09-25

**Procurement and Suspension and Debarment**

(Prior Audit Issue - 08-21, 07-19, 06-15, 06-14, 06-13, 05-17, 05-14, 05-05)

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

Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007

Award number - 6TX700506

**CFDA 93.268 - Immunization Grants**

Award year - January 1, 2007 to December 31, 2007 and January 1, 2008 to December 31, 2008

Award number - 5H23IP622571-05 and 2H23IP622571-06

**CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance**

Award year - August 31, 2006 to August 30, 2007

Award number - U90/CCU617001

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

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006

Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF

**CFDA 93.658 - Foster Care - Title IV-E**

Award year - October 1, 2006 to September 30, 2007 and October 1, 2007 to September 30, 2008

Award number - G0701TX1401 AND G0801TX1401

**CFDA 93.667 - Social Services Block Grant**

Award year - October 1, 2006 to September 30, 2008 and October 1, 2007 to September 30, 2009

Award number - G0701TXSOSR and G0801TXSOSR

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

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005

Award number - 0805TX5021, 0705TX5021, 0605TX5021, and 0505TX5021

**CFDA 93.889 - Hospital Preparedness Program**

Award year - September 1, 2006 to August 31, 2009, September 1, 2007 to August 08, 2009, and August 9, 2008 to August 8, 2009

Award number - U3RHS07583-01-07, U3REP070028-01-04, and U3REP080066-01-00

**CFDA 93.917 - HIV Care Formula Grants**

Award year - April 1, 2007 to March 31, 2008 and April 1, 2008 to March 31, 2009

Award number - 2 X07HA00054-17-04 and 2 X07HA00054-18-01

**Food Stamp Cluster**

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007 and October 1, 2005 to September 31, 2006

Award number - 6TX400105

**Medicaid Cluster**

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006

Award number - 0805TX5028, 0805TX5048, 0705TX5028, 0705TX5048, 0605TX5028, and 0605TX5048

Type of finding - Significant Deficiency and Non-Compliance

States shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. U.S. Department of Health and Human Services requires the following for procurement (45CFR 92.36):

Questioned Cost: \$34,770

U.S. Department of Health and  
Human Services  
U.S. Department of Agriculture

- Verify the contract file documents the significant history of the procurement.
- Verify the procurements provide full and open competition.
- Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.
- Contracts greater than \$25,000 must be reviewed to ensure the vendor is not suspended or debarred.

In addition, under the Texas Government Code, Chapter 2155, subchapter A General Provisions, Section 2155.005(a), a bidder offering to sell goods or services to the state shall certify on each bid submitted that neither the bidder, nor the person represented by the bidder, nor any person acting for the represented person has:

- (1) Violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the Federal antitrust laws; or
- (2) Directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

Lastly, the Health and Human Services Commission Procurement Manual requires that purchases or other acquisitions that will cost more than \$5,000 are to be competitively bid unless the purchasing of goods or services are exempt from competitive bidding in which case the exemption must be documented in the purchasing documentation. Health and Human Services Commission (HHSC) requires a signed bid document and a signed purchase to execute a contract with a vendor.

Upon review of selected vendor files, for the Department of State Health Services (DSHS), the following was noted:

- Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557 - For one of the 21 selected and reviewed vendor files, there was no evidence that DSHS verified that the vendor was not suspended or debarred prior to renewing the contract. Upon review of the Excluded Parties List System (EPLS), the vendor was not suspended or debarred, so there are no questioned costs.
- Hospital Preparedness Program, CFDA 93.889 - For one of the five selected and reviewed vendor files, there was no evidence that DSHS verified that the vendor was not suspended or debarred prior to renewing the contract. Upon review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.
- HIV Care Formula Grants, CFDA 93.917 - For one of the four selected and reviewed vendor files, there was no evidence that DSHS verified that the vendor was not suspended or debarred prior to renewing the contract. Upon review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.
- Immunization Grants, CFDA 93.268 - For one of the seven selected and reviewed vendor files, there was no evidence that DSHS verified that the vendor was not suspended or debarred prior to awarding the contract. Upon review of the EPLS, the vendor was not suspended or debarred, so there are no questioned costs.

- Centers for Disease Control and Prevention - Investigations and Technical Assistance, CFDA 93.283 - For the 11 selected and reviewed vendor files, there was one file that contained a service agreement with terms and conditions but lacked the required statement of compliance with anti-trust laws and the suspension and debarment clauses. The contract amount for this one file was approximately \$8,900.

The Health and Human Services Commission (HHSC) has a cost allocation plan for its federal programs. Therefore expenses are allocated to the various federal programs based on the prescribed methods in the respective plans. Upon review of 50 selected vendor files, for the Medicaid Cluster at HHSC, and 40 selected vendor files for Temporary Assistance for Needy Families (TANF) CFDA 93.558, Food Stamp Cluster, and State Insurance Children's Program (SCHIP) CFDA 93.767, one vendor procurement file affecting all four programs did not have documentation of bids submitted by vendors. The contract was for approximately \$18,270.

The Department of Family and Protective Services (DFPS) has a cost allocation plan for its federal programs. Therefore expenses are allocated to the various federal programs based on the prescribed methods in the respective plans. Upon review of 40 selected vendor files, for Foster Care CFDA 93.658, Temporary Assistance for Needy Families (TANF) CFDA 93.558, and Social Services Block Grant CFDA 93.667, one vendor procurement file affecting all four programs had no documentation of bid tabulations or requests for bids. The contract was for approximately \$7,600.

Recommendation:

The Enterprise Contract and Procurement Services Division (ECPS) of the Health and Human Services Commission (HHSC) is responsible for the centralized procurement activity for Department of State Health Services (DSHS) and HHSC vendors. ECPS should ensure that contracts include all required documentation and that an accurate record of the procurement history of each vendor is maintained.

Management Response and Corrective Action Plan:

*Effective April 15, 2008, ECPS implemented an operating procedure which describes quality review monitoring by team managers of ECPS purchaser and contract administrator work products. Reviews focus on developing and improving quality in procurement processes. The reviews examine the time to process the order, quality of work products, and adherence to all applicable purchase requirements, including state statutes and rules, and agency policies and procedures. Reviews also verify completion of the Excluded Parties Listing System requirement and the existence of appropriate procurement file documentation. ECPS managers conduct the quality reviews monthly, using a Quality Review Checklist and a Purchase File Checklist as the primary review tools. Implementation of this review process to verify whether purchasers and contract administrators are performing in accordance with existing ECPS policies and procedures helps ensure all required documentation is maintained.*

*Implementation Date: April 15, 2008*

*Responsible Person: Wayne Wilson*

**Health and Human Services Commission  
 Department of Aging and Disability Services  
 Department of Assistive and Rehabilitative Services  
 Department of Family and Protective Services  
 Department of State Health Services**

Reference No. 09-26

**Allowable Costs/Cost Principles**

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**  
 Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007  
 Award number - 6TX700506

**CFDA 10.560 - State Administrative Expenses for Child Nutrition**  
 Award year - October 1, 2006 to September 30, 2008  
 Award number - 6TX300312

**CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States**  
 Award year - October 1, 2007 to September 30, 2009, October 1, 2007 to September 30, 2009, October 1, 2006 to September 30, 2008, October 1, 2005 to September 30, 2007, October 1, 2005 to September 30, 2007, and October 1, 2004 to September 30, 2006  
 Award number - H126A080064, H126A080065, H126A070064, H126A060064, H126A060065, H126A050065,

**CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance**  
 Award year - August 31, 2006 to August 30, 2007  
 Award number - U90/CCU617001-07

**CFDA 93.558 - Temporary Assistance for Needy Families**  
 Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006  
 Award number - G0802TXTANF, G0702TXTANF and G0602TXTANF

**CFDA 93.658 - Foster Care - Title IV-E**  
 Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007  
 Award number - G0701TX1401 AND G0801TX1401

**CFDA 93.659 - Adoption Assistance**  
 Award year - October 1, 2006 to September 30, 2007 and October 1, 2007 to September 30, 2008  
 Award number - G0601TX1407 and G0701TX1407

**CFDA 93.667 - Social Services Block Grant**  
 Award year - October 1, 2006 to September 30, 2008 and October 1, 2007 to September 30, 2009  
 Award number - G0701TXSOSR and G0801TXSOSR

**CFDA 93.767 - State Children's Insurance Program**  
 Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005  
 Award number - 0805TX5021, 0705TX5021, 0605TX5021, and 0505TX5021

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**  
 Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008  
 Award number - 08B1TXSAPT and 07B1TXSAPT

**CFDA 93.994 - Maternal and Child Health Services Block Grants to the States**  
 Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007  
 Award number - 6 B04MC08891-01 and 6B04MC07774-01

**Aging Cluster**

Award year - October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006  
 Award number - 06AATXT3SP, 06AATXNSIP, 07AATXT3SP, and 07AATXNSIP



**HEALTH AND HUMAN SERVICES COMMISSION**

**Disability Insurance/SSI Cluster**

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2003 to September 30, 2004

Award number - 0808TXD100, 0704TXD100, 0604TXD100, 0404TXD100

**Food Stamp Cluster**

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007 and October 1, 2005 to September 31, 2006

Award number - 6TX400105

**Medicaid Cluster**

Award year - October 1, 2007 to September 30, 2008, October 1, 2006 to September 31, 2007, and October 1, 2005 to September 31, 2006

Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048

**Non-major Programs:**

- CFDA 10.559 - Summer Food Service Program for Children
- CFDA 10.568 - Emergency Food Assistance Program (Administrative Costs)
- CFDA 93.052 - National Family Caregiver Support
- CFDA 93.110 - Maternal and Child Health Federal Consolidated Programs
- CFDA 93.556 - Promoting Safe and Stable Families
- CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
- CFDA 93.575 - Child Care and Development Block Grant
- CFDA 93.590 - Community-Based Child Abuse Prevention Grants
- CFDA 93.599 - Chafee Education and Training Vouchers Program
- CFDA 93.645 - Child Welfare Services - State Grants
- CFDA 93.674 - Chafee Foster Care Independence Program
- CFDA 93.779 - Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
- CFDA 97.050 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

**Type of finding - Non-Compliance**

During fiscal year 2008, the Texas State Auditor's Office (SAO) performed an audit on the Human Resources Management at Health and Human Services Agencies. Part of the audit included verifying that when employees are terminated the payroll system is updated timely to prevent terminated employees from receiving paychecks. The SAO issued report No. 08-047 in August 2008 noted the Health and Human Services Commission (HHSC) continued to pay 1,229 individuals whose employment at the Enterprise agencies had been terminated in fiscal year 2007 and 2008. HHSC was able to provide updated information as of August 31, 2008, which reflects recoupments received and all affected employees for 2008 and preceding years. As of August 31, 2008, each agency analyzed total outstanding overpayments to terminated employees and determined the portion that was paid with federal dollars as noted below.

Questioned Cost: \$430,939

U.S. Department of Health and Human Services  
 U.S. Department of Agriculture  
 US Department of Education  
 US Department of Homeland Security  
 Social Security Administration

<u>Agency</u>	<u>Balance Outstanding at August 31, 2008</u>	<u>Federal Portion of Balance Outstanding at August 31, 2008</u>
Department of Aging and Disability Services	\$ 362,642	218,211
Department of Assistive and Rehabilitative Services	15,870	14,840
Department of Family and Protective Services	166,794	125,131
Department of State Health Services	147,975	7,830
Health and Human Services Commission	122,119	64,927
<b>Total</b>	<b>\$ 815,400</b>	<b>430,939</b>

Recommendation:

The Health and Human Services Commission should implement procedures to ensure that the payroll system is updated upon termination of an employee.

Management Response and Corrective Action Plan:

*On July 23, 2008, executive management approved, and a strategy was implemented, to prevent future salary overpayments. This strategy includes a centralized daily query, instituted on October 1, 2008, to identify retroactive termination actions made after the payroll deadline. Comprehensive training was developed in September, 2008, covering payroll calendar deadlines, relationships of those deadlines to the proper calculation of pay, and how managers should accurately and timely perform employee separation/termination activities. This training is currently being delivered by instructor led courses and is also being made available as an on-line course. In addition, the strategy calls for system enhancements. These include the development of a new Employee Separation Page for employees to self-report intended separation, and an improved Managers' Separation Page designed to provide additional date fields of Last Date Physically Worked and Last Date Paid Through. These new fields will assist and be used in the calculation of an employee's final pay period. In addition, an e-mail notification process is being developed which will automatically prompt managers two business days prior to when on-cycle payrolls are calculated. This email will prompt managers for the separation entries of any departing employees in time to prevent overpayments from occurring and ask them to carefully review their "reports to" list to validate active employees. These system enhancements are in development and are expected to be in production within fiscal year 2009.*

*Effective October 1, 2008, the tracking and reporting of employee overpayments has moved directly under the control of HHS Payroll Services. Management tracking of overpayments is occurring monthly and is shared with HHS agency chief operating officers and chief financial officers. The report includes relevant overpayment amounts, employee, manager, and department, and is serving as a measure of performance and an aid to reinforce manager responsibility and accountability.*

*Implementation Date: By August 31, 2009 - system enhancements implemented*

*Responsible Person: Mickey Gregory and Michael Markl*

**Texas Department of Housing and Community Affairs**

Reference No. 09-27

**Cash Management**

**Earmarking**

**Subrecipient Monitoring**

**Reporting**

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

**Award year - October 1, 2007 to September 30, 2009, October 1, 2006 to September 30, 2008, and October 1, 2005 to September 30, 2007**

**Award number - G-08B1TXLIEA, G-07B1TXLIEA, and G-06B1TXLIEA**

**Type of finding - Significant Deficiency**

Texas Department of Housing and Community Affairs (TDHCA) utilizes two Community Affairs contract systems for monitoring contracts with subrecipients: the legacy Genesis Community Affairs Contract System and the new TDHCA Community Affairs Contract System (CACS). In addition, TDHCA utilizes PeopleSoft for its general ledger system. In each system, duties are not appropriately segregated between the application administrators, database administrators, and developers. Also, specific developers have access to move changes into the production environment of the individual systems. Users with inappropriate rights to modify applications create a risk of unauthorized changes to the production environment and/or risks of unintentional errors or omissions in processing.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

Specifically, the following items were noted:

- Genesis - Six users have administrative privileges that allow them the ability to have access to application and database administrator roles and to migrate application code changes into production. In addition, two of these six users are developers. The other four users are user account administrators for Genesis.
- CACS - Two developers have application administrative access rights.
- PeopleSoft - One developer/analyst has database administrator privileges, application administrator rights, and access to migrate code changes into production. TDHCA's Director of Information Systems performs a quarterly review of a PeopleSoft report that includes all changes made to the application. However, the developer/analyst has the ability to alter the report with his high-privilege access rights which are assigned so he can migrate changes into production.
- At the network level, one developer has domain administrative privileges.

No compliance issues were noted with regard to the major program noted above.

Recommendation:

Duties should be segregated between application administrators, system administrators, database administrators, and developers. In addition, developers who have programming responsibilities should not have access to migrate changes to production. In cases where such condition is necessary, management should implement a monitoring control to help ensure that changes implemented to production are appropriate. Privileged access should only be granted to developers in the test environment. If monitoring controls such as report reviews are put in place, developers should not have access to modify the report.

Management Response and Corrective Action Plan:

*Summary of Existing Processes and Monitoring Controls - Because of the size of the Department's Information Systems Division (ISD) and the number of systems supported, management has assigned some ISD employees responsibilities that cross between developer, application administrator, and database administrator roles to provide for efficient delivery of services in the support of production systems and to ensure adequate backup for critical ISD functions. Additionally, in the legacy Genesis system, technology limitations prevent the Department from systematically separating responsibilities between these roles.*

*Over the past five years, the Department has implemented both manual and systematic processes and monitoring controls for tracking software changes to compensate for the risks posed by advanced levels of systems access. These controls include a series of standard operating procedures governing software, database, and network changes, including a requirement to document approval of direct database updates requested by management within the Department's help desk system; the Software Change Acceptance form; the Object Change Report for PeopleSoft; and the Concurrent Versioning System (CVS), which systematically tracks all software changes promoted to the production environment for the new Community Affairs Contract System (CACCS). In addition to these controls, the Department completely segregates developer access between front-end programmatic systems, such as Genesis and CACCS, and the Department's general ledger system, PeopleSoft.*

*Corrective Action Plan - In order to strengthen segregation of duties and further reduce the risk of unauthorized changes to production environments, the Department will remove application administrator access from the two CACCS developers and application and database administrator access from the PeopleSoft developer/analyst noted in the finding. While reducing the risks of unauthorized changes, removing these levels of access will pose some production support risks for PeopleSoft, because of limited backup.*

*Regarding Genesis, the Department will reduce the number of user account administrators from four to two. However, because of the technical limitations mentioned above and because the Department will retire the Genesis version of the Community Affairs Contract System from all but historical inquiry in April 2009, the Department will continue to grant administrative privileges to the two employees who both develop and support remaining Genesis applications, which are administrative in nature. Management will continue to apply manual monitoring controls to the Genesis environment.*

*Finally, the ISD employee identified as a developer with Windows domain administrative privileges performs no development duties in the Windows environment. The privileges are assigned for backup ISD Network and Technical Support section purposes. Because these privileges provide support benefits to the Department and there is no crossover between developer and administrative responsibilities in this environment, management does not plan to remove these privileges.*

*Implementation Date: March 31, 2009*

*Responsible Person: Curtis Howe*

**Parks and Wildlife Department**

Reference No. 09-28

**Reporting**

**Fish and Wildlife Cluster**

**Award year - June 1, 2003 to March 31, 2008; January 1, 2007 to December 31, 2007; January 1, 2007 to December 31, 2007; January 1, 2007 to December 31, 2007; September 1, 2007 to August 31, 2008; September 1, 2006 to August 31, 2007; September 1, 2006 to August 31, 2007 and September 1, 2006 to August 31, 2007**

**Award number - F117D, F59D, F92D, FW190, W104S, W128R, W129R, and W132R**

**Type of finding - Non-Compliance**

Texas Parks and Wildlife Department (TPWD) is required by OMB Circular A-133 and A-102 to submit an SF-269, Financial Status Report, for all programs under this cluster. The Financial Status Report (FSR) SF-269 (OMB No. 0348-0039) or SF-269A (OMB No. 0348-0038) is what recipients use to report the status of funds for all non-construction projects and for construction projects when the FSR is required in lieu of the SF-271. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency.

Questioned Cost: \$0  
Department of the Interior

During test work over 30 SF-269 reports submitted in the current fiscal year, it was discovered that the entire state match was not always being reported. In cases where the grant was closed out and the SF-269 was reporting final expenditures, if there were expenditures that came in after the final report was submitted, these expenses were being paid by state funds but not reported on a revised SF-269. In other cases TPWD would only report the minimum state match, therefore the total outlays being reported would not match the system of record for TPWD because only a portion of the state expenditures for the project were being reported. TPWD was operating under verbal guidance from Region II that they had the option to submit a revised SF-269 when additional expenses are paid on a project, as long as those additional expenses were paid by the State. In addition, they were operating under similar verbal guidance that they were not required to report excess match, whether it be in a separate line item or combined with the minimum match amount.

Upon further clarification from Region II during the audit, it was noted that TPWD should submit an amended SF-269 report to show increased excess allowable costs, thus ensuring all SF-269 reports agree to the general ledger and reflect final state and federal expenses incurred. Region II also recommended that TPWD request an extension of the report due date when expenses are not final, rather than submitting a SF-269 that does not reflect final project expenditures.

The federal amounts reporting in the 30 SF-269 reports reviewed did agree to TPWD's general ledger.

Recommendation:

TPWD should revise their SF-269 reporting procedures to account for the clarification of reporting all federal and state expenditures.

Management Response and Corrective Action Plan:

*The agency concurs with the finding. We will continue to report excess allowable costs captured within the federally-mandated 90 day close-out period. However, when appropriate, we will contact U S F & W's Region II and ask permission to file an amended Final SF-269. With the implementation of our new accounting system September 2009, the SF 269s will reconcile to what the general ledger shows as federal and state expenditures.*

*Implementation Date: September 2009*

*Responsible Person: Ken Liles*

## Department of State Health Services

Reference No. 09-29

### Allowable Costs/Cost Principles

### Period of Availability of Federal Funds

(Prior Audit Issue - 08-24 and 07-30)

### CFDA 93.889 - Hospital Preparedness Program

Award year - September 1, 2006 to August 31, 2009 and September 1, 2007 to August 8, 2009, and August 9, 2008 to August 8, 2009

Award number - U3RHS07583-01, U3REP070028-01, U3REP080066-01

Type of finding - Significant Deficiency

In accordance with OMB Circular A-87, attachment B, section 8h(3), "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages are required to be supported by personnel activity reports or equivalent documentation which:

- 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, and
- Are signed by the employee

At the Department of State Health Services (DSHS), most employees are paid monthly and, regardless of whether they work solely on one Federal award or multiple awards, they are all required to complete timesheets at least monthly. Typical monthly timesheet activity consists of regularly scheduled hours worked and charged to the labor account codes assigned to the employee's position. Employees have a position number that is set up at the start of each year with a task profile containing the number of hours the employee is expected to work each week and the fund and labor account codes that the employee is budgeted to charge. When an employee does not deviate from their task profile during the month, all that is required is that they sign the timesheet and check the box that there were no deviations from task profile. When their actual time deviates from the task profile (e.g. sick time, vacation time, hours worked on different projects), the employee enters in the corresponding differences in hours and/or activities from the profile and signs the timesheet. Regardless of whether an employee deviates from their task profile or not, these monthly timesheets serve as certification of hours worked and are required by DSHS policy to be approved and signed by the employee and the employee's supervisor.

Out of 19 payroll items tested for CFDA 93.889 - Hospital Preparedness Program, one timesheet was not signed and certified by the employee's supervisor. Upon further review, the supervisor had been terminated prior to the submission of the employee's timesheet, and it was not forwarded to the next immediate supervisor for approval. Therefore, while the timesheet met compliance requirements that it was signed by the employee, the control in place that all timesheets get approved by the employee's supervisor was not met.

Approximately \$2,500 was charged to the grant for this individual for this pay cycle. No other instances were noted during the vacancy of the supervisor position where the timesheets were not forwarded to the next immediate supervisor for approval. Total payroll and benefits charged to this grant for the fiscal year were approximately \$1,840,000.

Recommendation:

DSHS does have a policy noting that the next immediate supervisor is responsible to approve and sign employee timesheets in the event of a resignation. DSHS should continue to reinforce the importance of monthly approval of the timesheet by the employees and supervisors and continue to have regular trainings/meetings on the importance of this process.

Management Response and Corrective Action Plan:

*The Department of State Health Services (DSHS) concurs with the recommendation and will continue to reinforce the current policies and processes in place for approval of timesheets by employees and supervisors. Over the last three years, DSHS has made vast improvements in the accounting for time on federal grants, but understands it is a continuous process to train and educate staff on proper procedures. DSHS appreciates the professionalism from the auditors and their guidance on issues impacting the federal funds entrusted to our agency.*

Implementation Date: On-going

Responsible Person: Wilson M. Day

Reference No. 09-30

**Allowable Costs/Cost Principles**

**Special Tests and Provisions - Food Instrument Disposition**

**Special Tests and Provisions - Review of Food Instruments to Enforce Price Limitations and Detect Errors**

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

(Prior Audit Issue - 08-25 and 07-31)

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2007**

**Award number - 6TX700506**

**Type of finding - Significant Deficiency**

The Department of State Health Services (DSHS) utilizes the WIC EBT (Lone Star cards) and WIC TX WIN (paper voucher) systems to process the food vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557 (WIC). Development Team Leads have access to migrate changes to the production environment for both systems. Access to migrate changes to production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to production environment. In addition, no periodic review is performed of active users and user access right to identify and remove inappropriate system access to WIC EBT or WIC TX WIN.

Questioned Cost: \$ 0

U. S. Department of Agriculture

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

Recommendation:

DSHS management should restrict access based on the individual's job responsibility, including restricting developer access from migrating code into production. Also management should perform a periodic review of active users and user access rights to ensure appropriate segregation of duties is established.

Management Response and Corrective Action Plan:

KPMG's most recent Audit Finding cited deficiencies in WIC EBT System General IT Controls. In order to gain a better understanding of the security issues involved in the finding, the WIC Program met with KPMG to discuss the recent audit activity.

The WIC Program takes system security issues seriously and has recently implemented a work around process for migration approval to provide some immediate improvement in the issues cited in the Audit Findings. Actions taken by the WIC Program, based on prior year findings, have resulted in improved process controls and developer awareness, but not system General IT controls.

While the current WIC system has been developed with the USDA as a partner in the development process, it is essentially a legacy system using obsolete FoxPro for DOS. Due to the legacy components, the system has inherent limitations that make it difficult to meet current industry security practices. In addition, the system's current configuration and structure further limit efforts to mitigate some of the security issues identified without causing potential dire impact to our participants and services.

The WIC Program has identified additional security measures that the program plans to implement to strengthen system security in the near future, including changing certain system passwords and limiting access on the WIC production system.

Management is informed of the current limitations of the WIC EBT system security and the known and accepted risks for providing sufficient production support of the system. The WIC Program will continue working towards improving system security where possible, using incremental steps, with the staff resources and time available.

Implementation Date: December 2009

Responsible Person: Everett Lamb

Reference No. 09-31

**Subrecipient Monitoring**

(Prior Audit Issue - 08-30, 07-36, 06-16, 05-20, 05-18, 04-07, 04-27, 03-12, 02-11, 02-15, 02-19, 01-555-36)

**CFDA 93.217 - Family Planning - Services**

Award year - April 1, 2008 to March 31, 2009 and April 1, 2007 to March 31, 2008

Award number - 5 FPHA060898-27 and 2 FPHA060898-26

**CFDA 93.268 - Immunization Grants**

Award year - January 1, 2008 to December 31, 2008 and January 1, 2007 to December 31, 2007

Award number - 2H23IP622571-06 and 5H23IP622571-05

**CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance**

Award year - January 1, 2008 to December 31, 2008, June 30, 2007 to June 29, 2008, August 1, 2006 to November 30, 2008, December 30, 2006 to December 29, 2008, June 30, 2007 to June 29, 2008, June 30, 2007 to June 29, 2008, and September 1, 2007 to August 31, 2008

Award number - 5U50CI623773, 1U58DP000824-01, 3U50DD613232-10S2, 5U10CI623451-04, 3U58DP622789-05W1, 1U50DP000730-01, and 2U59EH624189-04

**CFDA 93.889 - Hospital Preparedness Program**

Award year - September 1, 2007 to August 8, 2009 and September 1, 2006 to August 31, 2009

Award number - 4 U3REP070028-01 and 6 U3RHS007583-01

**CFDA 93.917 - HIV Care Formula Grants**

Award year - April 1, 2008 to March 31, 2009 and April 1, 2007 to March 31, 2008

Award number - 2 X07HA00054-18 and 6 X07HA00054-17



**STATE HEALTH SERVICES, DEPARTMENT OF**

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

**Award year - October 1, 2007 to September 30, 2009 and October 1, 2006 to September 30, 2008**

**Award number - 08B1TXSAPT and 07B1TXSAPT**

**CFDA 93.994 - Maternal and Child Health Services Block Grants to the States**

**Award year - October 1, 2007 to September 30, 2008 and October 1, 2006 to September 30, 2008**

**Award number - 6 B04MC08891-01 and 6 B04MC07774-01**

**Non-major Programs:**

**CFDA 14.241 - Housing Opportunities for Persons with AIDS**

**CFDA 93.000 - Hansen's Disease and Detection of Latent Tuberculosis Infection in Health Care Workers**

**CFDA 93.069 - Public Health Emergency Preparedness**

**CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs**

**CFDA 93.150 - Projects for Assistance in Transition from Homelessness**

**CFDA 93.197 - Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children**

**CFDA 93.235 - Abstinence Education Program**

**CFDA 93.242 - Mental Health Research Grants**

**CFDA 93.243 - Substance Abuse and Mental Health Services - Projects of Regional and National Significance**

**CFDA 93.275 - Substance Abuse and Mental Health Services - Access to Recovery**

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

**CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants**

**CFDA 93.667 - Social Services Block Grant**

**CFDA 93.769 - Demonstration to Maintain Independence and Employment**

**CFDA 93.779 - Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations**

**CFDA 93.940 - HIV Prevention Activities - Health Department Based**

**CFDA 93.944 - Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance**

**CFDA 93.958 - Block Grants for Community Mental Health**

**CFDA 93.974 - Family Planning - Service Delivery Improvement Research Grants**

**CFDA 93.977 - Preventative Health Services - Sexually Transmitted Diseases Control Grants**

**CFDA 93.978 - Preventative Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants**

**CFDA 93.988 - Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems**

**CFDA 93.991 - Preventive Health and Health Services Block Grant**

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

Department of State Health Services (DSHS) 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, DSHS also must ensure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to DSHS. DSHS is to review the report and to issue a management decision, if applicable. DSHS passed through approximately \$278 million, or 15% of all federal funds received during fiscal year 2008.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

U.S. Department of Housing and Urban Development

DSHS' subrecipient monitoring procedures include use of standardized contracts, a risk assessment process, technical assistance, program monitoring, and financial monitoring. The A-133 audit report collection and review is centralized and performed by Health and Human Services Commission (HHSC) Office of Inspector General (OIG) for various state agencies, including DSHS. In addition, each of the five divisions of DSHS (Mental Health and Substance Abuse, Family and Community Health Services, Prevention and Preparedness, Regulatory, and Regional and Local Health Services) with subrecipient contracts also has a Contract Management Unit (CMU) to perform a variety of procedures for their respective grants. Some of the CMU procedures include: review and approval of requests for payments received from subrecipients, sometimes including review of source documents; monitoring of periodic reports received to ensure the respective subrecipient remains within the budget per the contract; closeout procedures; and coordination and communication with Division Director, Contract Oversight and Support Section, and other DSHS departments, to ensure subrecipient contracts include necessary elements, and necessary issues are being escalated when required.

While the risk assessment procedures have been enhanced and communication between the various departments involved in the subrecipient monitoring processes has increased, from contract set-up through contract close-out, there is still heavy reliance placed on the financial monitoring site visits and other fiscal related activities being performed by the Contract Oversight and Support Section (COS). The financial procedures conducted by the CMUs are primarily high level and do not appear to adequately supplement the site visits and other fiscal activities being performed by COS. While COS does perform other procedures including technical assistance and board oversight desk reviews, these procedures are again primarily high level and do not adequately supplement the financial monitoring site visits.

The 2008 level of funding included in the COS risk assessment at DSHS is noted below. The risk assessment includes all subrecipients for DSHS, even those subrecipients receiving only state funds. Therefore the contract values noted below of \$712.7 million will not reconcile to the federal tables found below. The risk assessment scale ranges from one to five.

- 25 subrecipients receiving approximately \$58.7 million in contracts were rated 3 or above,
- 374 subrecipients receiving approximately \$390.3 million in contracts were rated between 2 and 2.9, and
- 199 subrecipients receiving approximately \$263.7 million in contracts were rated less than 2.

Also included in the above risk assessed contract totals are an estimated 18% or \$126.7 million of contracts that are paid on a unit rate/fee for service basis from state and federal sources; \$21.3 million in contracts passes through to other state agencies; and \$309.7 million of 100% state funded contracts. The unit rate/fee for service contracts consist mainly of a set fee paid for each service provided (i.e., shot given, claim processed, etc.). These unit rate contracts are monitored through programmatic reviews conducted every 2-3 years utilizing audit procedures such as review of claims, eligibility determinations, resulting deliverables, and vaccine usages. The \$712.7 million in risk assessed contracts less the items detailed above, are contracts that are subject to financial monitoring as noted below.

Financial on-site monitoring of subrecipients by COS (including on-site technical assistance) is summarized below for the past three years. The three year average coverage of financial site visits performed is approximately 38% (228 site visits of approximately 600 subrecipients). Similarly, total 2008 contract value coverage associated with these 228 subrecipients monitored with a financial on-site visit during 2006-2008 is approximately \$179 million or 70% of contract value.

- In fiscal year 2008, 55 of approximately 598 subrecipients, 27% of subrecipient contract values
- In fiscal year 2007, 90 of approximately 620 subrecipients, 19% of subrecipient contract values
- In fiscal year 2006, 83 of approximately 520 subrecipients, 30% of subrecipient contract values

**STATE HEALTH SERVICES, DEPARTMENT OF**

In addition to site visits conducted for financial monitoring or technical assistance, some divisions have targeted reviews of source documents that support reimbursement requests. Total contract value for subrecipients subject to these reviews during fiscal year 2008 was approximately \$9.1 million.

Therefore of the \$278 million of fiscal year 2008 expenditures detailed below, DSHS performed on-site monitoring or review of source documents for selected reimbursement requests of approximately \$188.2 million or 74% of the related contract values. Total payments to subrecipients charged to the major and non-major programs for fiscal year 2008 were:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program in FY08</u>
CFDA 14.241	\$ 2,886,092
CFDA 93.000	82,393
CFDA 93.069	12,647,602
CFDA 93.116	1,522,334
CFDA 93.150	3,373,364
CFDA 93.197	136,848
CFDA 93.217	14,851,180
CFDA 93.235	2,311,464
CFDA 93.242	2,261
CFDA 93.243	3,535,216
CFDA 93.268	11,617,487
CFDA 93.275	4,811,965
CFDA 93.283	3,228,982
CFDA 93.566	1,946,135
CFDA 93.576	8,300
CFDA 93.667	3,013,031
CFDA 93.769	3,361,775
CFDA 93.779	36,193
CFDA 93.889	30,672,309
CFDA 93.917	20,036,988
CFDA 93.940	8,477,306
CFDA 93.944	20,085
CFDA 93.958	20,872,731
CFDA 93.959	114,300,421
CFDA 93.974	266,699
CFDA 93.977	4,341,568
CFDA 93.978	164,073
CFDA 93.988	148,106
CFDA 93.991	2,164,875
CFDA 93.994	6,795,486
Total	\$ <u>277,633,269</u>

**Recommendation:**

In order to maximize both CMU and COS resources, consideration should be given to enhancing and standardizing other financial monitoring procedures in an effort to supplement financial on-site monitoring. These reviews should include procedures such as reviewing timesheets, invoices, and other source documents to support the costs reported by the subrecipients as well as other activities to address financial accountability. For example, CMUs and COS should both perform additional financial desk reviews of source documents provided by the subrecipients, in an effort to verify expenditures on a “real-time” basis. The DSHS executives should continue to reevaluate the sufficiency of all financial monitoring procedures being performed by CMU and COS personnel, including review of the risk assessment, to conclude on the sufficiency of the DSHS subrecipient monitoring process.

Management Response and Corrective Action Plan:

Again this year, the auditors note substantial improvements made by DSHS with its monitoring of subrecipient contractors. Communications between the various Divisions throughout the stages of subrecipient contracts have continually improved. The targeted fiscal monitoring risk assessment implemented the changes recommended by the auditors for SFY08.

The audit finding deficiency focuses on the agency's fiscal monitoring of federal expenditures for compliance with federal requirements. In addition to on-site fiscal monitoring and desk reviews, subrecipient monitoring includes activities such as the performance of a fiscal risk assessment, review and management of single audit reports, and proactive provision of fiscal assistance. When considering all fiscal and programmatic monitoring, 100% of the approximately 600 subrecipients received some type of oversight activity; 48% of the subrecipient contractors were subject to more than one oversight activity. These figures are obtained without the inclusion of performance monitoring, which is another facet of subrecipient monitoring. Based on the agency's overall efforts, DSHS believes that we are materially in compliance with the requirements of OMB Circular A-133, Section .400.

The agency will continue to implement policies, contract procedures, and tracking enhancements to improve contract review, documentation, and follow-up. During the remainder of SFY09, this will include working with Divisions to balance the performance and financial management activities that comprise their contract management. COS fiscal monitoring will enhance the desk review process and will use it to supplement the on-site fiscal reviews.

*Implementation Date:* Starting immediately and ongoing through August 31, 2009

*Responsible Person:* Dee Porter

**Texas Education Agency**

Reference No. 09-32

**Subrecipient Monitoring**

(Prior Audit Issue - 08-32)

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

Award year - July 1, 2008 to September 30, 2009; July 1, 2007 to September 30, 2008; July 1, 2006 to September 30, 2007; July 1, 2005 to September 30, 2006

Award number - S011A050044, S011A060044, S011A070044, S011A080044

**CFDA 84.048 - Vocational Education - Basic Grants to States**

Award year - July 1, 2008 to September 30, 2009; July 1, 2007 to September 30, 2008; July 1, 2006 to September 30, 2007; July 1, 2005 to September 30, 2006

Award number - V048A050043, V048A060043, V048A070043, V048A080043

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

Award year - July 1, 2008 to September 30, 2009; July 1, 2007 to September 30, 2008; July 1, 2006 to September 30, 2007; July 1, 2005 to September 30, 2006

Award number - S287C050044, S287C060044, S287C070044, S287C080044

**CFDA 84.357 - Reading First State Grants**

Award year - July 1, 2008 to September 30, 2009; July 1, 2007 to September 30, 2008; July 1, 2006 to September 30, 2007; July 1, 2005 to September 30, 2006

Award number - S357A050045, S357A060045, S357A070045, S357A080045

**Special Education Cluster**

Award year - July 1, 2008 to September 30, 2009; July 1, 2007 to September 30, 2008; July 1, 2006 to September 30, 2007; July 1, 2005 to September 30, 2006

Award number - H027A050008 and H173A050004, H027A060008 and H173A060008, H027A070008 and H173A070008, H027A080008 and H173A080008

**Non-major Programs:**

CFDA 12.000 - Troops to Teachers

CFDA 84.002 - Adult Education - State Grant Program

CFDA 84.010 - Title I Grants to Local Educational Agencies

CFDA 84.013 - Title I Program for Neglected and Delinquent Children

CFDA 84.181 - Special Education - Grants for Infants and Families with Disabilities

CFDA 84.184 - Safe and Drug-Free Schools & Communities - National Programs

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

CFDA 84.196 - Education for Homeless Children and Youth

CFDA 84.206 - Javits Gifted and Talented Students Education Grant Program

CFDA 84.213 - Even Start - State Educational Agencies

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 84.358 - Rural Education

CFDA 84.365 - English Language Acquisition Grants

CFDA 84.366 - Mathematics and Science Partnerships

CFDA 84.367 - Improving Teacher Quality State Grants

CFDA 84.369 - Grants for State Assessments and Related Activities

CFDA 84.377 - School Improvement Grants

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 97.036 - Public Assistance Grants (including CFDA 83.544)

Type of finding - Significant Deficiency and Material Non-Compliance

The Texas Education Agency (TEA) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal programs. The TEA is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, the TEA must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to the TEA within 9 months of the subrecipient’s fiscal year. The TEA is to review the report and to issue a management decision within six months, if applicable.

Questioned Cost: \$ 0

U.S. Department of Defense  
 U.S. Department of Education  
 U.S. Department of Health and Human Services  
 U.S. Department of Homeland Security

The TEA’s subrecipient monitoring procedures include use of standard contracts, technical assistance, a risk assessment process, program monitoring, and financial monitoring including compliance reviews, site visits, and A-133 audit report collection and review. In addition, the TEA employs the use of certain edits within their computer system, TGIF, to assist with period of availability and reasonableness of monthly draw amounts based on total amounts awarded.

The monitoring of subrecipient compliance with fiscal requirements is performed primarily by the Grant Audits Section of the Division of Financial Audits. Specifically, this section uses a risk assessment process to identify subrecipients for financial monitoring. The risk assessment process includes the use of critical indicators, such as “independent auditor identified an instance(s) of material noncompliance and/or material weaknesses in internal controls,” that classify subrecipients as high risk grantees. For the 2007 and 2008 fiscal years combined, the section completed compliance reviews of 10 subrecipients that failed three or more critical indicators and an additional 43 subrecipients who failed 1 or 2 critical risk indicators. During the conduct of the compliance reviews, section auditors requested certain fiscal records from the subrecipient and reviewed these records to determine compliance with federal fiscal requirements. In fiscal year 2008 all the compliance reviews conducted were a completion of those started in fiscal year 2007. A 2008 risk assessment was not prepared.

In addition to the compliance reviews, the section also received complaints from external parties or referrals from TEA program personnel or grant administrators to perform an audit, investigation, review or other monitoring activity of specific grantees and grants. In most instances, the audit, review or other monitoring activity was initiated as a correspondence or desk process. However, in certain instances, section auditors determined that an onsite visit was warranted due to the scope of the monitoring activity (e.g., multiple years, multiple grants) or the complexity of the issues identified. In 2007, section auditors initiated 11 audits or investigations pursuant to a complaint filed with the TEA or a referral from a TEA division. Of these 11, seven were closed by August 31, 2008. In 2008, division auditors initiated 16 audits or investigations pursuant to a complaint or referral, of which six are currently closed. To the degree feasible, TEA program personnel and auditors coordinated efforts as to the deployment of resources to review selected subrecipients.

In addition to the work performed by the Grant Audits Section, the Investigations Section of the Division of Financial Audits performed onsite follow up visits on selected corrective action plans submitted by grantees as part of the annual A-133 audit report. Section auditors exercised their professional judgment in assessing the severity of the compliance issues identified by independent auditors in the annual audit report to determine which issues warranted an in-depth onsite follow up visit. The onsite follow up visits included the selection of sample items to ascertain if the subrecipient corrected the identified deficiency. Auditors conducted 3 onsite follow up visits in 2007 and 11 in 2008. However, it was noted that the majority of the A-133 audit reports received in fiscal year 2008 were not reviewed by TEA within 6 months of receipt in order to promptly issue a management decision on any applicable audit findings.

Despite the coordination between program and fiscal personnel, TEA’s primary focus is on performance and program results with a limited number of resources available to monitor fiscal compliance. Of the approximately 1,370 subrecipients, 444 were assessed as high risk in 2007. Of this number, a total of 84 subrecipients underwent a follow-up review, audit, investigation, or compliance review in the past two years (57 initiated in 2007 and 27 in 2008). These 84 subrecipients accounted for approximately 12.4% of the contract value for the total funds passed through in the past 2 years.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2008 were:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
12.000	\$ 310,288
84.002	41,007,889
84.010	1,153,861,249
84.011	55,834,879
84.013	8,117
84.048	51,231,181
84.181	66,076
84.184	102,214
84.186	20,599,684
84.196	6,037,019
84.206	181,201
84.213	6,997,241
84.282	5,318,601
84.287	70,525,306
84.298	9,630,565
84.318	22,883,325
84.334	834,938
84.357	75,241,567
84.358	7,149,295
84.365	87,253,894
84.366	1,631,524
84.367	231,308,570
84.369	3,797,131
84.377	2,892,702
84.938	75,357
93.558	18,476,645
93.630	2,563,952
93.938	263,934
94.004	1,317,264
97.036	4,405
Special Education Cluster	<u>853,850,913</u>
Total	<u><u>\$ 2,731,256,926</u></u>

Recommendation:

TEA has developed a risk assessment process which does appear to identify the subrecipients with potential risk; however, they need to ensure that this risk assessment is updated on a yearly basis. They have allocated their resources between the required program audits, A-133 reviews, and financial monitoring components of their subrecipient monitoring process to incorporate not only federal requirements but state law as well. TEA should continue to add resources within their budget constraints in order to increase the amount of federal fiscal compliance performed.

Management Response and Corrective Action Plan:

The TEA will continue to perform its monitoring activities to ensure that subrecipients comply with federal program and fiscal requirements. Although neither federal regulations or guidance nor the auditors' finding discussed above quantify the degree to which the TEA is required to monitor its subrecipients, the TEA proposes to implement a short-term and long-term corrective action plan to improve its monitoring process to increase the degree to which it monitors subrecipients.

*Status of Proposed Corrective Action Plan for Prior Year Finding*

A detailed subrecipient monitoring methodology has been developed. The risk assessment surveys and the related scoring methodology as well as the subrecipient monitoring instruments require further development and refinement. The surveys and associated request for information will require review and approval by the Department of Information Resources Committee. Various factors, including staff turnover, staff recruitment and development, audits and investigations carried forward from prior years, and the scope and complexity of new and ongoing audits and investigations, reduced the availability of auditors for the development and implementation of the corrective action plan.

*Short-Term Corrective Action Plan**Grants Monitoring*

From March 1, 2009 through August 31, 2009, the TEA shall develop and implement a corrective action plan focused on changes to its monitoring methodology for federal awards. The improved monitoring process shall include a refined risk assessment methodology to facilitate the allocation of limited staff resources on specific areas of risk and a streamlined compliance review methodology that shall result in the more expedient monitoring of subrecipient compliance with federal requirements and a more timely review of subrecipient implementation of corrective actions that address material compliance issues identified in the single audits filed with the TEA. The compliance review process shall focus on the monitoring of specific fiscal compliance requirements, as discussed in the Compliance Supplement to OMB Circular A-133 and in the applicable federal statute and regulations, for the federal programs selected for review. Although the compliance reviews shall continue to be primarily a desk (or correspondence) based methodology, the monitoring system shall include specific criteria that will be used to determine when an onsite visit is warranted to address more pervasive or systemic issues that may be identified through the risk assessment process. The corrective action reviews shall focus on determining if subrecipients with material noncompliance adequately addressed the issues identified by the independent auditors. This activity shall be conducted primarily through onsite visits.

In addition to the improved monitoring process discussed above, the TEA shall also consider other changes and improvements, including the acquisition of technological tools, the identification of existing data resources, and the communication of federal requirements to subrecipients, to improve the monitoring process and overall subrecipient compliance with federal requirements.

*Single Audit Reviews*

The TEA scrutinized its process for reviewing the single audits filed by subrecipients and identified an opportunity for streamlining its review methodology. Accordingly, the TEA changed its review methodology and is currently implementing the new process. It is anticipated that the revised review methodology will result in the more timely resolution of a larger percentage of the single audits filed with the TEA.



*Long-Term Corrective Action Plan*

*From March 1, 2009 through August 31, 2009, the TEA shall conclude its development of the monitoring methodology as originally proposed in its response to the prior year finding and incorporate it into the audit plan for the 2010 fiscal year. Effective September 1, 2009, the TEA shall implement an audit plan for the 2010 fiscal year that will include the short-term corrective action plan described above and a monitoring methodology that balances the TEA's responsibility to monitor subrecipient compliance with federal requirements to a notable degree with its responsibility to ensure that potential compliance and other audit issues are identified and adequately addressed. The audit plan shall include the use of the improved monitoring methodology described above and the conduct of more intensive audits focused on examining subrecipient compliance with general fiscal requirements, program specific fiscal requirements, and the particular provisions of the applicable grant awarded. Additionally, the audit plan shall include a limited allocation of staff resources to the continued investigation of specific allegations of fraud, abuse and waste filed with the TEA by subrecipient constituents. To augment the TEA's limited auditor resources, the TEA will consider the development and implementation of administrative rules requiring noncompliant subrecipients to procure the services of a certified public accountant to conduct an agreed-upon procedures audit. This process will require subrecipients to have an agreed-upon procedures audit performed if certain conditions apply. The agreed-upon procedures audit shall be conducted in accordance to a specific audit methodology and audit procedures developed by the TEA Division of Financial Audits.*

*In addition to the audit plan described above, the TEA shall also consider other changes and improvements, including the development of administrative rules specific to grants, the acquisition of software applications, the dedication of a systems analyst to the development of analytical tools, the dissemination of relevant and timely information regarding identified risks, audit findings, and compliance requirements at statewide conferences, and the provision of staff development and technical assistance that addresses compliance with federal fiscal requirements by regional education service centers, to improve the audit methodology described above and overall subrecipient compliance with federal requirements.*

*Implementation Date: March 1, 2009*

*Responsible Person: Ramón Medina*

Reference No. 09-33

**Allowable Costs/Cost Principles**

(Prior Audit Issue - 08-31)

**CFDA 84.048 - Vocational Education - Basic Grants to States**

**Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007; July 1, 2007 to September 30, 2008**

**Award number - V048A040043, V048A050043, V048A060043, V048A070043**

**Special Education Cluster**

**Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007; July 1, 2007 to September 30, 2008**

**Award number – H027A040008 and H173A040004, H027A050008 and H173A050004, H027A060008 and H173A060008, H027A070008 and H173A070008**

**Type of finding - Significant Deficiency**

Access to the Budget Analysis Tool (BAT) application production server is not restricted appropriately. One developer has “Budget Management User” access to the BAT application. Budget Management Users (BPM) are users within the Texas Education Agency (TEA) Budget Office that are authorized to perform all processes, generate any report, and modify any agency budget information from within BAT. This includes adjusting funding percentages/structures, adding/modifying division/sub object information and adding/adjusting position forecasting information for any division within TEA. Controls should be in place to restrict developer’s access to the production environment.

Questioned Cost: \$ 0

U.S. Department of Education

No compliance exceptions were noted during the review of selected 2008 allowable cost transactions for the major program noted above.

Recommendation:

TEA remediated the above situation in February 2008.

Management Response and Corrective Action Plan:

*The two developers (FTE, James Farrell and contractor, Narda Fisher) found in the Budget Analysis Tool (BAT) production application were In-activated by the Computer Access group effective 02/4/2008. Mrs. Fisher’s contract ended August 2008, all access has been inactivated.*

*Effective April 2007 the BAT FTE developer was hired into another position within IS PMO as developer for the Security team. The BAT developer position remained vacant until August 2007. During this vacancy period, Mr. Farrell was responsible for the support of both BAT and Security.*

*The vacant BAT developer position was filled by Divya Chawla August 2007. Mr. Farrell provided training and mentoring to the new developer as well as support of the BAT application through fiscal year 2008 on an “as needed” basis because the BAT application is difficult to understand due to poor design and has a lengthy learning curve and no other internal staff has this knowledge.*

*Mrs. Chawla, lead FTE developer, took an extended vacation to India from November 11 to December 12, 2008. During this time, a contractor with limited BAT experience and part time availability was providing support and coverage of the BAT application. The Budget office was in the process of running REV and CAF processes under a tight schedule. Due to the nature of the work and the required timely response required, Mr. Farrell’s assistance was needed and access granted to the BAT application. His access was removed December 2008 following Mrs. Chawla’s return.*

The agency's formal change management procedures are followed for all normal and emergency situations. Access to develop and deploy changes is segregated as follows:

Tracker change management software is used to submit software change requests (SCR) for an application. The project manager (PM) reviews the SCR and either approves or denies it to be worked. If approved, a developer is assigned to the SCR. The developer is responsible for making software code changes using Version Manager (VM), the source control versioning tool, to check out and version the code. The developer is responsible for testing software changes made for adherence to the requirement specifications and to verify accuracy in the development environment.

Once testing is successful, the developer submits a request to Software Configuration Management Administrators (SCM Admin) group to promote the change from Development to the Test environment by creating a new product build release. The request is forwarded to a Team-4-Texas (IBM) System Administrator who has access to the server and does the actual move to the Test environment.

Next, the customer is requested to test the change for accuracy in the Test environment. Once the customer updates the SCR Testing Status field to Passed, the developer submits the production move request to promote the code changes from Test to Production to the PM.

When the code has been through the entire development and test life cycle, the PM fills out an online form certifying that the code is ready for production and sends that form to SCM. The SCM team member assigned reviews the request and assures that it is ready for production. This includes a final quality check by a tester. (SQA check). When that is completed the request is forwarded to a Team-4-Texas System Administrator who has access to the server and does the actual move to the Production environment.

Upon completion of the move to production, the development team then verifies that the move was successful. The SCM group conducts a Software Quality Assurance (SQA) audit to ensure all the proper standards have been followed and are documented within the Software Change Request (SCR) and the module association to the Version Manager code is in alignment.

Upon completion of the change in Production, the customer is requested to verify the results of the change in Production to make sure the change works as intended and no unexpected results are discovered. The customer then updates the SCR Verified Production filed to Passed to indicate the production test is good and complete and verified. The SCR is closed as complete.

If an emergency situation arises that requires the technical developer to have access to production to resolve a production emergency, a special procedure utilizing a new security role for a lead technical developer, BATTech, will be used as defined below as an interim emergency work around.

The Corrective Action plan including Implementation Date and Responsible Person is as follows:

<b>Controls to Implement for BAT</b>	<b>Who</b>	<b>When</b>
Monitor and Review the roles and privileges of the Production application	Budget Director or Budget Manager	Monthly; beginning February 1, 2009  A monthly SCR to review production user access will be added to Tracker. The active user report will be attached to the SCR. Any access issues identified, the solution and supporting emails will be attached to the SCR in order to provide supporting documentation of this task. SCR 425 added for Feb 2009 review.

<i>Controls to Implement for BAT</i>	<i>Who</i>	<i>When</i>
<i>Monitor and Review the roles and privileges of the Training application</i>	<i>Budget Director or Budget Manager</i>	<i>Annually; prior to Budprep training May 1, 2009.</i>
<i>Monitor and Review the roles and privileges of Test application</i>	<i>Project Manager</i>	<p><i>Monthly; beginning February 1, 2009</i></p> <p><i>A monthly SCR to review production user access will be added to Tracker. The active user report will be attached to the SCR. Any access issues identified, the solution and supporting emails will be attached to the SCR in order to provide supporting documentation of this task.</i></p> <p><i>SCR 425 added for Feb 2009 review.</i></p>
<i>Monitor and Review the roles and privileges of the Dev application</i>	<i>Project Manager</i>	<p><i>Monthly; beginning February 1, 2009</i></p> <p><i>A monthly SCR to review production user access will be added to Tracker. The active user report will be attached to the SCR. Any access issues identified, the solution and supporting emails will be attached to the SCR in order to provide supporting documentation of this task.</i></p> <p><i>SCR 425 added for February 2009 review.</i></p>
<i>Incorporate TEA SE automation for Test and/or Development</i>	<i>BAT and TEASE development teams</i>	<p><i>2009 Update and Change in Plans.</i></p> <p><i>It was determined it is not cost effective to implement the TEASE automation for Test or Development environments. Due to the following constraints:</i></p> <ol style="list-style-type: none"> <li><i>1) Shortage of resources to support the implementation</i></li> <li><i>2) Significant changes to TEASE would be needed to support Project Managers approving test &amp; dev user accounts because they are not considered the cost center manager which is how TEASE workflow determines the appropriate approver.</i></li> </ol>

<b>Controls to Implement for BAT</b>	<b>Who</b>	<b>When</b>
<p><i>Incorporate TEASE automation for Test and/or Development</i></p>	<p><i>BAT and TEASE development teams</i></p>	<p>3) <i>TEA is currently working on implementing a new security system and changes to TEASE are limited to defects not enhancements.</i></p> <p>4) <i>Also, application owners for application in test and dev would have to be assigned to each application in dev and test. This would be very time consuming for the customer/application owners.</i></p> <p>5) <i>The email approval method by the applications Project Manager allows request for dev &amp; test to be handled in a timely and efficient manner.</i></p>
<p>1) <i>Implement reports to review access accounts without any activity within last 3 month period.</i></p> <p>2) <i>Implement an application user review process where each TEASE approver re-certifies all the users of that application on a regular basis. The frequency will be determined by the criticality of the application and the number of users. In the case of BAT, this will be done quarterly.</i></p>	<p>1) <i>BAT developer will create the report, NT Admin will create and schedule batch job to run monthly (1st of each month); automate email report to user with notice if no activity within next 10 days, account will become In-active. The Budget Director and/or Budget Manager will be responsible for monitoring these</i></p> <p>2) <i>Security group will initiate this effort and Budget Director to re-certify.</i></p>	<p><i>Update and Change in plans.</i></p> <p><i>It was confirmed that an automated report of account in-activity can not be created because TEA SE does not have all the data needed to determine in-activity of a given account for a given time period. One user account is used for many applications so we can not determine when a user last used BAT or some other application.</i></p> <p><i>Note: When a user leaves, we disable the whole TEASE account, but don't delete it, because of the need to avoid duplicate user IDs. This will be fixed when we move to TIM/TAM as a replacement for TEASE. This product will give the agency greater ability and flexibility to automated monitoring.</i></p> <p>2) <i>Until the new security product, TIM/TAM, is implemented for production use, we will implement a monthly application user access review.</i></p>

<b>Controls to Implement for BAT</b>	<b>Who</b>	<b>When</b>
<p>Create a new TEA SE access role for the Technical Lead resource to separate functional duties from technical duties. (Such as BATTech). This account will remain In-Active until determined necessary by management to be used at which time it will follow the process to Activate an account via the Computer Access group.</p>	<p>Two groups would require a change to support this request. TEASE group would require a minor change. The BAT application will require a software change request to incorporate this new role (SCR).</p>	<p>An enhancement request SCR 421 has been submitted to add new BATTECH role. Testing of change is currently in progress. Goal is to complete and implement this change by February 27, 2009.</p>
<p>As an interim emergency work around, we will implement the following procedure using the new BATTECH role. Create the new Technical role in BAT for Technical Lead; BATTECH.</p> <ol style="list-style-type: none"> <li>1) Grant (Activate) "BATTECH" access for the lead developer whenever required to make a change due to an emergency SCR via a request to the Computer Access group.</li> <li>2) Change request will be reviewed by a second person(s) PM and Budget Manager.</li> <li>3) BATTECH makes the documented change.</li> <li>4) Customer reviews, tests and verifies results of change.</li> <li>5) Remove production access by submitting a request Computer Access group to make BATTech In-Active.</li> <li>6) BATTECH will document the change(s) made in an SCR.             <ol style="list-style-type: none"> <li>a. Include the change information</li> <li>b. Name of person making change</li> <li>c. Name of reviewer and approver</li> <li>d. Reason for change</li> <li>e. Tests conducted and results</li> </ol> </li> </ol>	<p>BAT developer and TEA SE developer to setup the access. Budget Manager and Project Manager to approve access and SCR. Developer will perform the update. Budget Director will approve and Activate/In-Activate the BATTECH account.</p>	<p>On Emergency basis only.</p> <p>Addition of the new BATTECH role into the BAT application and TEASE is underway with testing in progress. The goal is to have SCR 421 coded, tested and implemented by February 27, 2009.</p>

<p>7) <i>Notify Budget Director of this activity.</i></p> <p>8) <i>SCM will review and monitor to ensure only change requested is change made and promoted through to production.</i></p>	<p><i>BAT developer and TEA SE developer to setup the access. Budget Manager and Project Manager to approve access and SCR. Developer will perform the update. Budget Director will approve and Activate/In-Activate the BATTech account.</i></p>	<p><i>On Emergency basis only.</i></p> <p><i>Addition of the new BATTECH role into the BAT application and TEASE is underway with testing in progress. The goal is to have SCR 421 coded, tested and implemented by February 27, 2009.</i></p>
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Reference No. 09-34

**Level of Effort - Maintenance of Effort**

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

**Award year - July 1, 2007 to September 30, 2008**

**Award number - S287C070044**

**Type of finding - Non-Compliance**

For maintenance of effort (MOE), a Local Education Agency (LEA) may receive funds under an applicable program only if the State Education Agency (SEA) finds that the combined fiscal effort per student or the aggregate expenditures of the LEA from State and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education.

<p>Questioned Cost: \$ 25,639</p> <p>U.S. Department of Education</p>
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An LEA’s expenditures from State and local funds for free public education include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. They do not include the following expenditures: (a) any expenditures for community services, capital outlay, debt services and supplementary expenses as a result of a Presidentially declared disaster and (b) any expenditures made from funds provided by the Federal government.

If an LEA fails to maintain fiscal effort, the SEA may reduce the amount of the allocation of funds under an applicable program in any fiscal year in the exact proportion by which the LEA fails to maintain effort by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the LEA) (Section 9521 of ESEA (20 USC 7901); 34 CFR section 299.5).

Texas Education Agency (TEA) requires its school districts, charter schools and educational service centers (ESCs) to comply with state mandated accounting requirements discussed in its Financial Accounting and Reporting Manual. The implementation of financial accounting systems that use the state mandated account code structure provides for uniformity and consistency in financial accounting and reporting. The Public Education Information Management System (PEIMS) is a data collection system developed by TEA to provide a single system for collecting school district information and to maintain the information in one common database. The PEIMS system allows for all school districts and charter schools to collect and report a uniform and consistent set of financial information. The Division of Financial Audits at TEA (DFA) uses the PEIMS data to run MOE reports every year. The DFA ran the MOE reports in fiscal year 2008 for the 2006-2007 school year that was closed out in fiscal year 2008. Once the MOE reports are run and non-compliant schools are identified, the DFA forwards the list to the applicable program department managers to address the MOE non-compliance for each of their respective programs. Individual letters are sent to the schools with the calculation to notify them of the non-compliance and the adjustment to the entitlement of federal funds for awards pursuant to the applicable provisions.

There were three LEAs receiving 21<sup>st</sup> Century funding that did not obtain the required MOE. These LEAs were overlooked by TEA during the close-out process. These were properly included on the MOE report noted above. During the audit, letters were sent to the non-compliant LEAs and their grant awards were adjusted for the non-compliance. The total dollar adjustment for these three LEAs was \$25,639 for the 2008-2009 21<sup>st</sup> Century Notice of Grant Awards.

Recommendation:

TEA should ensure that the MOE requirements are enforced and the resulting LEA awards are appropriately adjusted for non-compliance.

Management Response and Corrective Action Plan:

*TEA will ensure that the MOE requirements are enforced and the resulting LEA awards are appropriately adjusted for non-compliance. The Division of Discretionary Grants is in the process of remedying the lack of MOE for those 3 LEAs in question. A letter was mailed to each grantee on January 13, 2009, requiring them to submit an amendment to reduce their grant budget by the corresponding percentage that they are not in compliance with MOE. The Notices of Grant Award (NOGAs) for these 3 grantees were immediately placed on hold when this came to light so that no additional payments will be made to these grantees until their NOGAs are reduced by the appropriate percentage or they forfeit the grant.*

*Implementation Date: January-February 2009*

*Responsible Person: Earin M. Martin*

Reference No. 09-35

**Reporting**

**Special Tests and Provisions - Subgrant Process**

**Special Tests and Provisions - Priority for Services**

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

**Award year - July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007; July 1, 2007 to September 30, 2008; July 1, 2008 to September 30, 2009**

**Award number - S011A050044, S011A060044, S011A070044, S011A080044**

**Type of finding - Material Weakness**

Due to the size of the information technology organization within the Northrop Grumman group that manages, hosts, and administers the NGS application for Migrant Education, there is a lack of segregation of duties. Developers have server, database and application administration capabilities in production which also allows them access to deploy code changes into production. The group currently also does not have security policies and procedures formally defined and documented.

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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Change management procedures for authorization, testing and approval are followed informally. No formal approval is required prior to production moves and only informal discussion emails exist as evidence of approval prior to production deployment. For one out of two releases tested, no response of formal final approval was documented. Also no formal change management procedures have been documented.



Texas Education Agency (TEA) utilizes the NGS application to produce the Consolidated State Performance Report (CSPR). Also TEA defines priority for services but the LEAs are responsible for identifying and counting these children. The LEAs report the priority for services children to TEA through the NGS application. In addition, TEA utilized the information in the NGS application to the grants through the subgrant process. No compliance exceptions were noted during the review of selected reporting and special tests and provisions transactions for the major program noted above.

Recommendation:

Access to develop and deploy changes should be segregated. If developers require access to production due to the size of the systems team, formal change management procedures should be followed prior to deployment, and additional monitoring controls should be in place post-deployment to determine whether all changes placed in production are authorized and appropriate. Security polices and procedures including procedures regarding system administrative access, termination and addition of individuals, etc. should be formally documented.

For change management, procedures addressing authorization, testing, final approval, documentation and proper implementation should be documented and followed. Also changes should be formally approved prior to production.

Management Response and Corrective Action Plan:

*The Division of NCLB Program Coordination agrees with the recommendation. The Texas Education Agency and Northrop Grumman will establish the following process for the Change Management procedures for authorization, testing, and approval of NGS new build items.*

1. *The Northrop Grumman Project Manager will document all new build items in an excel spreadsheet with an estimated level of effort for each build item. In addition a "TEA Approval" column will be created in the spreadsheet for formal approval of each item.*
2. *Northrop Grumman will transmit the "NGS New Build Version X.X", (where X.X is the current version level of the NGS application build), spreadsheet to the TEA Migrant Director or designee by email with a request for review and approval.*
3. *Northrop Grumman will track and request approval on each new build item before work can begin on each item.*
4. *Upon receipt of approved items the Northrop Grumman Project Manager will assign the new build items to the appropriate NGS Programmer for coding.*
5. *Changes to any individual New Build item must be made in writing.*

Changes requested by Northrop Grumman:

- a. *Changes by Northrop Grumman - will be requested in writing to the TEA Migrant Program Director or designee. The Northrop Grumman Project Manager will submit a change request explaining the nature of the change, the impact to schedule, and any repercussions to the New Build.*
- b. *The TEA Migrant Program Director or designee will approve or disapprove each change request in writing.*
- c. *The Northrop Grumman Project Manager will document the decision concerning approval of each change request in the "New Build Version X.X" spreadsheet.*

Changes requested by TEA or Consortium States:

- a. Changes by TEA or Consortium States - will be requested in writing to the Northrop Grumman Project Manager. The requesting entity will submit a change request explaining the nature of the change as well as all criteria and requirements necessary to the requesting entity.
- b. The Northrop Grumman Project Manager will document the level of effort for the change and submit a written level of effort to the TEA Migrant Program Director or designee documenting the impact of the requested change to the New Build schedule, recommendation for approval/disapproval, along with reasons explaining Northrop Grumman's recommendation.

If approved:

- i. The TEA Migrant Director or designee will provide approval in writing to the Northrop Grumman Project Manager.
- ii. The Northrop Grumman Project Manager will record the approval in the NGS New Build spreadsheet, update the New Build implementation schedule if necessary, and assign the work to the NGS programmers.

If unapproved:

- iii. The TEA Migrant Director or designee will provide unapproved status in writing to the Northrop Grumman Project Manager.
  - iv. The Northrop Grumman Project Manager will record the unapproved status in the change request document.
6. When a new build item has been coded and tested by the Northrop Grumman alpha testing group the Northrop Grumman Project Manager will draft testing documentation and send that documentation to the NGS Beta Testing group.
  7. The NGS Beta Testing group will test and record testing results in the documentation provided by the Northrop Grumman Project Manager. The NGS Beta Testing group will return their recorded testing results to the NGS Project Manager.
  8. The Northrop Grumman Project Manager will record the testing group results in the "NGS New Build Version X.X" spreadsheet as well as file all testing documents for future reference or review.
  9. The Northrop Grumman Project Manager will provide a copy of the "NGS New Build Version X.X" spreadsheet to the TEA Migrant Director or designee on a bi-weekly basis.
  10. When all new build items have been tested by the NGS Beta Testing group and all new build items are ready for deployment, the Northrop Grumman Project Manager will send the final version of the "NGS New Build Version X.X" spreadsheet for final formal approval by the TEA Migrant Director or designee.
  11. The TEA Migrant Director or designee must provide, in writing, final formal approval to implement all new build items in the "NGS New Build Version X.X" spreadsheet.
  12. Upon receipt of the formal approval the Northrop Grumman Project Manager will begin the NGS new build implementation process.

New Build Item Implementation Process:

The following new build item implementation process will segregate the development and deployment of new build items into the production environment by the NGS programmers.

- 1 The Northrop Grumman Project Manager will provide authorization to the NGS System Administrator to implement the deployment of the approved NGS New Build Items

- 2 *The Northrop Grumman NGS System Administrator will provide the NGS developer(s) the password to the “Fire Call ID” account.*

*The “Fire Call ID” Account:*

- *This account will be used to move all new build items into the production environment. The Northrop Grumman programmer accounts have been modified so that they can no longer make any changes to the production environment. The “Fire Call ID” account will be used to control programmer access to the production environment thereby creating a separation of the development and production environments for the Northrop Grumman NGS programmers.*
  - *The “Fire Call ID” account will be maintained by the Northrop Grumman NGS System Administrator with oversight by the Northrop Grumman NGS Project Manager. The Northrop Grumman NGS System Administrator and Northrop Grumman Project Manager will be the only individuals that will know the current “Fire Call ID” password. Once new build items or changes to the production environment have been made the password to the “Fire Call ID” account will be changed.*
- 3 *The Northrop Grumman NGS programmer(s) will use the “Fire Call ID” account to deploy the approved new build items into production with oversight by the Northrop Grumman NGS System Administrator and/or Northrop Grumman Project Manager. Once the new build items have been moved into production the “Fire Call ID” account password will be changed.*
  - 4 *Upon completion of new build item deployment into production and testing by the Northrop Grumman staff, the Northrop Grumman Project Manager will issue an email notification to the TEA Migrant Director or designee that all approved changes to the production environment have been completed.*
  - 5 *The Northrop Grumman Project Manager will document the new build production implementation in the “NGS New Build Version X.X” spreadsheet.*

*Implementation Date: February 23, 2009*

*Responsible Person: Christina Villarreal*

**Texas Workforce Commission**

Reference No. 09-118

**Matching**

**Non-major Programs:**

**CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund**

**Type of finding - Non-Compliance**

Section 6053(b) of the Deficit Reduction Act provided for a modification of the Federal Medical Assistance Percentages (FMAP) for any state which has a significant number of evacuees from Hurricane Katrina. Additionally, Sections 1905(b) and 1101(a)(8)(B) of the Social Security Act required the Secretary of Health and Human Services to publish the FMAP each year. The adjusted FMAP and Enhanced Federal Medical Assistance Percentage (EFMAP) for 2008 rates are as follows:

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

	<u>Calculated 2008</u>	<u>2008 Adjusted</u>
FMAP	60.53	60.56
EFMAP	72.37	72.39

The modification of the FMAP and the EFMAP under the Deficit Reduction Act affect only medical expenditure payments under Title XIX and expenditure payments for the State Children's Health Insurance Program (SCHIP) under Title XXI. Based on Federal Register dated August 7, 2007 (Volume 72, Number 151), the percentages in this rule do not apply to payments under Title IV of the Social Security Act. In addition, the Title XIX statute provides separately for Federal matching of administrative costs, which is not affected by the subject Deficit Reduction Act provision.

The Texas Workforce Commission (TWC) relied on the FMAP rate posted to the Health and Human Services, Administration for Children and Families (ACF) On-line Data Collection reporting system, which is a system used to report CFDA 93.596, Child Care Mandatory and Matching expenditures. The On-line Data Collection reporting system published and hard coded an edit at the adjusted FMAP rate. In addition, ACF published on their website the adjusted FMAP rate in the *FY 2008 CCDF Final Allocations (Including Reallotted Funds)*. TWC quantified the difference in the 60.56% utilized and the 60.53% as \$86,614 for the federal fiscal year ended September 30, 2008. TWC incurred additional state expenditures in fiscal year 2008 that will be used to offset these additional federal funds; therefore there are no questioned costs.

**Recommendation:**

Once Health and Human Services, Administration for Children and Families makes the correction in the On-line Data Collection system by changing the FMAP, the Texas Workforce Commission should report the additional matching dollars to ACF for qualifying 2008 expenditures needed to fully match the federal funds drawn.

**Management Response and Corrective Action Plan:**

*The Texas Workforce Commission will make the necessary adjustments and will report the additional matching dollars in the On-line Data Collection system when ACF makes the appropriate correction to the FMAP rate.*

*Implementation Date: March 31, 2009*

*Responsible Person: Randy Townsend*

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Section 3b:

**Federal Award Findings and Questioned Costs - Other Auditors**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, as required to be reported by *Office of Management and Budget Circular A-133*, Section .510(a). This section reports on clusters and programs audited by other auditors.

**Angelo State University**

Reference No. 09-36

**Eligibility**

**Student Financial Assistance Cluster**  
**Award year - July 1, 2007 to June 30, 2008**  
**Award number - CFDA 84.063 P063P072258**  
**Type of finding - Significant Deficiency and Non-Compliance**

The University Did Not Always Award the Correct Pell Amount

The amount of a student’s Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year (Title 34, Code of Federal Regulations, Section 690.62).

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

Angelo State University (University) awarded 1 (4 percent) of 23 Pell-eligible students tested an incorrect amount for the student’s Pell award. The student was eligible to receive \$2,155, but the University awarded \$2,077. The University did not have sufficient controls in place to ensure that it awarded students the correct amounts.

The University Did Not Always Maintain Appropriate Access to Banner, Its Financial Aid System

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

The University did not always maintain appropriate user access over Banner, its financial aid system. Three users had excessive access to modify the cost of attendance, min/max tables, and Banner rules for each of the funds.

Recommendations:

The University should:

- Ensure that it has controls in place to calculate and award Pell Grants correctly.
- Restrict access to Banner based on employee job duties and responsibilities, and periodically review access levels to ensure that it grants appropriate access.

Management Response and Corrective Action Plan:

*Recommendation: The University should ensure that it has controls in place to calculate and award Pell Grants correctly.*

*It was determined that this was a data entry error which occurred while changing an existing fall/spring award to a spring only award. Instead of using the system's electronic process to package the appropriate Pell amount of the spring only award, the award was determined and entered manually. Since the manual award amount entered was within the maximum award allowed based on the student's eligibility, the system accepted and allowed the entry - depending on the student's individual situation, pro-rated awards could be appropriate.*

*The processing of budget changes and the corresponding award revisions will be processed only by appropriate staff levels in the office. Academic year Pell award calculations due to budget changes will be limited to the system delivered Pell process both in batch and through the immediate process ensuring appropriate award amounts. In addition, with the assistance of soon to be implemented reporting tools which can be used in the Banner system, specific reports will be created to run on a regular basis to ensure all Pell awards are correct.*

*Implementation Date: Immediately*

*Responsible Person: Lyn Wheeler*

*Recommendation: Restrict access to Banner based on employee job duties and responsibilities, and periodically review access levels to ensure that it grants appropriate access.*

*The three individuals in question have modification access to RFRMGMT, RBRCOMP, RPRGFND, and RORRULES. Two of the individuals are full-time employees in the Financial Aid Office (Accounts/Reports Coordinator and Manager of Scholarship Programs) and one is currently contracted by ASU as a Consultant on financial aid Banner issues. The two full-time employees were initially given update access due to their individual job responsibilities with fund management. The Consultant has remote access to fulfill his consulting responsibilities under the terms of his contract.*

*Due to the limited use of their current update authority, the access level of the two full-time employees will be changed from their current level 1 to a level 3. Employees under level 3 do not have modification access to RFRMGMT, RBRCOMP, RPRGFND, and RORRULES - only query access. This will require these employees to request modifications to these forms through level 1 access employees as needed to fulfill their job responsibilities. The Consultant's access will be terminated at the conclusion of his contract - the end of FY2009.*

*Implementation Date: Immediately/Upon termination of contract*

*Responsible Person: Lyn Wheeler*

Reference No. 09-37

**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 P063P072258**

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

The University Did Not Always Send Disbursement Notification Letters within Required Time Frames

If an institution credits a student’s account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student’s account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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Angelo State University (University) did not send notifications to all FFELP loan recipients tested for the Fall 2007 and/or Spring 2008 semesters. Eight (19 percent) of 43 students tested who were eligible for FFELP loans did not receive disbursement notification letters for the Fall 2007 and/or Spring 2008 semesters. The University does not have adequate controls to ensure that it sends disbursement notifications within the required time frames. The University conducts a manual process to issue disbursement notification letters and records the dates that it sent letters to students and/or parents in its student financial aid information system. When the FFELP funds are disbursed, the disbursement is flagged in the University’s financial aid information system to indicate that a letter must be sent to the student. The disbursement is flagged only on the date of disbursement.

Information in the Common Origination and Disbursement System Did Not Always Match Student Records

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).

Four (14 percent) of 28 students tested who were eligible for Pell awards did not have COD System dates that matched their student records. The University stated that it reconciles information in the COD System to the University’s student financial aid information system periodically to ensure that funds the University disburses are later reimbursed to the University by the U. S. Department of Education. Upon reconciliation, if the University is not reimbursed for a disbursement of a Pell award, the University manually enters the data in the COD System. The University uses the default date of ten days prior to the beginning of a semester, which is the earliest date the University is allowed to disburse funds. The date in the COD System should be the actual disbursement date.



Recommendations:

The University should:

- Send all students and parents the required disbursement notifications regarding FFELP and FPL loans.
- Report actual disbursement dates and amounts to the COD System.

Management Response and Corrective Action Plan:

*Recommendation: Send all students and parents the required disbursement notifications regarding FFELP and FPL loans.*

*A batch process is currently requested manually on a daily basis to produce the required disbursement notification regarding FFELP and FPL loans. It was discovered that loan disbursements applied on an individual student basis after the daily batch process had been requested were not always being picked up on the daily process. Only those individual disbursements which happened prior to the batch process were being included in the daily batch.*

*To ensure that disbursement notifications are sent to all loan recipients who received a disbursement on a daily basis, the batch process will be programmed by the IT staff into AppWorx and run automatically each evening. The output will include information concerning all loans disbursed during the day and will automatically be sent to the Financial Aid Office for letter generation and mailing the following morning.*

*Implementation Date: February 2009*

*Responsible Person: Lyn Wheeler*

*Recommendation: Report actual disbursement dates and amounts to the COD System.*

*A batch process is currently run on a regular basis to originate and export Pell awards and current disbursement information from Banner to COD. The batch process reports the actual disbursement dates as required. If an award or disbursement errors out during the electronic process due to an edit problem, it is not reported as disbursed to COD until the edit problem is reviewed internally and corrected by our office staff. The edit problem is produced on an error report as part of the batch process. When the error report is reviewed and the information reconciled, the staff member in charge of reporting and/or correcting the information does so directly into the COD system. It was discovered that this staff member was incorrectly reporting the earliest date of possible disbursement (10 days prior to the first class day) for these situations instead of the actual date of the disbursement.*

*The error reports will be reviewed and corrections will be made using the actual date of disbursement.*

*Implementation Date: Immediately*

*Responsible Person: Lyn Wheeler*

## Department of Public Safety

Reference No. 09-38

### Allowable Costs/Cost Principles

#### Homeland Security Cluster

Award year - see below

Award number - see below

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

In accordance with Title 2, Code of Federal Regulations, 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 program for the period covered by the certification. These certifications must be prepared at least semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Questioned Cost: \$34,382
U.S. Department of Homeland Security

- Reflect an after-the-fact distribution of the actual activity of each employee.
- Account for the total activity for which each employee is compensated.
- Are prepared at least monthly and must coincide with one or more pay periods.
- Are signed by the employee.

Budget estimates that are developed before the 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, Code of Federal Regulations, Chapter 225, to be allowable under federal awards, costs must be adequately documented.

The Department of Public Safety (Department) uses a revenue allocation methodology to charge time for employees who work on multiple grant programs. If an employee works on only one program, then 100 percent of that employee's time will be charged to that specific program. For employees who work on multiple grants, the Department charges time to multiple programs, but not according to the number of hours that the employees worked on each program. Department staff maintain a spreadsheet that details grant management and administration amounts by year in order to calculate the percentage of total revenue that each program represents. If an employee works on multiple programs and one of those programs is one of the smaller programs, the Department uses the small program's percentage of total revenue and applies it to the employee's salary. Any salary amounts not covered by the small program are applied to one of the large programs until all of the funds for that program have been exhausted, then the Department moves on to the next large program and repeats the process until all funds are expended.

For 5 (45 percent) of 11 Homeland Security payroll expenditures tested, the Department did not (1) correctly allocate payroll expenses to various grants or (2) lacked supporting documentation. Specifically:

- Four payroll expenditures totaling \$30,787.99 were charged to one grant, but supporting timesheets showed that the employees worked on multiple grants. There were no indications that the Department adjusted these charges based on the results of after-the-fact confirmation.
- One payroll expenditure totaling \$3,594.80 was not supported with timesheets or other supporting documentation.

This finding applies to the following Homeland Security grant awards:

<u>Award Number</u>	<u>Award Year</u>
2006-GE-T6-0068	7/1/2006-6/30/2009
2007-GE-T7-0024	7/1/2007-6/30/2010

Recommendations:

The Department should:

- Make the required adjustments to effort charged to grants based on activity actually performed.
- Maintain adequate supporting documentation for all federal expenditures.
- Ensure that it charges costs incurred to the programs that benefited from those costs.

Management Response and Corrective Action Plan:

*The Department agrees with the finding regarding payroll expenditures. The payroll expenditures stated in the above finding will be corrected no later than March 31st. All adjustments of future expenditures, to be reallocated, will be created and processed during or after the month of the original request. Additional personnel may be requested to ensure the completeness of this task on a regular basis.*

*Implementation Date: April 1, 2009*

*Responsible Person: Janet Espinosa*

*The Department agrees with the finding regarding time accounting. The personnel assigned to the grant and their supervisor have been provided Weekly Workload Submittal forms to track actual hours worked on the grant. This form, which is used by other grant-funded employees, will be completed weekly, approved by the supervisor, and submitted to the SAA for their records.*

*Implementation Date: March 1, 2009*

*Responsible Person: Dee Harrison*

Reference No. 09-39

**Cash Management**

**Homeland Security Cluster**

**Award year - see below**

**Award number - see below**

**Type of finding - Significant Deficiency**

According to the Treasury-State agreement for the State of Texas, the Homeland Security Cluster at the Department of Public Safety is not included in Title 31, Code of Federal Regulation (CFR), Part 205, Subpart A, which implements the Cash Management Improvement Act. Therefore, the Homeland Security Cluster at the Department of Public Safety (Department) should comply with Subpart B, which applies to programs that are not subject to Subpart A. Subpart B, Section 205.33, states that, "A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes." Additionally, "the timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Homeland Security</p>
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The Homeland Security Cluster provides grants to local government entities for various projects intended to increase the security and safety of the State of Texas. The Homeland Security Cluster is a reimbursement program through which all subrecipients are required to provide evidence that local governments have expended funds for grant-related activities prior to the Department drawing down federal funds for reimbursement purposes. However, the Department does not have any procedures in place to determine the length of time that elapses between the Department's drawdown of federal funds and the disbursement of federal funds to the subrecipients or vendors for expenses incurred by the Department. During fiscal year 2008, the Department passed through \$72,548,218 to subrecipients for the Homeland Security Cluster.

Auditors tested 22 disbursements and noted that all of them were made within 7 days or fewer of the Department's drawdown of federal funds, which is within the "administratively feasible" requirement.

The Homeland Security Cluster has multiple awards and award years as noted below:

<u>Award Number</u>	<u>Award Year</u>
2005-GE-T5-4025	October 1, 2004 – December 31, 2008
2006-GE-T6-0068	July 1, 2006 – June 30, 2009
2007-SG-N6-0002	November 1, 2006 – April 30, 2009
2007-SG-N6-0006	November 1, 2006 – September 30, 2008
2007-GE-T7-0024	July 1, 2006 – June 30, 2010

Recommendation:

The Department should develop and implement procedures to ensure that the length of time that elapses between the drawing down of federal funds and the disbursement of funds for program purposes is minimized.

Management Response and Corrective Action Plan:

The Department agrees with this finding.

The 7 day or less timeline from the drawdown of federal funds to disbursement has been covered verbally during employee training. The Department will develop and distribute a written policy that outlines the payment timeline but also emphasizes the need to minimize the time between the drawdown of federal funds and disbursement of those funds no later than April 1, 2009

Implementation Date: April 1, 2009

Responsible Person Janet Espinosa/Vicki Newlin

Reference No. 09-40

**Equipment and Real Property Management**

**Homeland Security Cluster**

Award year - see below

Award number - see below

**CFDA 20.233 Border Enforcement Grant**

Award year - see below

Award number - see below

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

Office of Management and Budget A-133 Compliance Supplement, Part 3, Section F, mandates that states receiving federal awards must comply with the states' policies and procedures for management and disposition of equipment. Texas Government Code, Section 403.273, specifies that "A state agency shall conduct an annual physical inventory of all property in its possession" and "at all times, the property records of a state agency must accurately reflect the property possessed by the agency." Additionally, Appendix B of the *State Property Accounting Process Users Guide* maintained by the office of the Texas Comptroller of Public Accounts has designated an acquisition method code of "01" for equipment acquired from federal sources, such as "capital assets purchased with federal appropriations, grants and/or other federal sources."

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

Homeland Security Cluster

The Department of Public Safety (Department) did not ensure that state property records accurately reflected the property the Department possessed. Auditors tested property records for 19 equipment items purchased with Homeland Security Cluster funds. Six (32 percent) of the 19 property records tested did not have correct identifying information in the State Property Accounting System (SPA). Of the 6 items that did not have correct identifying information in SPA, 5 did not have a serial number entered into SPA, and 1 had a serial number that differed from the serial number entered into SPA.

The Homeland Security Cluster has the following award numbers and award years:

**Award Number**

**Award Year**

2005-GE-T5-4025  
2006-GE-T6-0068  
2007-SG-N6-0002  
2007-SG-N6-0006  
2007-GE-T7-0024

October 1, 2004 – December 31, 2008  
July 1, 2006 – June 30, 2009  
November 1, 2006 – April 30, 2009  
November 1, 2006 – September 30, 2008  
July 1, 2006 – June 30, 2010

Border Enforcement Grants

Auditors tested property records for 50 equipment items the Department purchased with Border Enforcement Grant funds. One (2 percent) of 50 property records tested had a serial number that differed from the serial number entered into SPA, and 1 (2 percent) of these 50 property records tested did not have the federal acquisition code of "01" entered into SPA.

Additionally, auditors noted nine instances in which the Department had to change the initial inventory number assigned to equipment purchased with federal funds because the numbers had already been assigned to other equipment items. This occurred because the Department initially assigns the inventory number using a manual process that includes the use of inventory spreadsheets, and controls within this process were not adequate to prevent the duplication of inventory numbers. After the Department receives confirmation that it has paid for equipment items, the equipment items are entered into its inventory management system (Venice). Venice will produce an error message if the inventory number being entered into the system is a duplicate. When Venice identifies duplicate numbers, the Department must make corrections to records that are external to the Venice system. These corrections include the assignment of new inventory numbers, and identification tags have to be recreated and routed to the location where the property is being used. Errors related to the duplication of inventory numbers increase the risk of inaccurate property accounting records and could weaken the physical security of the equipment.

The Border Enforcement Grant has multiple grant sub awards and award years as noted below:

<u>Award Number</u>	<u>Award Year</u>
BE-07-48-2	October 1, 2006 – September 30, 2008
BE-08-48-1	October 1, 2007 – September 30, 2009
BE-07-48-4	September 1, 2007 – September 30, 2008
BE-06-48-3	April 1, 2006 – September 30, 2007

Recommendations:

The Department should:

- Ensure that property records maintained in SPA agree with the actual property the Department possesses.
- Ensure that it enters the correct acquisition code into SPA for equipment items purchased with federal funds.
- Establish controls to eliminate the possibility of inventory numbers changing between the initial receipt of the equipment and when the equipment is entered into the Department's Inventory management system (Venice).

Management Response and Corrective Action Plan:

*The Department agrees with the finding and recommendations.*

*The property records in question have been corrected. An additional employee being added to the Capital Assets Section that will produce reports between Venice and SPA to keep the systems reconciled.*

*There are controls being implemented in the Capital Assets Section to eliminate the possibility of duplicating the inventory numbers between the initial receipts until the asset is entered into the Venice System. No numbers will be pre-assigned -- all items will be assigned an inventory number upon receiving voucher information from Accounts Payable in the Capital Assets Section.*

*Implementation Date: March 1, 2009*

*Responsible Person: Carl Newstrom*

Reference No. 09-41

**Matching, Level of Effort, Earmarking**

**Homeland Security Cluster**

**Award year - October 1, 2004 to December 31, 2008**

**Award number - 2005-GE-T5-4025**

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

The Office of Management and Budget Circular A-133 *Compliance Supplement* prohibits the State of Texas from spending a cumulative amount (from award issue to current year) that exceeds 3 percent of grants awarded in fiscal year 2005 and 5 percent of grants awarded in fiscal year 2006 and 2007 under the State Homeland Security Program (SHSP), the Urban Areas Security Initiative (UASI), and the Law Enforcement Terrorism Prevention Program (LETPP) on State of Texas management and administrative costs.

Questioned Cost: \$198,447

U.S. Department of Homeland Security

The Department of Public Safety (Department) expended more than the allowed amount for management and administrative costs for 1 of the 9 grants that were active during fiscal year 2008 and were awarded to the Department during fiscal years 2005, 2006, and 2007. Specifically, the Department had cumulative management and administrative costs of \$806,556.17 for the LETPP grant awarded in fiscal year 2005, which was \$198,447.68 more than the threshold of \$608,108.49 for that grant.

All of the funds over the threshold that the Department spent on management and administrative costs are not allowable and should not have been paid for using federal funds.

Recommendation:

The Department should develop and implement processes to ensure that management and administrative costs that are paid for with federal funds do not exceed thresholds established by federal requirements.

Management Response and Corrective Action Plan:

*The Department agrees with this finding.*

*During Fiscal Year 2008, the Department had more than one individual requesting and documenting requests due to personnel turnover; consequently the Department submitted requests for management and administrative costs in excess of the 3 percent threshold under the 2005 Homeland Security cluster.*

*Management discovered the error prior to the audit and was in the process of making the correction before the auditors cited a finding. The State Administrative Agency (SAA) is making adjustment to the 2005 LETPP expenditure budget. The SAA will be moving expenses charged to the 2005 LETPP budget and charging them to the 2006 Homeland Security Cluster. Once these expenses are moved, there will be a remaining balance of \$198,447.68 in the 2005 LETPP budget that will be returned to the Department of Homeland Security.*

*In order to prevent this kind of error from occurring again, management will limit the number of persons performing this task to one and implement procedures to conduct quarterly reconciliation of management and administrative costs budgets to prevent expending above the 3 or 5 percent management and administration expense caps for various grants.*

*Implementation Date: April 1, 2009*

*Responsible Person: Oralia Huggins*

Reference No. 09-42

**Procurement and Suspension and Debarment**

**Homeland Security Cluster**

**Award year - see below**

**Award number - see below**

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

Procurement

Texas Government Code, Section 2155.067, requires that when state agencies make purchases that are proprietary to one vendor (proprietary purchases), the requesting state agency must justify in writing the specifications or conditions, and the “agency head or presiding officer of the agency’s governing body must sign the written justification.”

Questioned Cost: \$ 0  U.S. Department of Homeland Security
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For 1 (33 percent) of 3 procurement files tested, the Department of Public Safety had a proprietary justification letter on file, but that letter was not signed.

Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), 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, Part 1532).

To determine whether vendors are suspended or debarred, the Department’s policy is to check the suspension and debarment status using the EPLS Web site, print the support, and maintain the support in the contract files. However, the Department did not always maintain the support for its suspension and debarment determination. Specifically, for 7 (35 percent) of 20 procurement files tested, the Department did not have suspension and debarment certifications or other supporting documentation (for example, printouts from the EPLS Web site) demonstrating that the Department verified the suspension and debarment status of its vendors prior to making the procurements.

Auditors reviewed the EPLS Web site for all of the vendors for which the Board did not have a suspension and debarment certification and determined that the vendors were not currently suspended or debarred.

The Homeland Security Cluster has multiple awards and award years as noted below:

<u>Award Number</u>	<u>Award Year</u>
2005-GE-T5-4025	October 1, 2004 – December 31, 2008
2006-GE-T6-0068	July 1, 2006 – June 30, 2009
2007-SG-N6-0002	November 1, 2006 – April 30, 2009
2007-SG-N6-0006	November 1, 2006 – September 30, 2008
2007-GE-T7-0024	July 1, 2006 – June 30, 2010

Recommendations:

The Department should:

- Ensure it maintains justification letters that have been signed at the appropriate level for all proprietary purchases.
- Verify that it receives all required suspension and debarment certifications for procurements and subawards.



Management Response and Corrective Action Plan:

*The Department agrees with the finding regarding procurement.*

*The proprietary letter approval form was initialed by the Procurement & Contract Administrator and the Chief of Finance that the proprietary letter was okay to sign. A purchaser failed to make sure the letter was signed before contract award. All purchasers will be briefed in staff meetings and by follow-up e-mail of the importance of verifying all required and approved paperwork before contract award.*

*Implementation Date: February 5, 2009 (address requirement at staff meeting and send email)*

*Responsible Person: Kevin Jones*

*The department agrees with the finding regarding suspension and debarment.*

*The files that were tested and did not include documentation verifying suspension and debarment status checks were done by a purchaser no longer working for DPS. All purchasers have previously been instructed to use checklists to make sure all required documents are in the procurement file. The checklists include the requirement to check the EPLS prior to award. This process has been in place but will be addressed again in staff meetings and followed up in writing by email to purchasers.*

*Implementation Date: February 5, 2009 (address requirement at staff meeting and send email)*

*Responsible Person: Kevin Jones*

Reference No. 09-43

**Subrecipient Monitoring**

**Homeland Security Cluster**

**Award year - July 1, 2006 to June 30, 2009**

**Award number - 2006-GE-T6-0068**

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

Award Identification

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400, requires pass-through entities to “identity Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency.” Additionally, the pass-through entity is required to “advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.”

Questioned Cost: \$86,652
U.S. Department of Homeland Security

The Department of Public Safety (Department) did not always maintain initial award documents (such as the signed award contract) indicating that, when appropriate, it made subrecipients aware of the award information, including CFDA title, award name, name of the federal agency, and applicable compliance requirements. Specifically, the Department did not retain sufficient support that it communicated the required federal award information, including applicable compliance requirements, for 1 (2 percent) of 50 subrecipients tested.

Subrecipient Monitoring

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400, requires pass-through entities 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.”

The Department’s internal controls for subrecipient monitoring were not effective for the Homeland Security Cluster during fiscal year 2008. For 2 (4 percent) of 50 files tested, the Department did not maintain reimbursement vouchers or invoices to support a reimbursement. The payments without supporting documentation totaled \$86,652.75. For one of those two exceptions, the Department could not locate the subrecipient monitoring file.

Recommendations:

The Department should:

- Maintain initial award information in the support files for each subrecipient.
- Maintain proper supporting documentation for reimbursement vouchers and invoices in the subrecipient files.
- Maintain all files for subrecipients that receive federal funds in a central location that can be readily located.

Management Response and Corrective Action Plan:

*The Division of Emergency Management agrees with this finding.*

*The Division’s State Administrative Agency (SAA) will develop and implement a Sub-recipient File Review Checklist. This checklist will be initiated on a scheduled basis to ensure all required documents are maintained in correct files. The SAA has also initiated actions to provide the capability to maintain future grant year documents in electronic format.*

*Implementation Date: May 2009*

*Responsible Person: Edwin Staples*

Reference No. 09-44

**Matching, Level of Effort, Earmarking**

**CFDA 20.233 Border Enforcement Grant**

**Award year - see below**

**Award number - see below**

**Type of finding - Material Weakness**

The grant agreement for the Border Enforcement Grant requires the Department of Public Safety (Department) to maintain a level of effort of \$3,579,084 (state share) in state expenditures on border commercial motor vehicle safety programs and related enforcement activities and projects. The total expenditures for fiscal year 2008 contingent on maintaining the required level of effort was \$16,003,693.05

Questioned Cost: \$ 0

U.S. Department of Transportation

The Department has no significant controls or processes--such as periodic monitoring of qualified expenditures throughout the fiscal year--that ensure that it meets the level of effort threshold for the Border Enforcement Grant. However, auditors reviewed qualified expenditures and determined that the Department satisfied the minimum level of effort required for fiscal year 2008.

The border enforcement grant has multiple grant sub awards and award years as noted below:

<u>Award Number</u>	<u>Award Year</u>
BE-07-48-2	October 1, 2006 – September 30, 2008
BE-08-48-1	October 1, 2007 – September 30, 2009
BE-07-48-4	October 1, 2007 – September 30, 2008
BE-06-48-3	April 1, 2006 – September 31, 2007

Recommendation:

The Department should develop and implement processes and procedures to adequately monitor and ensure that it meets the level of effort requirement for the Border Enforcement Grant.

Management Response and Corrective Action Plan:

*The Department concurs with the finding related to the level or maintenance of effort controls.*

*In the past, the Department's controls for monitoring the level of effort were generally based on the mere fact that the agency has and continues to maintain at least the same number of state funded commercial vehicle enforcement personnel in the border areas.*

*However, based on this finding, the Department is implementing formal controls to ensure the Border Enforcement Grant's level of effort threshold is being met. A process is being established that will require the Texas Highway Patrol Division's Commercial Vehicle Enforcement budget analyst to monitor all border area state funded expenditure reports to ensure our compliance with level of effort requirements. These expenditures will be monitored monthly and will be reported to the State Commercial Vehicle Enforcement Coordinator for review.*

*Implementation Date: February 2009*

*Responsible Person: Major David L. Palmer*

Reference No. 09-45

**Procurement and Suspension and Debarment**

**CFDA 20.233 Border Enforcement Grant**

**Award year - see below**

**Award number - see below**

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

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.

Questioned Cost: \$ 0

U.S. Department of Transportation

For purchases made through its purchasing department, the Department of Public Safety (Department) uses *The State of Texas Procurement Manual*, maintained by the Texas Comptroller of Public Accounts, to determine the appropriate procurement method. Section 2.9.1 of the manual requires agencies to “obtain a price quote from as many TXMAS (Texas Multiple Award Schedule) vendors as are necessary to provide best value to the State. Document all price quotes in your purchasing file.”

For 6 (86 percent) of 7 procurement files tested, the Department used a TXMAS vendor, but the only price quote the Department obtained was the price quote from the actual vendor it used. The Department did not maintain documentation indicating that it obtained price quotes from other vendors or otherwise explaining the method for selecting the vendor used.

The Border Enforcement Grant has multiple grant sub awards and award years as noted below:

<u><b>Award Number</b></u>	<u><b>Award Year</b></u>
BE-07-48-2	October 1, 2006 – September 30, 2008
BE-08-48-1	October 1, 2007 – September 30, 2009
BE-07-48-4	September 1, 2007 – September 30, 2008
BE-06-48-3	April 1, 2006 – September 30, 2007

**Recommendation:**

The Department should competitively bid purchases and contracts that exceed \$5,000 and ensure that it follows all requirements of the *State of Texas Procurement Manual*.

**Management Response and Corrective Action Plan:**

*The Department agrees with the finding.*

*These procurements were done at a time in which purchasers did not fully understand the requirements of TXMAS purchases. Since the beginning of FY09 (September 1, 2008), a procedure has been in place to contact at least two vendors, if available, with at least one being a Historically Underutilized Business (HUB) when using TXMAS contracts. This requirement will be addressed at the next staff meeting. The audit findings were on procurements from FY08.*

*Implementation Date: September 1, 2008*

*Responsible Person: Kevin Jones*

Reference No. 09-46

**Reporting**

**CFDA 20.233 Border Enforcement Grant**

**Award year - see below**

**Award number - see below**

**Type of finding - Significant Deficiency**

The grant agreement for the Border Enforcement Grant requires that the Department of Public Safety (Department) present performance status reports to the Federal Motor Carrier Safety Administration (FMCSA) on a quarterly basis. The Department completes these reports using various sources of statistics related to commercial vehicle safety along the border, including inspection numbers, staffing reports, and the status of weigh stations.

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

The Department does not have adequate controls related to the compilation of data and submission of the quarterly performance status reports. For example, Department management does not review or approve the information that staff include in these reports. Auditors reviewed all four performance reports the Department submitted for fiscal year 2008 and determined that the reports were completed accurately and in compliance with the grant agreement. However, the lack of controls related to the report preparation process increases the risk of errors in the information reported.

The border enforcement grant has multiple grant sub awards and award years as noted below:

<u>Award Number</u>	<u>Award Year</u>
BE-07-48-2	October 1, 2006 – September 30, 2008
BE-08-48-1	October 1, 2007 – September 30, 2009
BE-07-48-4	September 1, 2007 – September 30, 2008
BE-06-48-3	April 1, 2006 – September 30, 2007

Recommendation:

The Department should establish controls, including management review and approval, to ensure that performance reports include accurate and complete information.

Management Response and Corrective Action Plan:

*The Department partially concurs with the above finding. While there has not been a formal control or verification process in the past for the quarterly performance reports, there has been an informal process. The fact that all four performance reports tested for fiscal year 2008 were found to have been completed accurately and in compliance with the grant agreement clearly indicates the informal process of review has been successful.*

*However, as a result of this finding, a formal control or review/verification process has been implemented. All future performance reports will be formally reviewed by a THP Division staff member other than the report's preparer prior to submission to the Federal Motor Carrier Safety Administration to help ensure accuracy and compliance with the grant agreement.*

*Implementation Date: January 2009*

*Responsible Person: Major David L. Palmer*

Reference No. 09-47

**Reporting**

(Prior Audit Issues 08-91 and 07-26)

**CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)**

**Award year - see below**

**Award number - see below**

**CFDA 97.036 - Public Assistance Grants (including CFDA 83.544)**

**Award year - see below**

**Award number - see below**

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

The Department of Public Safety (Department) must report on a quarterly basis for each Federal Emergency Management Agency (FEMA) approved project a FEMA form 20-10, *Financial Status Report*, per Office of Management and Budget A-133 Compliance Supplement, FEMA *Public Assistance Guide*, and FEMA Grant Applicant Resources. The FEMA *Public Assistance Guide* states that “FEMA has no reporting requirements for applicants, but the State is expected to impose some reporting requirements on applicants so that it can prepare quarterly reports.” Additionally, the guide emphasizes that it is critical that applicants establish and maintain accurate records of events and expenditures related to grant funds.

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Homeland Security</p>
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A Department supervisor did review reports to ensure all required information was reported. However, supporting documentation related to the recipients’ share of outlays is not obtained or reviewed, by report preparers or management, in sufficient level of detail to ensure the accuracy of the reports.

CFDA 97.039 - Hazard Mitigation Grant (including CFDA 83.548)

Auditors tested 13 reports that were filed during fiscal year 2008 for Hazard Mitigation. The non-federal share of a project’s costs must be at least 25 percent of the expenditures. For 12 (92 percent) of the 13 reports tested, the matching share reported on the FEMA Form 20-10 was calculated using total outlay amounts reported (that is, 25 percent of the total project amount reported) instead of based on actual costs incurred.

During performance of matching, level of effort, and earmarking test work, auditors selected invoices for review and noted that the Department reimbursed only 75 percent of the total expenditures incurred to the jurisdiction.

The Hazard Mitigation grant has multiple grant sub awards and award years as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR-TX	October 21, 1998
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR-TX	June 9, 2001
1425	FEMA-1425-DR-TX	July 4, 2002
1439	FEMA-1439-DR-TX	November 5, 2002
1434	FEMA-1434-DR-TX	September 26, 2002
1479	FEMA-1479-DR-TX	July 17, 2003
1606	FEMA-1606-DR-TX	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007

CFDA 97.036 - Public Assistance Grants (including CFDA 83.544)

Auditors tested 22 reports that were filed during fiscal year 2008 for Disaster Grants - Public Assistance. FEMA notifies the Department of the required non-federal share of a project's costs. For disasters that are currently open, the non-federal share of a project's costs must be 25 percent of the expenditures, with the following exceptions: Disasters 1606, 3216 and 3261 - 0 percent non federal share. For all 22 reports tested, the matching share reported on the FEMA Form 20-10 was calculated using total project outlay amounts reported (that is, 25 percent of the total project amount reported) instead of based on actual costs incurred.

The public assistance grant has multiple grant sub awards and award years as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
1274	FEMA-1274-DR	May 6, 1999
1287	FEMA-1287-DR	August 22, 1999
1323	FEMA-1323-DR	April 7, 2000
1356	FEMA-1356-DR-TX	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1287-DR	July 4, 2002
1479	FEMA-1323-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
3216	FEMA-3216-DR	September 2, 2005
3261	FEMA-3261-DR	September 21, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1709	FEMA-1709-DR	June 29, 2007
3277	Hurricane Dean (EM)	August 18, 2007

Recommendation:

The Department should develop a process that would facilitate the collection of information related to actual amounts incurred by the jurisdictions as of the report date.

Management Response and Corrective Action Plan:

*DPS management agrees with this finding. However, the Emergency Management Division (EMD) does not have the means to implement the recommendation.*

*Currently EMD has no means of capturing sub-recipient match costs on an ongoing basis as the FEMA NEMIS system, which FEMA used for grant status monitoring and required EMD to use, lacked the capability to provide the data needed for contemporaneous reporting of match costs. The NEMIS system provides cumulative expenditure information; it does not have the capability to provide data for a specific time frame, such as a quarter. This problem is exacerbated by the fact that small projects (under \$55,000) are not routinely audited, and the majority of the grants that EMD administers are small projects. FEMA has been aware of the failings of NEMIS and has developed a new grant information system to replace it. The new system, Emergency Management Mission Environment (EMMIE), does not yet have a financial module and no accounting information can be obtained from the system. Because of this situation, FEMA has allowed states to report a "good faith estimate" of match amounts in quarterly reports. Previous auditors have been party to a conference call with the FEMA Region VI disaster grant manager on this subject.*

*It should be noted that the potential for sub-recipient failures to meet match requirements is limited because EMD reimburses only 75 percent of the total expenditures incurred by local and state grant sub-recipients and actual match amounts are carefully checked and confirmed during the final audit by EMD personnel.*

*Until a solution to this problem is put in place by FEMA, EMD will continue to report a “good faith estimate” of sub-recipient match costs in quarterly reports based on the appropriate percentage of match required.*

*Implementation Date: Not applicable*

*Responsible Person: Loren Behrens*

Reference No. 09-48

**Subrecipient Monitoring**

**CFDA 97.036 - Public Assistance Grants (including CFDA 83.544)**

**Award year - see below**

**Award number - see below**

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

During-the-Award Monitoring

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400, requires pass-through entities 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.” During-the-award monitoring of the subrecipients’ use of federal awards may be achieved through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Additionally, Title 44, Code of Federal Regulations (CFR), Section 206.204 requires that the grantee submit progress reports to the Region Director (RD) on a quarterly basis. These reports describe the status of those projects on which a final payment of the federal share has not been made to the grantee and outline any problems or circumstances expected to result in non-compliance with the approved grant conditions.

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

The Department of Public Safety (Department) identified a total of 477 subrecipients (for small and large projects) by analyzing federal program funds it disbursed to subrecipients.

The Department does not have a formal tracking system that includes information for all subrecipients such as risk assessment, monitoring activities (such as reviewing financial and performance reports), and other contacts with its subrecipients. Additionally, the Department has not consistently submitted quarterly status reports for large projects as required by the *Disaster Recovery Manual* published by the Governor’s Division of Emergency Management.

During fiscal year 2008, the Department passed through \$109,315,078.15 in federal funds to subrecipients. Inadequate during-the-award monitoring increases the risk that funds may not be used to meet program objectives.



Final Accounting for Large Projects

Public Assistance grant funds are awarded to fund projects following a presidential declaration of a major disaster or an emergency. Projects are classified as large or small projects according to the cost of the eligible work for individual projects. Title 44, CFR, Section 206.205 requires that “the Grantee shall make an accounting to the RD of eligible costs for each approved large project. In submitting the accounting the Grantee shall certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement, and that payments for that project have been made in accordance with 44CFR 13.21 Payments. Each large project shall be submitted as soon as practicable after the subgrantee has completed the approved work and requested payment.”

The Department satisfies the requirements related to certifying costs reported by the subgrantee by performing project audits on large projects when the subgrantees have completed the projects.

Auditors attempted to test 50 project audits the Department performed during fiscal year 2008. However, the Department was unable to locate 1 (2 percent) of the 50 project audits selected for testing. Although the Department could not locate documentation supporting one project audit, the supporting database showed that a project audit was completed for that project. Additionally, the 49 project audits the Department conducted satisfied federal requirements related to final project accounting.

<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
1658	FEMA-1658-DR	August 15, 2006
3216	FEMA-3216-EM	September 2, 2005
1709	FEMA-1709-DR	June 29, 2007
3277	FEMA-3277-EM	August 18, 2007

Recommendations:

The Department should:

- Develop a formal tracking system for monitoring and contact with subrecipients and ensure that quarterly status reports are consistently submitted.
- Ensure that all completed projects audits have a signed copy of the audit in the project file.

Management Response and Corrective Action Plan:

a. *With respect to During-the-Award Monitoring:*

*The Department concurs with the finding. The Emergency Management Division will implement a sub-recipient monitoring spreadsheet to facilitate planning and implementing an enhanced program of monitoring visits, informal progress updates, and more personal contact with sub-grantees. We believe this will improve grant monitoring, but that the basic problem with sub-recipient monitoring has not been the lack of tools, but rather lack of personnel. In the last 18 months, virtually all of the Public Assistance staff has been deployed to plan and implement recovery programs for new disasters, leaving insufficient staff for monitoring existing grants. We have recently added additional temporary staff to both the Public Assistance and Hazard Mitigation staffs and the DPS FY 2010-11 Legislative Appropriations Request includes a request for additional personnel. This should give us sufficient staff to deal with new disasters while properly servicing older ones. Because of the number of major disasters that impacted Texas in 2008, this past fall EMD requested extensions for submission of quarterly reports based on extenuating circumstances (the ongoing response and recovery operations for new disasters) and that request was approved by FEMA Region 6.*

*Implementation Date: May 2009*

*Responsible Person: Joan Haun*

*b. With respect to Final Accounting for Large Projects:*

*The Department concurs with the finding. The Division of Emergency Management will implement a procedure to check files for inclusion of project audit reports every quarter using the sub-recipient monitoring spreadsheet.*

*Implementation Date: May 2009*

*Responsible Person: Joan Haun*

**Sul Ross State University**

Reference No. 09-49

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - 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).

Questioned Cost: \$ 1,300  
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 1087II).

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.

ACG Minimum GPA Requirements

The Academic Competitiveness Grant (ACG) program provides grants to eligible, full-time, regular, undergraduate students enrolled in their first and second academic years in an ACG-eligible program at a 2-year or 4-year degree granting institution. Grants are for up to \$750 for first-year students and up to \$1,300 for second-year students (Title 34, Code of Federal Regulations, Sections 691.2(d), 691.6, 691.15, and 691.62).

An eligible student must have successfully completed a rigorous secondary school program of study recognized by the Secretary of the U.S. Department of Education. The institution must document a student's completion of such a program of study. For ACG, the student must have obtained a grade-point average (GPA) of 3.0 or higher on a 4.0 scale (Title 34, Code of Federal Regulations, Section 691.15(b) (iii)(B)). This requirement is to be checked one time only, at the end of the first academic year. Subsequent changes to the student's GPA do not affect ACG eligibility for the second year.

For 1 (50 percent) of 2 ACGs tested, the University did not verify whether the receiving student had obtained a GPA of 3.0 or higher. As a result, the student was incorrectly awarded an ACG of \$1,300.

Recommendations:

The University should:

- Establish controls over manual adjustments it uses in determining financial need.
- Ensure that it provides adequate training and establishes controls to ensure ACG recipients meet federal requirements.

Management Response and Corrective Action Plan:

*SRSU has implemented an internal office auditing process by which no budget adjustments can be made by Financial Counselors without verification of calculations by another staff member.*

*Implementation Date: Fall 2008*

*Responsible Person: Rena Gallego*

*Through the new Banner system disbursement rules have been developed that prevent disbursement of ACG grants to students who do not meet criteria (including GPA requirements and program eligibility). SRSU developed, tested, and implemented these disbursement rules in the Fall 2008 Semester.*

*Implementation Date: Fall 2008*

*Responsible Person: Melinda Cullins*

Reference No. 09-50

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Audit Issue 07-43)

**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 P063P072316**

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

Disbursement Notices

If an institution credits a student's account at the institution with Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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For 24 (48 percent) of 50 FFELP loans tested, Sul Ross State University (University) did not send disbursement notifications within the required 30 days. The University implemented a new financial aid system and was unable to determine how to generate disbursement notifications until October 2007. The University corrected the problem and routinely generated disbursement notifications for spring disbursements. Twenty-three of the 24 disbursements that did not result in timely notices occurred before October 2007; the twenty-fourth occurred in March 2008.

The University included all of the required provisions in the wording of its disbursement notifications.

COD System Disbursement Dates and Amounts

All institutions submit Pell payment data to the Department through the Common Origination and Disbursement (COD) System. Institutions submit Pell origination records and disbursement records to the COD System. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. An institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after the institution makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. (Title 34, Code of Federal Regulations, Section 690.83; Office of Management and Budget (OMB) March 2008 Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.L.1.e).

For 10 (32 percent) of 31 students with Pell disbursements tested, the information the University reported to the COD System did not match information in the students' accounts. At least one disbursement date, amount, or both were not recorded accurately in COD. Specifically:

- For eight students, the date and amount of one Pell disbursement was not recorded in the COD System. Due to the implementation of a new financial aid system, the University financial aid staff fell behind in reporting to the COD System.
- The University recorded the amounts correctly for two students; however, the dates were inaccurate. University staff stated that the COD System sometimes forces a disbursement date to undergo a process called "substantiation," which changes the disbursement date to the date when the data were transmitted to the COD System. One of these two students also had a disbursement that had not been recorded at the time of testing.
- For one student, a Pell disbursement was recorded in the COD System as occurring on a single date (August 13, 2007), but the University's computer system recorded part of the disbursement as occurring on a later date (August 22, 2007).

Recommendations:

The University should:

- Maintain controls to ensure that it sends disbursement notices within 30 days before or after crediting a student's account for FFELP loans.
- Establish controls to ensure that Pell disbursement dates and amounts are accurately reported to the COD System within 30 calendar days after the University makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

Management Response and Corrective Action Plan:

*Procedures are in place to produce disbursement notifications and return notification within 72 hours of action. Additional procedures have been implemented to double check that all appropriate notifications are produced and students notified.*

*Implementation Date: Fall 2008*

*Responsible Person: Melinda Cullins*

*SRSU currently transmits COD data (Pell, ACG, and Smart Grant) no less than twice weekly to insure that all payments and adjustments are reported in a timely manner. The Financial Aid Office reconciles individual student awards to COD on a monthly basis and coordinates with the Controllers Office to maintain a current agreement of the funds received, pending, and adjusted. The Controller's Office records and the Financial Office records are fully reconciled at the end of each semester.*

*Implementation Date: Fall 2008*

*Responsible Person: Melinda Cullins*

**Texas A&M University**

Reference No. 09-51

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 08-45)

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A074136, and CFDA 84.063 P063J075286**

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

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a) (1)-(4)).

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

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

For 12 (30 percent) of 40 students tested, Texas A&M University (University) did not return the proper amount of funds. For 6 of those students, calculation errors by the University resulted in students not returning the proper amount of funds. For 2 of those students, the University did not return funds in a timely manner. All of the exceptions were the result of the University using 110 days for the length of the Spring 2008 semester instead of the 107 days that was the actual length of the semester.

In all 40 cases tested, the University applied Title IV funds to federal programs as required.

Recommendation:

The University should ensure that it completes the Return of Title IV Funds form correctly, and that it returns funds within the allowed timeframe.

Management Response and Corrective Action Plan:

*Scholarships and Financial Aid acknowledges and agrees with the finding. The spring 2008 semester timeframe did not exclude the weekend days before and after spring break when no classes were held. For Spring 2009, the timeframe has been calculated to exclude the weekends of spring break in which no classes are held to ensure accurate calculation of Return of Title IV funds. Dates are now included in the review process for setup of the software used to make the calculations.*

Implementation Date: January 2009

Responsible Person: Joseph P. Pettibon II

Reference No. 09-52

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issues 08-46 and 07-47)

**Student Financial Assistance Cluster****Award year - July 1, 2007 to June 30, 2007****Award number - CFDA 84.032 Award Number Not Applicable****Type of finding - Significant Deficiency and Non-Compliance**

Under the Federal Family Education Loan Program (FFELP) and Direct Loan Program, institutions must complete and return within 30 days of receipt the Student Status Confirmation Report (SSCR) sent by the U.S. Department of Education (Department) or a guaranty agency (Office of Management and Budget No. 1845-0035) The SSCR is transmitted electronically. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once the SSCR is received, the institution must update it for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the National Student Loan Data System (NSLDS) Web site. Unless the institution expects to complete its next SSCR within 60 days, the institution must notify the lender or the guaranty agency within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFELP, Title 34, Code of Federal Regulations, Section 682.610; Direct Loan Program, Title 34 Code of Federal Regulations, Section 685.309).

Questioned Cost: \$ 0

U.S. Department of Education

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report student status changes to NSLDS. Under this arrangement, NSLDS (rather than the University) sends the SSCR to NSC. NSC then communicates student status changes to lenders and guaranty agencies, as appropriate, and 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 SSCR and to maintain documentation (NSLDS *Enrollment Reporting Guide*, Chapter 1.3.1.1).

The University did not report 9 (19 percent) of 47 student status changes tested to the NSLDS within the required time period. In 2 (22 percent) of these 9 cases, the University did not notify the lender or the guaranty agency within the required 30 days.

Recommendation:

The University should ensure that student status changes are reported to NSLDS within the required time period.

Management Response and Corrective Action Plan:

*In June 2008 in response to 2006-07 audit findings, we increased the frequency of our enrollment transmissions to the National Student Clearinghouse to every 30 days, as noted in last year's documented management response and corrective action. However, the 2007-08 academic year audit indicated ongoing issues in reporting student status changes. The increased frequency of enrollment transmissions did not begin until June 2008, and although the NSLDS (National Student Loan Data System) requirement of receiving an SSCR (Student Status Confirmation Report) within 60 days was met, the findings of the 2007-08 audit indicated students status changes, whether to the Lenders, Guarantors, and Services or to the NSLDS, should be reported within 30 days. To ensure this deadline is met, student status changes will now be reported to the Clearinghouse every 14 days. In addition, we have requested that SSCR's be sent to the Clearinghouse from the NSLDS at least every 14 days to ensure that student status changes are reported within 30 days. This NSLDS SSCR schedule was requested on January 31, 2009 and is awaiting processing by the Department of Education. These changes will allow us to meet the reporting deadline.*

Implementation Date: January 2009

Responsible Person: Donald D. Carter



Reference No. 09-53

**Special Tests and Provisions - Student Loan Repayments**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**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(4)(c)).

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

Under the Federal Perkins Loan Program institutions are required to send the borrower a written notice and a statement of account at least 30 days before their first payment is due (Title 34, Code of Federal Regulations, Section 674.43 (a)(2)(i)).

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(a-c)).

Although Texas A&M University (University) made contact with borrowers, it did not make contact at required intervals. Specifically:

- The University did not make first contact with 38 (100 percent) of 38 borrowers tested within 90 days after the start of their grace period.
- The University did not make second contact with 50 (100 percent) of 50 borrowers tested within 150 days after the start of their grace period.
- The University did not make third contact with 50 (100 percent) of 50 borrowers tested within 240 days after the start of their grace period.

Although the University sent billing notices, it did not send billing notices at required intervals. Specifically:

- The University did not send the first billing notice at least 30 days before the first payment due date to 50 (100 percent) of 50 borrowers tested. The grace period notices were sent two weeks late, and the first bill was sent two weeks early due to errors within the University's automated system.
- The University did not send the first overdue notice within 15 days after the first payment due date for 50 (100 percent) of 50 borrowers tested.
- The University did send the second and final overdue notices within the required timeframes. However, 22 (44 percent) of 50 second and 21 (42 percent) of 50 final overdue notices tested did not contain the appropriate information.

Recommendations:

The University should:

- Ensure that it sends grace period contact letters and the initial billing notices to borrowers within the required time frames.
- Ensure that it sends Perkins Loan overdue notices and final demand letter to all borrowers who do not make the first payment or make a request for deferment, postponement, or cancellation.

Management Response and Corrective Action Plan:

***In response to grace period notifications:***

*Each of these notifications is generated by our Benefit Mail program in our loan management software. Although our setup of the job was correct, the timing of the job run caused the notifications to be sent two weeks early/late. In July of 2008, we moved the date of the job run from the 2nd of each month to the 16th. Because our loan due date is the 15th of each month, this change in timing of the job run corrected the issue and grace notifications have been on a schedule in line with the requirements since that time.*

***In response to due diligence requirements:***

*First overdue notice - Although our system configuration was correct and the programming code behind the due diligence job in our loan software was designed to generate due diligence regardless of prior past due loans, these invoices did not generate for the 21 borrowers who had a previous loan overdue at the time. After consulting with our software vendor, they believe they have identified a “time stamp” issue that was preventing these due diligence statements from being generated. They made the modification and we tested it with the most recent due diligence job to ensure that the first overdue notice and final demand letters were generated for all borrowers as required, regardless of other past due loans. The timing of our due diligence job has been changed to run exactly 15 days after the due date. In turn, the timing of our monthly invoice job has also been changed to prevent borrowers from receiving notices only four days apart from each other due to the change in timing of the due diligence job.*

*Second overdue notice and final overdue notice - We will work with our software vendor to ensure that invoices with the appropriate language are generated at the required intervals.*

*Implementation Date:     Grace Period Notifications — July 2008  
                                   First Overdue Notice — February 2009  
                                   Second Overdue Notice and Final Overdue Notice — May 2009*

*Responsible Person:     Bob Piwonka*

**Texas A&M University - Corpus Christi**

Reference No. 09-54

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.007 P007A074138, CFDA 84.032 Award Number Not Applicable, and CFDA 84.063 P063P073425**

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

Awards of Pell Grants and Federal Supplemental Education Opportunity Grants to Post-baccalaureate Students

Except for certain post-baccalaureate programs leading to initial teacher certification or licensing credential within a state, a student is eligible to receive a federal Pell Grant only for the period of time required to complete his or her first undergraduate baccalaureate course of study. The institution must determine when the student has completed the academic curriculum requirements for that first undergraduate baccalaureate course of study. Any noncredit or remedial course taken by a student, including a course in English language instruction, is not included in the institution's determination of that student's period of federal Pell Grant eligibility (Title 34, Code of Federal Regulations, Section 690.6).

Questioned Cost: \$ 16,437  
U.S. Department of Education

The Federal Supplemental Education Opportunity Grants (FSEOG) program provides grants to eligible undergraduate students. In selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive federal Pell Grants in that year. The institution decides 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).

Texas A&M University - Corpus Christi (University) awarded Pell and FSEOG funds to 11 students who were post-baccalaureate students in the semester in which they received these awards. During the spring 2008 semester, these students received \$15,937 in Pell awards and \$500 in FSEOG awards for which they were not eligible. The students' classification changed from undergraduate to post-baccalaureate after funds were awarded, but the University did not adjust these students' awards.

Financial Need

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). 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 FSEOG, 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).

COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

For 1 of 50 (2 percent) students tested, the University calculated the COA budget incorrectly, and the COA did not match the student financial aid budget schedule. The University used the fall 2005 and spring 2006 budget in error. As a result, the University underestimated the student's financial need by \$1,917.

In addition, for 1 of 25 (4 percent) students tested, the University miscalculated the federal Pell Grant amount. The student had an original EFC of \$2,211. After the ISIR was corrected, the EFC was \$0. The student received an incorrect federal Pell Grant award of \$2,060 instead of \$4,310. The University corrected the Federal Pell Grant award to that student.

Recommendations:

The University should:

- Ensure that controls in its financial aid system prevent making Pell and FSEOG awards to ineligible students.
- Improve its process for reviewing its Student Financial Aid System's financial need calculations and awards to ensure that (1) the information in that system is accurate and (2) the University bases awards on the correct information.

Management Response and Corrective Action Plan:

***Awards of Pell Grants and Federal Supplemental Education Opportunity Grants to Post-baccalaureate Students.***

*It was determined that 11 students were awarded Pell and SEOG during the Spring semester while being classified as Post-baccalaureate. Those 11 students were corrected immediately upon being notified by the Auditors. The error occurred when students changed status mid-year and the financial aid portion of the student system did not pick up on the change of status. At the beginning of the Fall semester the students were Undergraduate and graduated in the Fall 2008 semester. In the Spring semester the students returned to school as a Post-Baccalaureate student and the financial aid system did not recognize the change in status. This was our first year utilizing this new student system and the change of student status during mid year was not addressed. There is now a report created to identify students who have pending Pell or SEOG awards and have a change in status and are now classified in the student record as a Graduate or Post-baccalaureate student. This report is run prior to the first disbursement for each term by the Assistant Director of Financial Aid. Awards for students who are identified by the new report are reviewed and adjusted accordingly.*

*Implementation Date: March 2008*

*Responsible Person: Jeannie Gage*

***Financial Need***

*It was determined that one student was given a budget from a previous year which resulted in an underestimation of Financial Need. Immediately upon discovery of the error a correction was made to adjust the student's award package to match the COA for the 2007-2008 award year. During implementation of the new student system there is process to roll budgets from one award year to another but it was determined that the roll of budgets did not work properly. At the Beginning of the 2008-2009 award year (April 2008) the budget roll process in the student system is no longer being used. Budgets for the new award year are built and entered by the Assistant Director to ensure that correct budget numbers are being used.*

*Implementation Date: April 2008*

*Responsible Person: Jeannie Gage*

Reference No. 09-55

**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 84.038 Award Number Not Applicable**

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

Disbursement Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0

U.S. Department of Education

Texas A&M University-Corpus Christi (University) has established an automated process for notifying students when their accounts have been credited with a FPL or FFELP award. However, this program was not fully functioning and, as a result, the program was not posting the date the notification was sent in each student's file. In a sample of 50 students, 44 (88 percent) received a loan from either the FPL program or FFELP. Because of the programming error, however, auditors were not able to determine whether notifications were sent within the required timeframe to all students in the sample for the award year that received a loan.

Entrance Counseling

An institution must ensure that initial counseling is conducted with each Stafford loan borrower prior to its release of the first disbursement, unless the student borrower has received a prior Federal Stafford, Federal Supplemental Loan for Students, or direct subsidized or unsubsidized loan. (Title 34, Code of Federal Regulations, Section 682.604 (f)).

Of 44 students tested, 2 (4.5 percent) that did not have evidence of entrance counseling in Banner (the University's financial aid system). Banner still disbursed funds to these two students. Auditors determined that the students had received entrance counseling prior to disbursement; however, the automated system should not have disbursed the funds because Banner did not have evidence of the counseling. The control in Banner to prevent disbursement without entrance counseling was not activated.

Recommendations:

The University should:

- Correct the programming error related to notification letters dates and ensure that it maintains evidence of when it sends notification letters to students.
- Ensure that it establishes edits or reminders in the automated financial aid system to prevent loans from being disbursed to students who have not received entrance counseling.

Management Response and Corrective Action Plan:**Disbursement Notification Letters**

An automated process has been established to send out Notification letter to students when their accounts have been credited with a student or parent loan. During the audit it was determined that the date of the notification was not being posted to the student system prior to July 8, 2008. The financial aid programmer was able to correct the issue and the system since that date has been tracking the notification information. Evidence of when notifications are sent is being tracked appropriately in Banner on RUAMAIL.

Implementation Date: July 8, 2008

Responsible Person: Jeannie Gage

**Entrance Counseling**

It was determined that two students did not have evidence of entrance counseling in the student system. Immediately upon discovery of the error, corrections were made to the appropriate student system forms to ensure that all entrances are properly tracked. Starting in April 2008, in addition to our regular loan processes, additional system processing jobs are run that are prior to disbursement and provide a report to identify any students who may not have an entrance record properly posted to their record in the student system. These additional jobs are run by the Assistant Director.

Implementation Date: April 2008

Responsible Person: Jeannie Gage

**Texas Higher Education Coordinating Board**

Reference No. 09-56

**Special Tests and Provisions - Interest Benefits**

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2007 to June 30, 2008**

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

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

Interest Benefit Calculations

The U.S. Department of Education (Department) pays interest benefits to lenders on behalf of eligible borrowers with subsidized Federal Family Education Loan Program (FFELP) loans (subsidized Stafford and certain consolidated loans) when such loans are in qualifying status. The qualifying status includes the in-school loan period, the grace period, and any authorized deferment period or post-deferment grace period (Title 34, Code of Federal Regulations (CFR), Section 682.300). Generally, the Department's obligation to pay interest benefits ceases when the eligible borrower enters repayment status and does not qualify for deferment. Interest benefits to the lender also begin or terminate with certain other day-specific events enumerated in Title 34, CFR, section 682.300(b)(2) and (c).

Questioned Cost: \$34
U.S. Department of Education

A lender requests payment of interest benefits by submitting a *Lender's Interest and Special Allowance Request and Report (LaRS report)* to the Department. Applicable loan interest rates are provided in Title 34, CFR, Section 682.202(a). Interest benefits due to the lender may be calculated by using either the average daily balance or actual accrual methods as defined in Title 34, CFR, Sections 682.304(b) and (c). Adjustments for prior periods must be reported as separate line items.

For 2 (4 percent) of 50 loans reviewed, the Texas Higher Education Coordinating Board's (Coordinating Board) interest benefit calculations used incorrect dates. For one loan, interest calculations should have stopped on June 16, 2007; however, the Coordinating Board continued to calculate interest through September 15, 2007. The resulting interest calculation was overstated by \$38.76 during the test period. The Coordinating Board stated that this was caused by user error while becoming familiar with the Higher Education Loan Management System (HELMS) during its implementation. In the other case, a data entry error caused the beginning date for interest calculation to be recorded as October 10, 2007, instead of October 1, 2007. The resulting interest calculation was understated by \$4.28, an error that was in the Department's favor.

Access to the Student Information System

Institutions shall maintain internal control over Federal programs that provides reasonable assurance that the institutions are managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (OMB Circular A-133, Subpart C, Section 300 (b)).

The Coordinating Board does not maintain appropriate user access over HELMS. Thirteen screen areas were evaluated in HELMS, and several employees were found to have excessive and inappropriate access that was not aligned with their job function. Specifically:

- Twenty-six (57 percent) of 46 users had full update access to the payment processing screen.
- Two (8 percent) of the 26 users were terminated and no longer with the Coordinating Board

- Sixteen (80 percent) of 20 users had full update access to the variable interest rate control record tables.
- Nineteen (100 percent) of 19 users had excessive update access to the Alternate Due Diligence update record screen.

Allowing employees to have excessive and inappropriate access to areas in HELMS that is outside of their job functions increases the risk of inappropriate changes and does not allow for segregation of duties.

Recommendations:

The Coordinating Board should:

- Implement controls to ensure that it uses the appropriate dates for interest benefit calculations.
- Restrict employee access to HELMS screens based on their job functions.
- Review all access to HELMS through reports extracted directly from HELMS on an annual basis.

Management Response and Corrective Action Plan:

*Corrective actions were taken or are in process to remedy the exceptions noted during audit. Quality review of the corrective actions is occurring now and will be completed by February 20, 2009.*

*Control processes are being strengthened in Loan Program Operations (LPO) over the accurate and timely entry of information impacting the interest benefit data reported to the U.S. Department of Education by the Coordinating Board. By April 1, 2009, in conjunction with the next Federal quarterly cycle, an added control will now include monthly reviews by the Monitoring and Reporting section of LPO of the accuracy of changes to loan account information in the HELMS system. These accuracy reviews will be in addition to the current reasonableness reviews of variations that occur between quarterly Interest Benefit billings to be sent to the Department of Education.*

*LPO and Information Technology Services (ITS) are working together to strengthen the access controls to the HELMS student loan system. The HELMS Screen Access Matrix is automatically produced from data that is extracted from the HELMS system using a vendor supplied process. LPO reviewed the Screen Access Matrix in January 2008 and a review is currently in progress, to be completed by February 20, 2009. These reviews will be completed each year in conjunction with the annual ITS security risk assessment.*

*Implementation Dates: February 20, 2009; April 1, 2009; February 20, 2009*

*Responsible Persons: Kyle Kelly and Darla Fent*



Reference No. 09-57

**Special Tests and Provisions - Special Allowance Payments**

(Prior Audit Issues 08-51, 07-51, 06-46, 06-47, and 06-48)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2007 to June 30, 2008**

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

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

The U.S. Department of Education (Department) pays a quarterly compensating special allowance to the lender/servicer on the average unpaid daily loan principal balances of eligible Federal Family Education Loan Program (FFELP) loans. The lender/servicer bills the Department on a quarterly basis for special allowance payments (SAP) through Part III of the *Lender's Interest and Special Allowance Request and Report* (LaRS Report). The lender/servicer must separate loans according to loan type, applicable interest rate, and special allowance category, and the lender /servicer must provide the sum of average daily balances for each loan within these groups. The Department then calculates a special allowance per category. SAP categories are defined by the Department according to the type of loan; the date the loan was disbursed; the loan period; and, in some cases, the number of quarters for which the loan has been outstanding or the loan's status (in-school, grace, deferment, or repayment) (Title 34, Code of Federal Regulations, Section 682.302 (c)).

Questioned Cost: Undetermined

U.S. Department of Education

The lender/servicer also must report the status and balance of each FFELP loan held and make any adjustments to submissions covering earlier quarters. The Department's obligation to pay a special allowance for an eligible loan ends on the earliest of the following dates, as applicable: the date the loan is repaid; the date the lender receives a claim payment on the loan; the date the loan ceases to be guaranteed or loses its re-insurability; 60 days after the date the borrower defaulted on the loan, unless the lender files a claim with the guarantor before the 60<sup>th</sup> day; and other dates, as applicable, as outlined in Title 34, Code of Federal Regulations, Section 682.302(d).

The Texas Higher Education Coordinating Board (Coordinating Board) inappropriately reported SAP on 11 (22 percent) of 50 loans tested. Specifically:

- The Coordinating Board classified and reported 10 loans using incorrect SAP categories. The category classifications depend on characteristics such as loan status, source of loan funds, disbursement dates, and rates of interest. Four loans that should have been reported in the "CB" category were reported in category "XK;" three loans that should have been reported in the "SG" category were reported in category "XG;" two loans that should have been reported in the "CA" category were reported in category "XJ;" and one loan that should have been reported in category "SK" was reported in category "XK." These errors related to sample items selected from the first and second quarters of the award year, and they appear to reflect the continuance of an issue noted in our prior audit that resulted from manual processing errors made during the Coordinating Board's conversion to its Higher Education Loan Management System (HELMS). Management subsequently made changes in HELMS, and all of these loans were found to be properly classified as of the fourth quarter of the award year.
- The Coordinating Board inappropriately reported and collected SAP on one loan that was no longer guaranteed. The HELMS system reported this loan as having been a permanently void account since January 20, 1999.

Recommendations:

The Coordinating Board should:

- Implement procedures to ensure that it categorizes loans accurately in the LaRS report.

- Complete all research and necessary adjustments to ensure that it includes only guaranteed loan amounts in its quarterly LaRS reports.

Management Response and Corrective Action Plan:

Corrective action has been taken by LPO to remedy the misclassified loans in the HELMS system and that action has been verified by the external audit team, as noted in the finding. Vendor programming changes have been implemented to HELMS to effectively address the reason for the misclassification in the first place.

LPO made the adjustment and removed the non-guaranteed loan from the quarterly report submitted June 30, 2008. LPO is also implementing a review process (noted in the above finding response) to strengthen the assurance that accurate and appropriate student loan information is reported to the Department of Education.

Implementation Date: Completed - April 1, 2009

Responsible Person: Kyle Kelly

Reference No. 09-58

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issues 08-52, 07-52, and 06-45)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2007 to June 30, 2008**

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

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

Federal regulations require that, after the Texas Higher Education Coordinating Board (Coordinating Board) is notified of a student status change, it must use that information to make proper adjustments to each loan in a timely manner. For purposes of this requirement, "timely" means adjustments are made in time to satisfy the time requirements outlined in Title 34, Code of Federal Regulations, Section 682.209, for converting and beginning the collection of loans.

The accuracy of billings for interest benefits and special allowance payments, and the timely conversion of loans to repayment status, depend on the timely and accurate processing of student status changes.

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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The Texas Guaranteed Student Loan Corporation (TGS LC) and the National Student Clearinghouse (NSC) communicate student status changes to the Coordinating Board on a weekly basis. The Coordinating Board downloads electronic files from TGS LC and NSC each week for processing. Processing includes reviewing the downloaded information for each student and determining whether the downloaded information is more accurate than the Coordinating Board's records. Occasionally, students or institutions will have already contacted the Coordinating Board directly with information. If it is determined that an update is necessary, the Coordinating Board staff manually input the change.

The Coordinating Board did not process 13 (22 percent) of 58 enrollment status changes tested in a timely manner in accordance with regulations. Of the 13 not processed in a timely manner, 7 were not updated within the required time frame and 6 were not updated at all in the Higher Education Loan Management System (HELMS). The Coordinating Board did not have an adequate control process for identifying and making student status changes within HELMS.

The Coordinating Board had limited staff available to process the enrollment status changes in a timely manner. In February 2008 new staff and training became available to process enrollment status changes. All 13 exceptions occurred in the third and fourth quarters of 2007, which was prior to the addition of staff in 2008.

Recommendation:

The Coordinating Board should enhance its control procedures to ensure that student status changes are processed accurately and updated timely.

Management Response and Corrective Action Plan:

*Corrective actions were taken to remedy the untimely student status updates noted during the audit. As the audit finding notes, LPO added staff to address the backlog of student status changes. Processing of student status changes is now current. Quality review of the corrective actions is occurring now will be completed by February 20, 2009.*

*Control processes are being strengthened in LPO over the accurate and timely entry of information impacting information reported to the U.S. Department of Education by the Coordinating Board. By April 1, 2009, in conjunction with the next Federal quarterly cycle, an added control will now include monthly reviews by the Monitoring and Reporting section of LPO of the accuracy and timeliness of changes to loan account information in the HELMS system.*

*Implementation Dates: February 20, 2009;  
April 1, 2009*

*Responsible Person: Kyle Kelly*

Reference No. 09-59

**Special Tests and Provisions - Due Diligence by Lenders or Servicers in the Collection of Delinquent Loans**

(Prior Audit Issue 08-53)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2007 to June 30, 2008**

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

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

A lender is required to maintain complete and accurate records of each loan that it holds. In determining whether the lender met the due diligence compliance requirements pertaining to collection of delinquent loans, the documentation maintained must include a collection history showing the date and subject of each communication between the lender and the borrower or endorser relating to collection of a delinquent loan; each communication (other than regular reports by the lender showing that an account is current) between the lender and a credit bureau regarding the loan; each effort to locate a borrower whose address is unknown at any time; and each request by the lender for default aversion assistance on the loan (Title 34, Code of Federal Regulations, Section 682.414(a)(4)).

Questioned Cost: \$ 0

U.S. Department of Education

When performing compliance testing for due diligence in collection of delinquent loans during the quarter ending September 30, 2007, auditors determined that the Texas Higher Education Coordinating Board (Coordinating Board) did not perform required efforts to contact 2 (5 percent) of 38 borrowers by telephone on or before the 90th day of delinquency as required by Title 34, Code of Federal Regulations, Section 682.411(d)(4). Specifically, in the quarter ending September 30, 2007, one borrower was 163 days delinquent and a second borrower was 194 days delinquent, yet the Coordinating Board did not engage in diligent telephone contact urging the borrowers to make the required payments on their loans on or before the 90th day of delinquency.

Recommendation:

The Coordinating Board should ensure that it engages in telephone contact with borrowers by following deadlines specified in Title 34, Code of Federal Regulations, Section 682.411(d)(4).

Management Response and Corrective Action Plan:

*Corrective actions were taken to remedy the noncompliant due diligence exceptions noted during audit and prevent such occurrence in the future. A significant reorganization of staff responsibilities occurred in June 2008. There was also the addition of staff dedicated to all due diligence contacts, especially those required by regulation. Quality review of the corrective actions has occurred.*

*Control processes have been strengthened in LPO regarding the monitoring of due diligence activities and compliance with Federal regulations. Work flow and staff assignments have been aligned to improve compliance results. Verification has confirmed that work queues of needed contacts are within acceptable parameters.*

*Implementation Date: Completed*

*Responsible Person: Janie Miramontes*

Reference No. 09-60

**Special Tests and Provisions - Cures**

(Prior Audit Issues - 08-54, 07-53, and 06-49)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2007 to June 30, 2008**

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

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

A lender requests payment of interest benefits and special allowance for eligible loans by billing the U.S. Department of Education (Department) at the end of each calendar quarter. The lender does this by submitting a *Lender's Interest and Special Allowance Request and Report* (LaRS report). A lender is prohibited from billing for federal interest benefits and special allowance payment on loans that are not eligible for federal reinsurance coverage. It is the lender's responsibility to repay immediately all federal interest benefits and special allowance payments on a loan that is, or was, ineligible to receive payments (Common Manual, Unified Student Loan Policy, Appendix A.3). A lender may have the guarantee on a loan reinstated by curing the applicable violation. Upon reinstatement of a loan's guarantee, the lender is again eligible to receive claim payments, interest benefits, and special allowance payments on the loan; the lender is ineligible to receive these payments from the date of the first unexcused violation to the date of the cure (Common Manual, Unified Student Loan Policy, Section 14.5). A lender must comply with the cure procedures in Title 34, Code of Federal Regulations, Part 682, Appendix D, for loans with due diligence or timely filing violations and related cure information must be accurately reported on the LaRS report.

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

When performing compliance testing for pending cures for the quarter ending June 30, 2008, auditors determined that the Texas Higher Education Coordinating Board (Coordinating Board) did not correctly adjust the LaRS report to rebate federal special allowance payments (SAP) for 1 (7 percent) of 15 accounts tested. A due diligence violation caused this loan to lose its guarantee effective February 9, 2007. The Coordinating Board is responsible for adjusting special allowance billings so that special allowance is not billed from February 9, 2007, to the date the loan regains eligibility for special allowance. A prior period adjustment from the February 9, 2007, violation date to the March 26, 2008, violation process date should have occurred in the quarter ending March 31, 2008. Due to programming corrections for LaRS billing in the Coordinating Board's new Higher Education Loan Management System (HELMS), the Coordinating Board did not correct special allowance for this loan in both the first and second quarters of 2008. There are no questioned costs because the Coordinating Board made necessary adjustments to the LaRS report for the quarter ending September 30, 2008.

Recommendation:

The Coordinating Board should ensure that programming changes in HELMS are migrated effectively and verify that LaRS billing data is reported correctly as a result of system-related programming changes.

Management Response and Corrective Action Plan:

*The necessary adjustments have been made by LPO during the quarterly reporting period ending September 30, 2008, to correct the exception noted in the finding. Additionally, control processes have been strengthened in LPO to double check any accounts which are voided and cured on a quarterly basis. The Default Management Specialist, responsible for performing curing activities, submits a report to the Reports Analyst, responsible for completing the LaRS report, and includes information on accounts that have been cured the prior quarter. Comparative analysis is then performed to ensure the correct reporting of affected accounts.*

*Regarding any HELMS system programming changes, improved processes have been implemented in ITS for change control during migration of programming changes and for verification of functionality during user acceptance testing. LPO also has developed more structured testing and monitoring processes for all HELMS system programming changes, including those related to LaRS reporting, to increase assurance of the detection and resolution of possible adverse affects.*

*Implementation Date: Completed*

*Responsible Persons: Kyle Kelly, Cheryl Bellesen and Darla Fent*

## Texas Southern University

Reference No. 09-61

### Eligibility

#### Student Financial Assistance Cluster

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.007 P007A074145**

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

In selecting among 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)).

Questioned Cost: \$ 2,000  
U.S. Department of Education

According to the *Student Financial Aid Handbook* for award year 2007-2008 a student's application might be selected for verification after corrections are submitted and after the student has already been paid based on the previous unselected CPS transaction. You must verify his application before making further disbursements. If verification does not justify aid already disbursed, then the student is responsible for repaying all aid for which he is not eligible, though he may keep any Stafford loan money he received and FWS wages he earned. (Student Financial Aid Handbook 2007-2008, Application & Verification Guide, Chapter 4, page 88)

Two students at Texas Southern University (University) received FSEOG awards but did not receive Pell Grant awards. Specifically:

- One student did not initially report having a degree on the student's Institutional Student Information Report (ISIR). When the registration records were activated, the student's degree was identified, making the student ineligible for a Pell grant. The Pell grant was cancelled; however, the FSEOG was inadvertently not cancelled from the student's record and the student was issued an award amount of \$1,000 for award year 2007-2008.
- The second student initially had an EFC of \$0 and, therefore, was initially eligible for both Pell and FSEOG. After the completion of the University's verification the student's EFC was raised to \$4,117, making the student ineligible for a Pell grant. However, the University's verification was completed after the first FSEOG disbursement of \$500. Since verification did not justify FESOG already disbursed the student is responsible for repaying the FESOG. Also, the University should not have made a second payment of \$500 to the student in the spring semester of award year 2007-2008 because this payment was after the student was determined to be ineligible for FESOG.

### Recommendation:

The University should ensure that controls are in place to prevent awarding and disbursing FSEOG grants to students who are not eligible for Pell grants.

### Management Response and Corrective Action Plan:

*Management concurs. In regard to the two (2) students identified in the audit, the university reversed SEOG amounts prior to the submission of the FISAP; thereby, correcting the total expenditures and headcount for eligible recipients prior to the final submission of the report. The FISAP was correct at the time of submission to the Department of Education.*

Future Corrective Actions

To prevent similar errors, effective immediately, the university has strengthened the disbursement rule in BANNER to systematically identify and cancel SEOG awards when the student's Pell Grant award is cancelled.

Implementation Date: December 2008

Responsible Person: Linda Ballard

Reference No. 09-62

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issues 08-58)

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.063 P063P072327, CFDA 84.007 P007A074145, CFDA 84.375 P375A072327, 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)).

Questioned Cost: Undetermined

U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the U.S. Department of Education or the appropriate Federal Family Educational Loan Program lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

Texas Southern University (University) incorrectly calculated the amounts of Title IV aid to be returned for 46 (92 percent) of 50 students tested. The cause for the inaccurate calculations varies, including:

- The Spring semester return calculations did not take into account the days off for spring break, making the semester nine days longer for the calculation. Nineteen (38 percent) of the 50 tested were from the Spring semester
- The University's financial aid system (Banner) showed that the students' had earned a portion of their Title IV funds; however, the calculation for returning funds was based on the student not being enrolled.
- Banner system data did not match data used on the paper return of Title IV calculation which, in turn, did not match auditors' recalculation.

Questioned costs could not be determined with accuracy due to the extensive nature of the erroneous calculations.

Additionally, there is a lack of controls over the University’s entire Return of Title IV calculation process. The University did not calculate or consistently calculate the students’ portion of the return and did not consistently return the student’s portion. The University does not have policies and procedures for the returning of the student’s portion of the return.

Recommendation:

The University should establish controls to ensure that the amount of Title IV funds to be returned is calculated correctly and returned.

Management Response and Corrective Action Plan:

*The Financial Aid Accountant has recalculated all information based on the identification of the omission of the Spring Break Week in the calendar and has conducted a full scope review and corrected all calculations. The university is currently realigning the Financial Aid Accountant position to report to the Financial Aid Office. The university has increased the Financial Aid staff by 2. One new accountant will work with compliance issues, such as this finding. Additional new operating procedures will require weekly updates. The position will be directly supervised by the Director of Financial Aid. A comprehensive spreadsheet and calendars are being developed to assist with the review process.*

Implementation Date: March 2009

Responsible Person: Albert Tezeno

Reference No. 09-63

**Special Tests and Provisions - Student Status Changes**  
(Prior Audit Issue 08-59)

**Student Financial Assistance Cluster**  
**Award year - July 1, 2007 to July 30, 2008**  
**Award number - CFDA 84.032 Award Number Not Applicable**  
**Type of finding - Significant Deficiency and Non-Compliance**

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c))

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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Texas Southern University (University) did not report 7 (14 percent) of 50 students tested to the National Student Loan Data System (NSLDS) within the required time period. On January 23, 2008, the University's submission of student status changes was changed from six submissions a year to the National Student Clearinghouse (NSC) to monthly submissions on the first day of each month directly to NSLDS. The seven errors identified were as follows:

- The University reported three (43 percent) of the seven students tested to the NSC in a timely manner, but it did not report them to the NSLDS. Although the University used the services of the NSC, it is the University's responsibility to submit timely, accurate, and complete responses to Enrollment Reporting roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.3.1.1).
- The University reported three (43 percent) of the seven students tested to NSLDS more than 60 days after the students' status changed, and the University did not notify the lender or guarantor.
- During the transition from using the NSC to only reporting to NSLDS, the University did not report one (14 percent) of the seven students tested to NSLDS.

Recommendation:

The University should implement changes to its reporting procedures to ensure that it reports student status changes to the NSLDS within the required time period.

Management Response and Corrective Action Plan:

*Management concurs with the reporting of the remaining students. The university was experiencing concurrent audits during this time and the move to direct reporting was initiated after this date. The direct reporting to NSLDS has eliminated the lag time in the transmission NSC and NSLDS.*

*Implementation Date: March 2008*

*Responsible Party: Marilyn Square*

Reference No. 09-64

**Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award year - Multiple**

**Award number - All Grants with Effort Reported; CFDA 43.000, NCC 9-165; CFDA 20.701, DTRS99-G-0006/47300-00041, S080034**

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

Direct Costs - Time and Effort Reporting

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 the costs that are distributed from federal awards 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.

Questioned Cost: \$ 0  Federal Agencies that Provide R&D Grants
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Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, activity reports must be prepared no less frequently than monthly and must coincide with one or more pay periods (Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions, Section J.10).

Texas Southern University’s (University) activity reports for one quarter contained inaccurate percentage of effort information for one month on the report. The percentage of effort for all signed reports for May 2008 was zero percent, while payroll charges for these employees were charged to federal grants. The original reports were generated in error and, after audit testing concluded, the University reissued the reports with the correct percentage and affirmed by appropriate personnel.

Indirect Costs

Indirect 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) (OMB Circular A-21, Cost Principles for Educational Institutions, Section G.2).

The University used an incorrect cost basis when calculating the indirect cost of a subgrant on 1 (2 percent) of 50 indirect cost charges tested. The University charged indirect costs on direct costs of a subgrant exceeding the first \$25,000 of that subgrant. The University’s policy includes a reconciliation of indirect costs at the end of the award period; however, this would have resulted in the University holding funds for an extended period of time. After audit testing concluded, the University reconciled the indirect cost charges and returned the incorrectly charged funds.

Internal Service Charges

Charges made from internal service, central service, pension, or similar activities or funds must follow the applicable cost principles provided in OMB Circular A-21. According to OMB Circular A-21, 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 does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes (OMB Circular A-21, Cost Principles for Educational Institutions, Section J.47).

Four (29 percent) of 14 University print service internal service charges were not processed in accordance with OMB Circular A-21. Specifically, the controls associated with determining the charges for print services were not consistent with the schedule of rates for the services. Two of the charges did not contain sufficient information regarding the charge to determine whether the cost was handled consistently (one of these charges was reversed by the University when documentation could not be located, and the University subsequently provided sufficient proof of the service to justify the costs for the other charge). The other two charges were charged less than the listed price for the services described in the documentation.

Recommendations:

The University should:

- Monitor its activity reports to verify that information matches actual charges prior to obtaining approval from principle investigators, and ensure that principle investigators review the reports for accuracy prior to approval.
- Ensure that indirect costs for sub-recipients are limited to the first \$25,000 of direct costs.
- Properly and completely document the services received for internal service charges.

Management Response and Corrective Action Plan:

Time and Effort Reporting

*Per the recommendations of the State Auditor's Office, the University will monitor its activity reports to verify that information matches actual charges prior to obtaining approval from principle investigators, and ensure that principle investigators review the reports for accuracy prior to approval. The action steps for corrective measures are as follows:*

1. *The Vice President of Academic Affairs and Provost will disseminate a memo to all Principle Investigators of federal awards that outlines the importance of reviewing the time and effort reports for accuracy prior to approval. The memo will be distributed with the quarterly time and effort reports.*
2. *The Director of Research Enhancement and Compliance Services will monitor the activity reports to verify that the information matches actual charges each reporting period.*

*Implementation Date: February 2009*

*Responsible Persons: Sunny Ohia and Linda Gardiner*

Indirect Cost

*Per the recommendation of the State Auditor's Office, the University will ensure that enhancements are made to existing BANNER functionality to establish that indirect cost for subrecipients are limited to the first \$25,000 of direct costs. Effective immediately, the Grants and Contracts department will ensure that the subrecipient threshold limit is being addressed using a manual calculation process.*

*Implementation Date: April 2009*

*Responsible Persons: Diane Lewis and Laurie Brown*

Internal Service Charges

*Per the recommendations of the State Auditor's Office, the University will properly and completely document the services received for internal service charges. The action steps for corrective measures are as follows:*

*The Copy Center Request Form will be updated with more detailed instructions for better clarity on how to complete the form.*

*Implementation Date: February 2009*

*Responsible Persons: Greg Williams and Ruben Joseph*

**Texas State University - San Marcos**

Reference No. 09-65

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.375 P375A070387**

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

Academic Competitiveness Grants Eligibility

The Academic Competitiveness Grants (ACG) program provides grants to eligible full-time regular undergraduate students enrolled in their first and second academic years in an ACG-eligible program at a two- or four-year degree granting institution. Grants are for up to \$750 for first-year students and up to \$1,300 for second year students (Title 34, Code of Federal Regulations, Sections 691.2(d), 691.6, 691.15, and 691.62)).

Questioned Costs:	\$ 2,600
U.S. Department of Education	

Two (20 percent) of 10 ACG recipients tested at Texas State University - San Marcos (University) were not eligible to receive the grant. The students were awarded \$1,300 each for the 2007-2008 academic year. The two students met eligibility requirements at the end of the 2007 Spring semester. However, the students both attended summer school at different universities which, upon completion of the 2007 Summer term, made them ineligible for the ACG grant based on completed hours. The University's control to prevent ineligible students from receiving an ACG grant did not work properly to ensure compliance.

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 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).

According to the University's satisfactory academic progress (SAP) policy, "At the end of each spring semester, your Satisfactory Academic Progress (SAP) for financial aid will be evaluated based on your previous year's work (summer / fall / spring). If you do not meet all of the SAP requirements, you will not be eligible to receive financial aid. The only exception is if it is your first time to become ineligible to receive aid (due to SAP) while working on your degree (i.e., bachelor's, master's, etc.). In such a case, you will be placed on financial aid probation (except in the case of exceeding the maximum hours requirement). When on financial aid probation, you will have one year (summer / fall / spring) to meet the SAP requirements." During the financial aid probation (or grace period) the student is still eligible for financial assistance. The three SAP standards students must meet at the end of each spring semester are a minimum GPA, a minimum completion rate, and a maximum hour limit.

One (4 percent) of 28 students was denied financial assistance when the student was eligible for financial assistance. The reasonable academic progress program (RAP) within the University's Financial Aid Management (FAM) system required a Free Application for Federal Student Aid (FAFSA) to be on file for the upcoming year to evaluate a student's eligibility for financial aid. The student did not have a FAFSA on file for the 2008 award year, so at the end of Spring 2007 no determination of the student's ability to meet SAP requirements was established. At the end of the Summer 2007 term, since the summer term is tied to the previous award year, the RAP program determined the student did not meet SAP requirements for Fall 2006 and the student was put into a grace period. When the FAFSA was submitted in September 2007 for the 2008 award year the RAP program reevaluated whether the student was meeting SAP requirements and determined that the student should be in a grace period, since the student was assigned a grace period for the summer, and the system denied financial assistance. The University's control process for determining financial aid eligibility, per SAP requirements, did not work properly by denying financial assistance to an eligible student.

Recommendations:

The University should:

- Verify that all ACG grant recipients are eligible prior to disbursement of funds by ensuring that controls in place are designed and working properly.
- Ensure that students who are denied financial assistance based on not meeting satisfactory academic progress are actually ineligible for financial assistance.

Management Response and Corrective Action Plan:

**Academic Competitiveness Grant (ACG)**

*Management concurs. Procedures have been revised and implemented to assure eligibility prior to disbursements. ACG account will be reimbursed.*

*Implementation Date: January 2009*

*Responsible Person: Jesse Mangold*

**Satisfactory Academic Progress**

*Beginning with the 2008-2009 a new SAP policy was developed and implemented with new procedures in place to assure eligible students can receive appropriate aid.*

*Implementation Date: May 2009*

*Responsible Person: Jesse Mangold*

Reference No. 09-66

**Reporting**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.063 P063P070387**

**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)).

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

For 40 (80 percent) of 50 students tested at Texas State University - San Marcos (University) who received Pell grants, the date and amount of the disbursement in the COD System did not tie to information in the University's financial aid system. The University commonly reports anticipated disbursements 30 days in advance of the actual expected date of disbursement. However, the University does not update information in the COD System once the disbursements have been made.

Recommendations:

The University should update actual disbursement dates and amounts in the COD System.

Management Response and Corrective Action Plan:

**Common Origination and Disbursement System Reporting (Pell)**

*This requires major modification from SunGard, the company that owns the FAM software. SunGard has delegated this issue to Texas Connect.*

*Implementation Date: Request to SunGard sent February 2009; resolution from SunGard to be determined.*

*Responsible Person: Dede Gonzales*

Reference No. 09-67

**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 84.268 Award Number Not Applicable**

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

Disbursement Notification

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

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

Texas State University-San Marcos (University) does not have a documented process to ensure that it sends loan recipients disbursement notifications. Auditors were unable to verify that the University sent notifications for 45 (69 percent) of 65 disbursements for 46 FFELP and Direct Loan Program recipients tested.

Recommendation:

The University should maintain documentation to ensure that loan recipients are notified of the disbursement of funds.

Management Response and Corrective Action Plan:

Disbursement Notification

*Although the financial aid disbursement process was notifying students/parents of disbursed aid via emails or letters, no electronic archive of this correspondence was maintained for an extended period of time. On September 16th, 2008, the SARS electronic report archiving program was modified to archive student/parent letters as well as log all student email addresses receiving notification of disbursement. This electronic archive will be maintained for no less than 5 years.*

*Implementation Date: September 2008*

*Responsible Person: Marcus Bryant*



Reference No. 09-68

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.032 Award Number Not Applicable and CFDA 84.268 Award Number Not Applicable**

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

A student is considered to have not begun attendance in a payment period or period of enrollment if the institution is unable to document the student's attendance at any class during the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.21 (c)).

Questioned Cost: 0
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 Education Loan Program (FFELP) lender as soon as possible, but no later than 30 days after date that the institution becomes aware that the student will not or has not begun attendance. Returns by check are late if the check is issued more than 30 days after the institution becomes aware that the student will not or has not begun attendance or the date on the canceled check shows the check was endorsed more than 45 days after the date the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21 (b) and (d)).

For 9 (53 percent) of 17 students who never began attendance, Texas State University - San Marcos did not ensure that Title IV loan funds were returned within 30 days after the date that it became aware the student would not or had not begun attendance.

Recommendation:

The University should establish controls to ensure that it returns Title IV funds within 30 days of becoming aware that students did not begin attendance.

Management Response and Corrective Action Plan:

**Return of Title IV**

*The Financial Aid Office is now collaborating with our General Accounting Office and has established controls to ensure that Title IV funds are returned to the U.S. Department of Education and/or appropriate lender no later than 30 days of becoming aware that students did not begin attendance. The Reporting Team in the Financial Aid Office is tracking all students that failed to begin attendance and is advising the General Accounting Office of the approaching 30 day deadline to ensure that net draws/returns are completed within the required timeline.*

*Implementation Date: January 2009*

*Responsible Person: Stephanie Lopez*

Reference No. 09-69

**Special Tests and Provisions - Student Loan Repayments**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.038 Award Number Not Applicable**

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

Defaulted Loans

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(4)(c)).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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Under the federal Perkins Loan Program institutions are required to send the borrower a written notice and a statement of account at least 30 days before their first payment is due (Title 34, Code of Federal Regulations, Section 674.43 (a)(2)(i)).

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(a-c)).

Texas State University - San Marcos (University) did not make first contact with the borrower within 90 days after the start of their grace period, including the required terms and conditions, for 23 (100 percent) of 23 defaulted Perkins students tested. Specifically:

- For 2 students the University did not provide documentation for the first contact.
- For 1 student the University did not make first contact within 90 days after the start of the grace period.
- For 21 students (1 of these students was the same student noted above to whom the University did not make first contact within 90 days after the start of the grace period) the first contact letter did not inform the students of the amount of principal and interest and the projected life of the loan.

The University did not make second contact with the borrower within 150 days after the start of their grace period for 22 (96 percent) of 23 defaulted Perkins students tested. Specifically:

- For 3 students the University did not provide documentation for the second contact.
- For 19 students the University did not make the second contact within 150 days after the start of the grace period.

The University did not provide documentation showing the third contact with the borrower within 240 days after the start of their grace period for 2 (10 percent) of 21 defaulted Perkins students tested.

The University did not send the first billing notice to the borrower at 30 least days before their first payment due date for 5 (22 percent) of 23 defaulted Perkins students tested. Specifically:

- For 4 students the University did not provide documentation for the first billing notice.
- For 1 student the University did not send the first billing notice at least 30 days before the first payment was due.

The University did not send the first overdue notice to the borrower within 15 days after their first payment due date for 3 (14 percent) of 22 defaulted Perkins students tested. Specifically:

- For 2 students the University did not provide documentation for the first overdue notice.
- For 1 student the University did not send the first overdue notice within 15 days after the first payment due date.

The University did not send the second overdue notice to the borrower within 30 days after the first overdue notice for 2 (29 percent) of 7 defaulted Perkins students tested.

The University did not send the final demand letter 15 days after the second overdue notice was sent for 6 (75 percent) of 8 defaulted Perkins students tested. Specifically:

- For 1 student the University did not provide documentation for the first contact.
- For 5 students the University did not make first contact within 90 days after the start of the grace period.

#### Loans That Entered Repayment

For a federal Perkins loan, the institution must establish a repayment plan. The repayment period begins after an initial grace period of either six months or nine months after the student ceases to be at least a half-time student at an institution of higher education, depending on when the loan was made (Title 34, Code of Federal Regulations, Section 674.31(b)(2)).

For 7 (47 percent) of 15 students tested, the conversion to repayment status was not performed in a timely manner. Specifically, for those seven students, the repayment period did not begin after the grace period ended.

#### Recommendations:

The University should:

- Ensure that it sends grace period contact letters and initial billing notices to borrowers within the required time frames.
- Ensure that it sends Perkins Loan overdue notices and the final demand letter to all borrowers who do not make the first payment or make a request for deferment, postponement, or cancellation.
- Ensure that the conversion to repayment status for borrowers is performed in a timely manner.

Management Response and Corrective Action Plan:

**Defaulted Loans and Loans that Entered Repayment**

Management concurs. Procedures have been implemented to ensure required notices are sent to borrowers within the required time frame with the appropriate information and that conversion of loans to repayment status is performed in a timely manner.

Implementation Date: February 2009

Responsible Person: Nancy Meeks

Reference No. 09-70

**Special Tests and Provisions - Borrower Data Transmission and Reconciliations (Direct Loans)**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 through June 30, 2008**

**Award number - CFDA 84.268 Award Number Not Applicable**

**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). If a student is enrolled in a credit-hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, Higher Education Act program funds to a student or parent for any payment period is 10 days before the first day (Title 34, Code of Federal Regulations, Section 668.164(f).) 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 school) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Up to three Direct Loan program years may be open at any given time; therefore, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 303).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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For 25 (50 percent) of 50 students tested, Texas State University - San Marcos (University) reported to DLSS an incorrect date for at least one disbursement.

The University reported the disbursement amount correctly for all disbursements tested.

**Common Origination and Disbursement System Reporting - Information Systems Issue**

The University's Financial Aid Management (FAM) system does not report the correct disbursement date for spring semesters. The logic within this system is flawed; therefore, the system is reporting the incorrect disbursement date to the COD System.

For the process of reporting the disbursement dates to the COD System, the disbursement dates in the Loan Period Table are compared to the institutional disbursement date (the dates in which the University disburses institutional funds to the student). If the FAM system was functioning as intended, it would compare the dates for the same semester. The latter of the two dates is reported to the COD system. For example, the fall disbursement dates in the Loan Period Table would be compared to the fall institutional disbursement dates. The latter of the two dates would be reported to the COD System. This process would occur again for the Spring semester, except the Spring disbursement dates in the Loan Period Table would be compared to the spring institutional disbursement dates.

The FAM system code added by University staff includes incorrect logic. For the Fall semester, the FAM system is correctly comparing the institutional disbursement date for the Fall semester to the Fall disbursement date on the Loan Period Table. The FAM system will choose the latter of the two dates as intended. The dates reported in the COD System for the Fall semester should all be within the 10-day period before the start of the semester. However, in the Spring semester, the FAM system is comparing the institutional disbursement date for the Spring disbursement to the Fall disbursement date on the Loan Period Table. In some instances, the institutional disbursement date is not within 10 days before the start of the semester, so the disbursement date in the COD System will not be within the 10-day period before the start of the semester.

Recommendations:

The University should:

- Develop controls to ensure that it reports the correct disbursement dates to DLSS.
- Correct the flaw in the FAM system's code to ensure that the correct disbursement date is being reported to the COD System for spring semesters.

Management Response and Corrective Action Plan:

**Common Origination and Disbursement System Reporting — Information Systems Issue (DL)**

*Management concurs. FAM programming has been modified to report the correct disbursement dates.*

*Implementation Date: January 2009*

*Responsible Person: Dede Gonzales*

## Texas Tech University

Reference No. 09-71

### Reporting

(Prior Audit Issue 06-50)

#### Student Financial Assistance Cluster

Award year - July 1, 2007 to June 30, 2008

Award number - CFDA 84.063 P063P072328

Type of finding - Significant Deficiency and Non-Compliance

All institutions submit Pell payment data to the U.S. Department of Education through the Common Origination and Disbursement (COD) System. Institutions submit Pell origination records and disbursement records to the COD System. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. An institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid (7 days in the case of an institution using the just-in-time method). 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) No. 1845-0039, shown in OMB Circular A133, Part 5, Section L.1.e).

Questioned Cost: \$ 0

U.S. Department of Education

Texas Tech University (University) complied with the reporting requirements for Pell payment data, with the following exceptions:

- For 6 (12 percent) of 50 students tested, the date and amount of disbursement in the COD System did not tie to information in the University's financial aid system.
- For 6 (12 percent) of 50 students tested (four of these cases overlapped with the issue noted above), the processing date in the COD System was more than 30 days after the disbursement date.

#### Recommendation:

The University should implement controls to ensure that it reports dates and amounts of Pell payments to the COD System in an accurate and timely manner.

#### Management Response and Corrective Action Plan:

*Pell Grant, SMART Grant and ACG Grant reporting to COD for 2008-2009 are reporting accurately and timely.*

*With the implementation of a new financial aid management system for the 2009-2010 academic year, Pell Grant, SMART Grant, and ACG Grant reporting to COD will reflect actual disbursement dates. All federal grant recipient samples will be reviewed for compliance. The process of submitting origination and disbursement files weekly will be implemented.*

*Implementation Date: Sample compliance testing in new financial aid management system, April 2009  
COD origination submission weekly in new financial aid management system as of August 2009.*

*Responsible Person: Becky Wilson*

Reference No. 09-72

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

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

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

An institution may participate under an U.S. Department of Education-approved Quality Assurance Program (QAP) that exempts it from verifying those applicants selected by the central processor, provided that the applicants do not meet the institution's own verification selection criteria. An institution not participating under an U.S. Department of Education-approved QAP is required to establish written policies and procedures that incorporate the provisions of Title 34, Code of Federal Regulations, Sections 668.51 through 668.61, for verifying applicant information. Such an institution shall require each applicant whose application is selected by the central processor, based on edits specified by the U.S. Department of Education, to verify the information specified in Title 34, Code of Federal Regulations, Section 668.56. Policies and procedures for verification must include: (1) the time period within which an applicant shall provide the documentation, (2) the consequences of an applicant's failure to provide required documentation within the specified time period, (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's Expected Family Contribution (EFC) changes and results in a change in the applicant's award or loan, (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error, (5) the procedures for making referrals under Title 43, Code of Federal Regulations, Section 668.16. The procedures must provide that it 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 any actions required under this subpart and the consequences of failing to complete any required action (Title 34, Code of Federal Regulations, Section 668.53).

Questioned Cost: \$ 0

U.S. Department of Education

Texas Tech University's (University) verification policy did not contain the following provisions:

- A time period in which an applicant shall provide the documentation.
- A method by which the institution notifies an applicant of the results of verification if, as a result of verification the applicant's EFC changes and results in a change in the applicant's award or loan.
- Procedures for making referrals under Title 34, Code of Federal Regulations, Section 668.16.
- The applicant's responsibilities with respect to the verification of application information, including the deadlines for completing any actions required under the subpart and the consequences of failing to complete any required action.

In addition, for 1 (2 percent) of 50 verification cases tested, the University did not correctly update its records and the Institutional Student Information Report (ISIR) to reflect the information on the student's U.S. income tax return.

Recommendations:

The University should:

- Ensure that its verification policy includes the required information.
- Ensure that controls are in place to correctly update its records and the ISIR upon completion of verification.

Management Response and Corrective Action Plan:

*Policies and Procedures for Verification have been updated to reflect the following:*

- *Time Period students must meet to complete verification*
- *E-mail notifications are being sent to students selected for verification notifying them of the required document submission deadline and the potential penalty for not submitting documentation.*
- *Notifications are provided to the student via the Verification Worksheet that if changes are necessary, how the student will be notified and a link to view updated awards.*
- *Procedures have been reviewed with staff to clarify discrepancies between verification documents and FAFSA data.*
- *Procedures have been reviewed with staff to report suspected fraud from university staff, third-party servicer or other agent of the university.*

*Implementation Date: January 2009*

*Responsible Person: Paul Blake*

Reference No. 09-73

**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 84.038 Award Number P038A024151**

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

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) 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 date and amount of the loan 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 all or a portion of the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by Electronic Funds Transfer or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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The disbursement notification letters that Texas Tech University (University) sent via e-mail to students or parents upon disbursement of funds included information on the right to cancel loans, either in full or in part, including corresponding procedures and timelines by which the student or parent must notify the institution that he or she wishes to cancel the loan. However, the University's notifications did not include the date and amount of the loan disbursement. While auditors were performing audit work at the University, the University was in the process of revising the text of the notification to include a link to the student's account summary to review loan disbursement information.



Recommendation:

The University should ensure that it notifies students and parents of required loan disbursement information, including the date and amount of the disbursement, on all FPL and FFELP disbursement notifications it sends to parents and students.

Management Response and Corrective Action Plan:

*Updated current email notification to include the link to student account summary to review all loan disbursement information.*

*Implementation Date: October 2008*

*Responsible Person: Becky Wilson*

Reference No. 09-74

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.007 P007A074151, CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P072328**

**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. 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) (1)-(4)).

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

Scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, Code of Federal Regulations, Section 668.22(f)(2)(i)). Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the return calculation. The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break (2007-2008 *Student Financial Aid Handbook*, Volume 5, Chapter 2, page 5-72).

Institutional charges are used in calculating the amount for the institution and the student to each return. "Institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution (Title 34, Code of Federal Regulations, Section 668.22(g)(2)).

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, Code of Federal Regulations, Section 668.22(e)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

Texas Tech University (University) did not use the correct semester end date for the fall 2007 semester. The University's Title IV return calculations were based on a semester end date of December 5, 2007, when the actual semester end date was December 6, 2007.

In addition, the University did not correctly account for Spring Break in its Title IV return calculations for students withdrawing during the Spring 2008 semester. The return calculations did not account for this break, and the University should have excluded nine days from the length of the semester. Students who withdrew in the Spring 2008 semester after spring break also needed to have nine days excluded from their length of attendance.

To determine institutional charges, the University used an average yearly tuition instead of using the actual semester tuition, fees, and room and board. This affected the Title IV return allocations between the University and the student for most of the students in our sample.

Auditors identified the following errors:

- The University incorrectly calculated for 22 (28 percent) of 80 withdrawals tested either the amount of Title IV assistance earned or the amount to be returned.
- The University used an incorrect payment period for 44 (55 percent) of 80 withdrawals tested.
- The University returned the incorrect amount for 35 (70 percent) of 50 withdrawals tested.
- The student returned the incorrect amount for 28 (93 percent) of 30 withdrawals tested.

When testing whether the University returned Title IV funds within the required timeframe, auditors also determined that 1 (2 percent) of 49 withdrawals was done incorrectly. The University had not returned funds as of the end of audit testing because it was waiting to hear from one of the student's professors regarding the student's last date of attendance.

For the Fall 2007 semester (which ended December 6, 2007), the University's Financial Aid Office received notification of students receiving all F grades on December 21, 2007, but it did not determine which students were unofficial withdrawals until February 19, 2008. For 12 (44 percent) of withdrawals tested, the University did not determine the withdrawal date within 30 days of the end of the semester.

In the sample tested, the University returned more Title IV assistance than was necessary. Therefore, there are no questioned costs.

Recommendations:

The University should follow all Title IV return requirements by establishing or enhancing controls to ensure that it:

- Uses accurate semester start and end dates in return calculations.
- Accounts for breaks of at least five consecutive days in return calculations.
- Returns funds within the appropriate time frame.
- Determines unofficial withdrawals within 30 days of the end of the semester.

Management Response and Corrective Action Plan:

- *Internal procedures have been updated to insure accuracy of the dates used on the R2T4 website. Primary R2T4 staff member enters the dates to create each calendar period. Secondary R2T4 staff member then reviews and verifies the accuracy of the dates using the data from the CAL screen.*
- *Spring 2009 calendars have been created to include the Spring Break as well as the weekends before and after that week. Process updated in October 2008.*
- *R2T4 Calculations are being performed on every student that withdraws, even if the withdrawal date is past the 60% completion date, which will require no repayment from the student. Process was updated in October 2008.*
- *Current withdrawal calculation procedures for students who received all "F"'s in the preceding term have been implemented. Controls are in place to verify that all funds are returned no later than March 2, 2009.*

*Implementation Date: October 2008*

*Responsible Person: Paul Blake*

Reference No. 09-75

**Special Tests and Provisions - Student Status Changes****Student Financial Assistance Cluster****Award year - July 1, 2007 to June 30, 2008****Award number - CFDA 84.032 Award Number Not Applicable****Type of finding - Significant Deficiency and Non-Compliance**

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

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, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (NSLDS Enrollment Reporting Guide, Chapter 3.1.1.3).

Fourteen (29 percent) of 48 student status changes tested at the University were not reported to NSLDS in a timely and accurate manner. Specifically:

- Seven of 48 student status changes tested were not reported to NSLDS within the required 60 day timeframe.
- Ten of 48 student status changes did not agree to the student status change that appeared in student records (3 of these exceptions overlapped with the finding noted above).

Thirteen (93 percent) of 14 student status changes tested at the University that were not reported to NSLDS timely and accurately also were not reported to the lender/guarantor timely and accurately. Specifically:

- Nine of 13 student status changes were not reported to the lender/guarantor within the required 30 day time frame.
- Nine of 13 student status changes did not agree to the student status change that appeared in the student records (6 of these exceptions overlapped with the finding noted above).

**Recommendation:**

The University should implement changes to its reporting procedures to ensure that student status changes are accurately reported to NSLDS and the lenders/guarantors within the required time period.

Management Response and Corrective Action Plan:

*The University will implement changes to its reporting procedures to ensure that student status changes are reported to NSLDS within the required time period. The University will develop procedures to monitor the timeliness of reporting to NSLDS. We will also modify our procedures for reporting to NSC to include scheduling additional reporting dates during the latter part of the fall and spring semesters.*

*Implementation Date: February 2009*

*Responsible Person: B.J. d'Orsay*

## Department of Transportation

Reference No. 09-76

### Procurement and Suspension and Debarment

**CFDA 20.106 - Airport Improvement Program**

**Award year - Various**

**Award number - Various**

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

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 49, Code of Federal Regulations, Part 29).

Questioned Cost: \$ 0

U.S. Department of Transportation

The Department of Transportation (Department) relied on standard contract templates to ensure compliance with suspension and debarment requirements; however, this control was not effective because the Department's standard professional services contract did not include an assertion that the contractor was not suspended or debarred from federal contracts. Although the 9 construction contracts auditors tested contained the necessary language, none of the 45 professional services contracts tested included this language. In addition, the Department did not check the EPLS Web site or obtain any certification from the professional services contractors to verify the contractors were not excluded from federal contracts. Auditors reviewed the EPLS Web site and determined that the professional services contractors were not currently suspended or debarred.

#### Recommendation:

The Department should, for all contracts expected to equal or exceed \$25,000, either (1) verify that the contractor is not on the federal excluded parties list and maintain documentation of this or (2) document an assertion from the contractor that the contractor is not suspended, debarred, or otherwise excluded from federal contracts.

#### Management Response and Corrective Action Plan:

*Language will be added to the professional services contracts executed for local airport sponsors including certification language that the provider is not debarred from federal contracts. Additionally at that time, a step will be added to the contract check list to verify with the debarment list on the EPLS web site for both the construction and professional services contracts that are executed for local airport sponsors as agent.*

*Implementation Date: February 2009*

*Responsible Person: Karon Wiedemann*

Reference No. 09-77

**Reporting**

**CFDA 20.106 - Airport Improvement Program**

**Award year - Multiple**

**Award number - Multiple**

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

The Federal Aviation Administration's (FAA) *Airport Improvement Program Handbook* (AIP Handbook), and Program Guidance Letters (PGL) provide specific guidance for the administration of the Airport Improvement Program Block Grants. According to the AIP Handbook and PGLs, grantees are required to submit the Standard Form 272 (SF-272) quarterly for each block grant and submit a final SF-272 when grants are completed (AIP Handbook, Sections 1301 and 1314(a), and PGL 05-02).

Questioned Cost: \$ 0

U.S. Department of Transportation

All of the SF 272 quarterly financial reports that the Department of Transportation (Department) submitted for fiscal year 2008 were completed incorrectly. Cash on hand at the beginning and end of the period was not included; current and prior disbursements were entered in incorrect areas of the report; and additional information, including the total federal award and the expected local match of the award, was included instead of the correct and required information. As a result, auditors were unable to determine whether required reports included all activity of the reporting period, and reports were not fairly presented in accordance with compliance requirements. The reports were not reviewed or monitored by separate individuals in the Department prior to submission.

Recommendations:

The Department should:

- Establish controls that ensure accurate completion of the required reports.
- Train staff on the proper methodology for completing the required reports.
- Monitor the completion of required reports for accuracy prior to submission.
- Complete corrected reports for fiscal year 2008.

Management Response and Corrective Action Plan:

*Staff who prepare the SF 272 have been instructed in proper completion of the report. Additionally, procedures were instituted for review of the report by the supervisor prior to transmission to the Federal Aviation Administration. FY 2008 reports will be corrected before the end of February 2009.*

*Implementation Date: February 2009*

*Responsible Person: Karon Wiedemann*

Reference No. 09-78

**Special Tests and Provisions - Revenue Diversion****CFDA 20.106 - Airport Improvement Program****Award year - Various****Award number - Various****Type of finding - Significant Deficiency and Non-Compliance**

Title 49, United States Code, Section 47107(b), requires that revenues generated by a public airport be expended for the capital or operating costs of the airport, the local airport system, or other local facilities that are owned or operated by the owner or operator of the airport and are directly and substantially related to the actual air transportation of passengers or property.

Questioned Cost: \$ 0

U.S. Department of Transportation

The Department of Transportation (Department) has not formally documented its agreement with the Federal Aviation Administration regarding its process for monitoring airports that receive federal funding through the Department to ensure that airport revenues are not diverted to non-airport activities. However, the Department's practice is to monitor airports that receive federal funding by reviewing audited annual financial reports (AFR) for the airport sponsors (local governments that fund the airport, which are usually cities or counties). The Department reviews the AFRs for indicators that airport revenue may have been diverted to non-airport activities. However, this high-level review is unlikely to reveal actual revenue diversion.

**Recommendation:**

The Department should formally document its agreement with the Federal Aviation Administration regarding its process for monitoring airports that receive federal funding to ensure that airport revenues are not diverted to non-airport activities.

**Management Response and Corrective Action Plan:**

*The Texas Department of Transportation administers federal block grant funds to only general aviation airports. General aviation airports are airports without scheduled commercial service. General aviation airports rarely operate in the black and are in most all instances supplemented by general revenue funds of the city or county that operates the airport. As such, revenue diversion is a minimal risk for these airports. Even the local matching funds for grants issued under this federal program routinely are provided by other funds of the local government, many times by their economic development corporation or other local sources. The Federal Aviation Administration (FAA) recognizes that revenue diversion is an issue for the commercial service airports, not general aviation airports. The FAA in its guidance on revenue diversion issued a program guidance letter for financial reporting only from commercial service airports and specifically excluded general aviation airports due to the minimal risk. The Southwest Region FAA has reviewed the program administered by TxDOT on multiple occasions and concurs with our current method of review of local government revenue from airports. TxDOT currently requests financial statements from each airport receiving grants and reviews data periodically, not each and every financial statement. Additionally, at FAA's direction we require self-certification documentation from the airports that includes their certification of no revenue diversion. This current method clearly meets FAA requirements for their grant funds and very adequately addresses the issues for minimal risk. Most importantly, this method is the very method FAA itself uses for monitoring for revenue diversion for grants they administer directly to general aviation airports. TxDOT will formally submit our current Revenue Diversion Monitoring process for their review and approval. Upon approval, TxDOT will forward the FAA documents to the State Auditor's Office.*

**Implementation Date:** February 2009**Responsible Person:** Karon Wiedemann



Reference No. 09-79

**Procurement and Suspension and Debarment**

**Highway Planning and Construction Cluster**

**Award year - Various**

**Award number - Various**

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

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 49, Code of Federal Regulations, Part 29).

Questioned Cost: \$ 0

U.S. Department of Transportation

The Department of Transportation (Department) did not consistently verify the suspension or debarment status of subrecipients that entered into contracts using Local Project Advance Funding Agreements (LPAFA). The Department relied on standard contract templates to ensure compliance with suspension and debarment requirements. However, this control was not effective because the Department's standard LPAFA contract did not include an assertion that the local government (subrecipient) was not suspended or debarred from federal contracts.

For 8 (12 percent) of 66 contracts tested, there was no evidence that the Department received a certification from the subrecipient or that the Department checked the EPLS to verify the subrecipient's debarment status before entering into the contract. Auditors reviewed the EPLS Web site and determined that the local governments (subrecipients) were not currently suspended or debarred. The remaining 58 contracts were either Transportation Enhancements (TE) or Metropolitan Planning Organization (MPO) projects that met federal requirements because the subrecipients was required to submit a certification of debarment status during the bid process or in the Unified Planning Work Program before federal funding started.

Recommendation:

The Department should, for all subrecipient contracts expected to equal or exceed \$25,000, either (1) verify that the subrecipient is not on the federal excluded parties list and maintain documentation of this or (2) obtain a written assertion from the subrecipient stating that the subrecipient is not suspended, debarred, or otherwise excluded from federal contracts.

Management Response and Corrective Action Plan:

*As of February 2, 2009, all contract templates for advance funding agreements had been modified to contain a written assertion from the subrecipient stating that the subrecipient is not suspended, debarred, or otherwise excluded from federal contracts.*

*Implementation Date:      Implemented*

*Responsible Person:      Janice Mullenix*

Reference No. 09-80

**Subrecipient Monitoring**

**Highway Planning and Construction Cluster**

**Award year - Various**

**Award number - Federal apportionment pursuant to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A legacy for Users (SAFETEA-LU) Public Law 109-59**

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

During the Award Monitoring

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400, requires pass-through entities 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 Transportation

The Department of Transportation (Department) provides federal pass-through funds to Metropolitan Planning Organizations (MPOs) through Metropolitan Planning Program grants. Generally, the Department delegates the responsibility for monitoring subrecipient activities and expenditures to the respective Department district offices that have project oversight. The Department’s district offices sometimes delegate this responsibility to field offices within the districts.

The Department does not consistently monitor federal funds expended by its MPO subrecipients. Although the Department has delegated the responsibility for subrecipient monitoring to its district offices, the Department does not have established policies and procedures that provide sufficient guidance on how its district offices should monitor subrecipient activities and expenditures.

The Department’s Fort Worth district office (or field offices within that district) does not receive or subsequently review and reconcile supporting documentation (such as invoices or timesheets) to billing statements received from the MPO responsible for administering its share of the Metropolitan Planning Program grant funds. Billing statement amounts are forwarded to the Department’s Finance Division for payment without further review.

The Department’s lack of review of Metropolitan Planning Program grant funds expended by its subrecipients increases the risk that (1) program expenditures incurred by the Department’s subrecipients (MPOs) may not contribute toward program objectives or (2) subrecipients may not administer the program in accordance with federal compliance requirement. The Department’s Fort Worth district office processed \$5,069,298 in federal grant funds passed-through to the MPO in its region.

Award Identification

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400, requires pass-through entities to “identity Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency.” Additionally, the pass-through entity is required to “advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.”

The Department did not provide the required award information to subrecipients at the time of award. The subrecipient signs a Local Project Advanced Funding Agreement (LPAFA), which details the scope and process for reimbursement on projects using federal funds. However, this agreement does not include the CFDA number and title or federal agency associated with the funds awarded. The award information also is not included in the award letter sent to the subrecipient at the beginning of the project. Additionally, prior to the Department’s implementation of its standard LPAFA, it did not consistently communicate information regarding federal compliance requirements to its subrecipients. Specifically:

- The Department did not retain sufficient support that it communicated the required federal award information for 66 (100 percent) of 66 subrecipients tested.
- The Department did not retain sufficient support that it communicated the applicable compliance requirements for 3 (5 percent) of 66 subrecipients tested.

In fiscal year 2008, the Department reported \$176,762,355 in federal pass-throughs to other entities. Not communicating the required award information to subrecipients increases the risk that subrecipients may not comply with federal compliance requirements. The absence of clear communication related to the federal award information also increases the potential for misreporting of federal awards, by the Department and the subrecipient, on the Schedule of Expenditures of Federal Awards. For example, the Department may report pass-through expenditures as direct agency expenditures, and subrecipients may not accurately report the federal pass-through funds they receive.

Recommendations:

The Department should:

- Develop and implement, at the district level and below, policies and procedures for monitoring MPO subrecipient expenditures to ensure that monitoring guidance is consistent and comprehensive for all districts and that monitoring meets federal and state monitoring requirements.
- Ensure that funds requested for reimbursement by the MPOs are supported with sufficient documentation (for example, timesheets, payroll documents, and invoices for purchases) and reconcile the supporting documentation to the reimbursement requests. The Department also should verify that these expenditures are allowable according to the award documentation.
- Communicate the required elements of award information and specifics related to federal compliance requirements by including that information in the award agreement or in a separate award letter.

Management Response and Corrective Action Plan:

*The Department agrees with the recommendation. A revised guidance document is being prepared by the Texas Transportation Institute for the Department that will provide policies and procedures for monitoring MPO expenditures. The document, tentatively titled, "TxDOT District Guidance for Administrating Metropolitan Planning Funds" has been drafted.*

*Implementation Date: April 2009*

*Responsible Person: Jim Randall*

*The Department agrees with the recommendation. A revised guidance document is being prepared by the Texas Transportation Institute for the Department that will provide information on supporting documentation for billings and allowable expenditures. The document, tentatively titled, "TxDOT District Guidance for Administrating Metropolitan Planning Funds" has been drafted.*

*Implementation Date: April 2009*

*Responsible Person: Jim Randall*

*The Department agrees with the recommendation. For Fiscal Year 2009, the Code of Federal Domestic Assistance (CFDA) number and federal agency has been identified in the Metropolitan Planning funds work order authorization memorandum that is sent to every MPO. The CFDA number has been added to the standard template for federally funded advance funding agreements. No federally funded advance funding agreements will be executed without the CFDA number.*

*Implementation Date:     Implemented*

*Responsible Person:       Jim Randall is responsible for the Metropolitan Planning funds work order authorization memorandum sent to the MPOs and Janice Mullenix is responsible for adding the CFDA number to the standard templates.*

Reference No. 09-81

**Special Tests and Provisions - Sampling Program**

**Highway Planning and Construction Cluster**

**Award Year - Various**

**Award number - Various**

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

Title 23, Code of Federal Regulations (CFR) 637, Section 205, requires that each state transportation department “shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each Federal-aid highway construction project on the [National Highway System] NHS are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in Section 637.207 and be approved by the FHWA.” Additionally, Title 23, CFR 637, Section 209, requires that only qualified personnel conduct sampling and testing to be used in the acceptance decision.

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

The Department of Transportation (Department) uses the SiteManager system as its automated construction administration system, and that system is used to document the results of material sampling and testing. However, SiteManager does not have sufficient controls to prevent individuals who are not certified from building and conducting tests to clear material testing requirements. Specifically, auditors noted the following control weaknesses within SiteManager:

- Any individual with access to update Sample Information in SiteManager can add a new sample, enter sample information, select a certified sample tester from a drop-down box (even if they are not that individual), and authorize the sample as compliant. This control weakness could affect the acceptability and quality of highway construction project components.
- Sample material tests, which measure compliance with the design specification and are required to be performed periodically throughout the project, can be entered into SiteManager with all blank test result fields and the test will still satisfy testing results.
- SiteManager’s Contract Discrepancy Options can be turned off. If Pay Estimates are generated when the Discrepancy Option is turned off, insufficient samples for the materials placed on the project will not be identified.

- The Conversion Factors for materials are difficult to calculate. In addition, SiteManager allows conversion factors to be altered, which could adversely affect the number of tests required. In addition, the conversion factor field can be zeroed out, which would invalidate the required number of tests for the material, and this error may not be identified because a monitoring process is not currently in place.

Additionally, tests of active construction projects in Site Manager revealed that for 17 (65 percent) of 26 materials tested, the planned material tests did not meet the minimum tests required by the Guide Schedule of Sampling and Testing that is used to establish a project testing plan. The Guide Schedule, effective November 2007, is applicable to all contracts associated with the 2004 Standard Specifications and is a guide for minimum sampling and testing. Further, the minimum number of tests for materials placed on a project were not met for 9 (35 percent) of 26 of the materials tested.

Recommendations:

The Department should:

Develop and implement specific changes to SiteManager or implement other controls external to SiteManager that mitigate the corresponding risks. Specifically, the Department should:

- Restrict access to drop down menus containing certified testers so that an individual can select only his or her own name as the individual who conducted the test.
- Limit access to turning off the Contract Discrepancy Options to a very select group, with proper oversight provided to ensure the sufficient testing is conducted for all contracts.
- Identify blank and incomplete sample tests in SiteManager, and the incomplete information should be completed to ensure that materials meet specifications for the contract.
- Develop a process to identify incorrect conversion factors, and conversions factors that have been deleted should be monitored for reasonableness.
- Consider reviewing the override capability in SiteManager, and evaluate whether the deficiencies in materials testing are being monitored at a level to ensure the proper tests are being conducted.

Review the process for planning scheduled material tests in SiteManager and determine whether the existing process ensures that the minimum tests required by the Guide Schedule of Sample and Testing are established for the materials placed on the projects utilizing federal funds.

Management Response and Corrective Action Plan:

*We appreciate that the intent of this audit was on quality of construction through testing. Per 23 CFR 637 B TxDOT's Quality Assurance Program (QAP) requires that all testing be performed in accordance with the TxDOT Guide Schedule of Sampling and Testing (GS). However, the audit appears to have focused on the use of SiteManager (SM) for tracking sampling and testing for quality assurance rather than an in-depth audit of whether or not the testing was done for the material items selected. Districts are using the GS to establish a project testing plan. Districts may use SM or other means to monitor and track testing requirements. SM is a tool for districts to use in conjunction with the GS to track and monitor testing requirements. Because the SM Materials module requires extensive management and entering data in SM may be redundant to other methods used in the field, the use of SM for this purpose is not currently a requirement.*

*Upon initial review, and in speaking with the two audited districts regarding the items noted, we confirmed that the audited districts performed the testing in accordance with the GS. In addition, we performed verification on a few projects that were audited that were shown to have discrepancies. We further verified that the number of planned tests calculated by SM complies with the GS. One oversight in the audit that led to discrepancies being identified was that materials shown in SM that were not being used on the project had not been deleted in SM causing inconsequential testing requirements being required on the SM "Sampling and Testing Checklist."*

*When SM is used by the districts for tracking testing, in order to operate in the most efficient manner, we utilize record keepers to administer data. In most cases, the individual making the change is recorded in SM logs. We will enhance SM to track changes made for the items requiring logging.*

*However, the department is implementing several measures to assist districts in tracking testing for projects as follows:*

- *We have recently begun to deploy field devices (laptops) that will allow inspectors to enter data directly into SM. This will eliminate the redundancy of performing hard copy test and later entering data into SM.*
- *We have begun an intensive training effort to assist inspectors in the use of SM and the SM Materials module.*
- *We are working with AASHTO (owner of SM) to develop upgrades to SM and the SM Materials module.*

*From a preliminary review by department staff of the projects, materials, and test selected by the auditor, we found testing was being performed either at or exceeding the required GS frequency and that the schedule shown in SM was correct. We did find cases where testing input in SM lagged (testing and input sometimes takes several days or even weeks). In order to conduct a thorough review of testing for projects, we will perform an in-house review of the state program to:*

- *reviews the process districts use for generating the project testing plan,*
- *assess whether testing plan for each district meets GS requirements,*
- *review project records to determine whether or not the testing was actually performed, and*
- *assess the methods districts are using to track testing.*

*The product of the review will be best practices for an auditable process the districts can use to determine if project testing has been performed in accordance with TxDOT's QAP.*

*Implementation Date:   Assessment of Districts - June 2009  
                                   Initial enhancement to SM - June 2009  
                                   Training for district for SM - January 2010*

*Responsible Persons:    J. Jeffrey Seiders, Jr., P.E., Kenneth Barnett, P.E., and David Debo*

**University of Houston**

Reference No. 09-82

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.038 Award Number Not Applicable**

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

The maximum annual amount of Federal Perkins loans that an eligible student may borrow is \$4,000 for undergraduates and \$6,000 for graduate or professional students. The maximum annual amounts may be exceeded by 20 percent if the student is engaged in a study abroad program that is approved for credit by the home institution at which the student is enrolled and that has reasonable costs in excess of the home institution's cost of attendance (Title 34, Code of Federal Regulations, Section 674.12).

Questioned Cost:	\$ 6,755
U.S. Department of Education	

For 5 (31 percent) of 16 of students tested, the University of Houston (University) awarded Federal Perkins loans in excess of the maximum annual amount allowed. Four of these students were undergraduate students who received a Federal Perkins loan amount greater than \$4,000 but less than \$6,000. It could not be determined whether the students had a change in their academic status based on the information in the financial aid system (PeopleSoft). The fifth student was an undergraduate student who received \$6,000. Additionally, a review of the records did not indicate whether any of the five students were enrolled in a study abroad program during the award year 2007-2008. It could not be determined why the five students selected for testing received Federal Perkins loan amounts that exceeded the annual maximum allowed.

Recommendations:

The University should:

- Ensure that controls are in place to prevent a student from being awarded a Perkins loan amount that exceeds the maximum allowed. It also should maintain documentation that provides justification for exceeding the maximum annual amount, and that justification should be noted in PeopleSoft.
- Review all Perkins loan recipients who received more than the maximum amount to determine whether these students were erroneously given a Federal Perkins loan amount that exceeded the annual maximum allowed and make corrections as needed.

Management Response and Corrective Action Plan:

*We implemented preventative controls by configuring the maximum limit for Perkins loans in the Financial Aid System. Procedures are in place to identify and review the loans exceeding the maximum level. In addition, we hired a Quality Control Coordinator that is responsible for monitoring the awarding and disbursements of federal Perkins funds. Perkins loan recipients who received more than the maximum amount have been identified. Corrections were made to their accounts for the overages.*

*Implementation Date: January 31, 2009*

*Responsible Person: Sal Loria, Jr.*

Reference No. 09-83

**Reporting****Student Financial Assistance Cluster****Award year - July 1, 2007 to June 30, 2008****Award number - CFDA 84.063 P063P072333****Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System (Office of Management and Budget (OMB) Notice 1845-0039-v.4). Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report the student payment data (1) within 30 calendar days after it makes payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Institutions may do this by reporting once every 30 calendar days, biweekly, or weekly, or they may set up their own systems to ensure that changes are reported in a timely manner. (OMB Compliance Supplement A-133, March 2008, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-17 and 5-3-18))

Questioned Cost: \$ 0

U.S. Department of Education

If an institution submits a student's payment data in the manner and form prescribed, and if the U.S. Department of Education accepts the data and considers that information to be accurate in light of other available information, the institution may receive either (1) a payment for an award to a Pell Grant recipient or (2) a corresponding reduction in the amount of federal funds received in advance for which it is accountable. Institutions are required to report to the U.S. Department of Education any change in enrollment status, cost of attendance, or other event or condition that causes a change in the amount of a federal Pell grant for which a student qualifies by submitting student payment data that discloses the basis and result of the change in award (Title 34, Code of Federal Regulations, Section 690.83).

For 12 (24 percent) of 49 students tested, the University of Houston (University) did not report disbursement records to the COD System within 30 calendar days of the disbursement date.

Recommendation:

The University should improve its oversight of the Pell reporting process to ensure that it reports disbursement records to the COD System in a timely manner.

Management Response and Corrective Action Plan:

*We have identified the source of the errors for the non-timely reporting of disbursement records and have implemented procedures to help ensure that these types of errors are not recurring.*

*Implementation Date: August 31, 2008*

*Responsible Person: Melanie Morgan*



Reference No. 09-84

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.032 Award Number not applicable, CFDA 84.063 P063P072333, CFDA 84.007 P007A074166, CFDA 84.033 P033A074166, CFDA 84.376 P376S072333, and CFDA 84.375 P375A072333**

**Type of finding - Non-Compliance**

Institutions are required to establish and use written policies and procedures for verifying information contained in a student financial assistance application. These policies and procedures must include the procedures for making referrals described under Title 34, Code of Federal Regulations (CFR), Section 668.16 (Title 34, CFR, Section 668.53). Referrals should include instances in which the institution has identified credible information indicating that an applicant for Title IV Higher Education Act program assistance may have engaged in fraud or other criminal misconduct in connection with his or her application (Title 34, CFR, Section 668.16).

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

The University of Houston (University) does not have written procedures for making referrals required by federal regulations. As a result, it may not have the capability to identify and report instances of false or fraudulent information to the Office of the Inspector General of the U.S. Department of Education for investigation

Recommendation:

The University should develop and implement written procedures for making referrals as required by federal regulations.

Management Response and Corrective Action Plan:

*We have developed and implemented written procedures for making referrals as required by federal regulations.*

*Implementation Date: January 31, 2009*

*Responsible Person: Miroslava Martinez and Janette Carson*

Reference No. 09-85

**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 84.038 Award Number not Applicable****Type of finding - Significant Deficiency and Non-Compliance**Returning Funds to a Lender

When an institution receives Federal Family Education Loan Program (FFELP) funds from the lender by electronic funds transfer (EFT) or master check, it usually must disburse the funds within three business days. If a student is temporarily not eligible for a disbursement but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return FFELP funds that it does not disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement. (Title 34, Code of Federal Regulations, Section 668.167)

Questioned Cost: \$ 0

U.S. Department of Education

For 4 (8 percent) of 50 students tested, the University of Houston (University) did not disburse some funds to students' accounts within three business days of receipt from the lender. This represents 4 (2 percent) of 165 payments that were not disbursed in a timely manner. This was not due to eligibility issues. The University held the loan funds for significantly more than three business days and did not return the funds to the lender within the required time frame.

Disbursement Notifications

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or FFELP loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

For all Perkins and FFELP disbursements tested for 50 students, the University did not have documentation that it had sent the required disbursement notification within the required time frame. The University's newly implemented Student Financial Aid System does not have the capability to capture when disbursement notifications are sent by the system.

Access to PeopleSoft (Student Financial Aid System)

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

The University does not maintain appropriate access to PeopleSoft, its student financial aid software. Of the 58 users tested, all were IT users with super user access. This level of access provided these users with modify access to the disburse aid with override option, which allows them the capability of disbursing aid to a student while overriding all checks in PeopleSoft that are tied to disbursement. The University has not performed a review of its employees' PeopleSoft access since migrating to the new system. Information Technology support staff in the Student Financial Aid area are unaware of the level of access to the PeopleSoft permission lists.

Recommendations:

The University should:

- Ensure that it does not hold funds for more than the maximum allowed number of days.
- Ensure that documentation is available to support disbursement notifications provided to students.
- Restrict access to PeopleSoft based on job duties and responsibilities, limit the number of super users, and periodically review access levels to ensure that appropriate access is granted.
- Ensure information technology support staff are trained to understand the level of access to the various permission lists in PeopleSoft.

Management Response and Corrective Action Plan:

*We will develop written procedures to help ensure that funds are not held for more than the maximum allowed days.*

*Implementation Date: February 28, 2009*

*Responsible Person: Tina Chargois*

*We have modified the Financial Aid System to send emails to students for all disbursements and to provide for an audit trail to document notifications.*

*Implementation Date: January 31, 2009*

*Responsible Person: Sal Loria, Jr.*

*We hired a new Assistant Director of IT who is responsible for monitoring access controls. We reviewed the listing of all individuals who had access to the Financial Aid System and removed super-user access of all users who were not employees of the Financial Aid Office. We will implement procedures to provide for a periodic review of Financial Aid System access based on the job duties and responsibilities and will modify access, accordingly. The Financial Aid Assistant Director of IT and her staff will receive training on PeopleSoft security to gain knowledge of how the system is configured.*

*Implementation Date: February 28, 2009*

*Responsible Persons: Mary Comerota and Susie Winters*

Reference No. 09-86

### Special Tests and Provisions - Return of Title IV Funds

#### 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 P063P072333

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 prescribed by Title 34, Code of Federal Regulations, Section 668. 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)). For remaining amounts of Federal Family Education Loan Program (FFELP) and Direct Loan Program funds disbursed directly to the student for the payment period or period of enrollment (including funds disbursed directly to the student by the lender for a study-abroad program or for a student enrolled in a foreign school), 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 will issue a final demand letter to the borrower in accordance with Title 34, Code of Federal Regulations, Section 682.412, or Title 34, Code of Federal Regulations, Section 685.211 (Title 34, Code of Federal Regulations, Section 668.21(a)(2)).

Questioned Cost: \$10,259

U.S. Department of Education

The University of Houston (University) does not consistently return Title IV funds in a timely manner, does not consistently return funds in the proper amount, and does not consistently reimburse the appropriate Federal program. Specifically:

For 32 (67 percent) of 48 students with returns tested, return of funds was not completed in a timely manner.

For 10 (20 percent) of 50 students tested, the withdrawal date shown on the Return of Title IV worksheet was not accurate when compared to student records; the amount of the return was not calculated accurately; the payment period was not shown to be used consistently; and the percentage of aid earned by the student was not calculated correctly. For 8 (80 percent) of those 10 students, the University had not completed the Return of Title IV Funds calculation worksheet as of the time of audit testing.

For 16 (32 percent) of 50 students tested, the correct amount of aid was not returned by the University. For six of these students, the University had calculated returns to be made, but it had not yet made the returns, resulting in questioned costs of \$9,434.

For 9 (18 percent) of 50 students tested, funds returned were not allocated among federal programs in the correct order.

For two (100 percent) of two students tested for whom post-withdrawal disbursements were necessary, applicable requirements were not met. For one of these students, the amount of the post-withdrawal disbursement was too large, resulting in a questioned cost of \$825.

Further questioned costs may exist in the cases for which Return of Title IV worksheets have not been completed, but because the worksheets have not been completed, the amount of these additional questioned costs could not be determined.

For students who attended and withdrew but did not have returns, for 4 (40 percent) of 10 students tested, the withdrawal date on the Return of Title IV Funds worksheet was not supported by student records. For all four students, the University had not completed the Return of Title IV Funds worksheet. Therefore, for these four students, the amount of funds returned was not calculated correctly, there was not a consistent use of payment period, and the percentage of aid earned by the student was not calculated correctly. Because the worksheets have not been completed, the amount of these additional questioned costs could not be determined.

The University had difficulty providing the populations to be tested because it had difficulty using the PeopleSoft information system to identify students who unofficially withdrew. In addition, the University had difficulty identifying students who received aid but are known not to have begun attendance. For the one student identified who received aid but never began attendance, the University fulfilled all requirements except the requirement to notify the lender or Secretary of the U.S. Department Education, as appropriate. The University did not retain any documentation that it notified the lender or Secretary of the U.S. Department of Education that the student withdrew.

Recommendations:

The University should:

- Review its records for the 2007-2008 award year to identify all students for whom returns of Title IV funds still need to be made, and it should complete the necessary returns as promptly as possible.
- Implement controls to ensure that returns of Title IV funds are completed in a timely manner and in accordance with federal regulations.
- Ensure that it can identify within its financial aid system students who unofficially withdraw and who received aid but did not begin attendance.
- Retain documentation of notifying the lender or Secretary of the U.S. Department Education when students withdraw.

Management Response and Corrective Action Plan:

*We are in the process of reviewing records for the 2007-2008 award year to identify all students for whom returns of Title IV funds still need to be made. We have implemented enhanced policies and procedures to help ensure that a.) returns of Title IV funds are completed in a timely manner in accordance with federal regulations; b.) identify students in the Financial Aid System who unofficially withdraw and who received aid but did not begin attendance and c.) document notifications to the lender or Secretary of the U.S. Department of Education when students withdraw.*

*Implementation Date: April 30, 2009*

*Responsible Person: Jessica Thomas*

Reference No. 09-87

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issue 08-74 and 07-58)

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

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

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

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

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, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (NSLDS Enrollment Reporting Guide, Chapter 3.1.1.3).

For 29 (71 percent) of 41 student status changes tested, the University either did not report to NSLDS or did not report to NSLDS within the required 60-day time frame. Specifically:

For 20 (69 percent) of the 29 students their change in status was not reported to NSLDS for the time period tested. Specifically:

- Eleven of the 20 students were shown as having graduated; however, NSLDS did not have a graduated status reflected in the students' record.
- Six of the 20 students were shown as changing to less than full-time status, which was not reflected in NSLDS.
- One of the 20 students changed to less than half-time status, and the change was not reported to NSLDS.
- One of the 20 students withdrew, and the change was not reported to NSLDS.
- One of the 20 students dropped out, and the change was not reported to NSLDS.

For nine (31 percent) of the 29 students, their status change was reported; however, it was not reported in a timely manner.

All 29 student status changes that were not reported to NSLDS or were not reported to NSLDS in a timely manner also were not reported to the lender/guarantor within the required 30-day time frame.

The University had difficulty using the PeopleSoft information system to identify students with status changes during the year, and it also had difficulty providing the populations that auditors requested for testing. The University expressed that the system may have pulled all students who dropped a course, but the drop did not result in a change in status.

The University does not have documented policies and procedures for updating student status for Federal Family Education Loan Program (FFELP) and Direct Loan Program recipients.

Recommendations:

The University should:

- Implement changes to its reporting procedures to ensure that student status changes are reported to NSLDS and the lender/guarantors within the required time period.
- Ensure it is capable of identifying students who have a change in status in order to make accurate reports to NSLDS.

Management Response and Corrective Action Plan:

*We are in the process of determining the nature of the errors and we plan to modify our business practices, reporting procedures and enrollment services information systems as necessary to help ensure that student status changes are identified and reported to NSLDS and the lender / guarantors within the required time period.*

*Implementation Date: April 1, 2009*

*Responsible Persons: Debbie Hermann and Sal Loria, Jr.*

## University of North Texas Health Science Center at Fort Worth

Reference No. 09-88

### 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; CFDA 84.038 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

#### Disbursement Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0

U.S. Department of Education

The University of North Texas Health Science at Fort Worth (Health Science Center) e-mailed right-to-cancel notifications to students and then archived the e-mails. However, the archiving process in the e-mail application failed to archive all of the e-mails. As a result, the Health Science Center could not provide evidence that it had sent the notifications within the required time frames. For 39 of 39 (100 percent) students tested, there was no evidence that the student received one or both of the notifications for the fall and spring semesters. For 18 of those 39 (46 percent) students, the Health Science Center provided evidence for the fall notification, but not for the spring notification. This affected a total of 77 disbursements. The notifications contained the required information.

#### Recommendation:

The Health Science Center should ensure that it retains documentation indicating that it sent all right-to-cancel notifications to FPL and FFELP loan recipients.

#### Management Response and Corrective Action Plan:

*Management agrees with the findings of the auditor. The process by which students are notified of the Federally mandated Right to Cancel has been changed effective summer 2008. Manual notification via email and archival through the university's Graupwise email system has been replaced with programmatic notifications and archival through the institution's document imaging system. Every Friday, any student who received a Federal Perkins Loan or Federal Family Education Loan Program disbursement is automatically sent via email the required rights of cancellations and how to request such a cancellation. These emails are then routed to the student's permanent file which is housed in the UNTHSC imaging system.*

Implementation Date: August 2008

Responsible Person: R. Michael Haynes



**University of Texas at Austin**

Reference No. 09-89

**Special Tests and Provisions - Verification**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.063 P063P072336, CFDA 84.376 P376S072336, CFDA 84.038 Award Number Not Applicable, and CFDA 84.032 Award Number Not Applicable**

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

The primary factors considered in determining whether a student is eligible for federal financial assistance are cost of attendance (COA) and expected family contribution (EFC). The EFC is the amount a student and his or her family are expected to pay for educational expenses, and it is determined based on financial information provided by the student and parent(s) on the Free Application for Federal Student Aid (FAFSA). The information on the FAFSA is subject to verification (Title 34, Code of Federal Regulations, Sections 668.51, 668.52, and 668.56).

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

An institution must verify all FAFSAs that have been selected for verification. Items that are required to be verified 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, foreign income exclusion, earned income credit, and interest on tax-free bonds (Title 34, Code of Federal Regulations, Section 668.56).

The University of Texas at Austin (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 the quality improvement for the verification process, the University's policy requires verifying wages and income exclusions in addition to all of the items required by Title 34, Code of Federal Regulations, Section 668.56.

For the 2007-2008 award year, the University did not properly verify all required items on the FAFSAs. Auditors identified the following errors:

- For one (4 percent) of 26 students tested, the student's adjusted gross income (AGI) was incorrect. The counselor conducting verification entered the student's wages of \$2,960 as the student's AGI instead of entering the actual student's AGI of \$3,723. This was a manual entry error. The student's EFC did not change as a result of this, and the amount of financial aid awarded would not change; therefore, there was no questioned cost.
- For one (2 percent) of 50 students tested, the amount of tax-exempt interest was incorrect. The counselor conducting verification did not include \$9 of tax-exempt interest from the parent's tax return. This was a manual error. Using this information would have changed the student's EFC by \$3. This student received only loans, and the amount of financial aid awarded would not change with the correct EFC; therefore, there was no questioned cost.

Recommendation:

The University should implement a process to ensure that counselors use accurate information during the verification process.

Management Response and Corrective Action Plan:

Management will direct the OSFS Information Technology team to produce a “verification” review sheet which will print the applicant-reported verification items along with fields for the counselor performing verification to record the amounts from the applicant source documents (e.g., IRS income tax forms). These review sheets and the verification results will be sampled by the counselors’ supervisors for accuracy and any issues identified will be discussed between the supervisor and the counselor. In addition, verification cases (and possible sources of errors) will be discussed at counselor meetings.

Counselors will be provided with verification “block time” - a regularly scheduled time period where the counselor will verify files without interruptions. Focused attention on the verification task should help with both accuracy and timeliness.

Verification training for all counselors will occur prior to the start up of this process – as it has in years past. The length of training time will be expanded by 50% compared to the verification training conducted in Spring 2008. Counselors are provided with sample cases, income tax forms, verification manuals and other reference materials during this training.

While there is a finding regarding completeness, no instances of inappropriate expenditures of federal student aid dollars were noted in the sample cases.

Implementation Date: March 2009

Responsible Person: Diane Todd Sprague

Reference No. 09-90

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue - 08-77)

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.032 Award Number Not Applicable; CFDA 84.038 Award Number Not Applicable; and CFDA 84.063, P063P072336**

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

Calculating the Incorrect Return of Title IV Amount

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 aid 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) (1)-(4)).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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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 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. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student 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 16 (33 percent) of 49 returns tested, the University of Texas at Austin (University) incorrectly calculated the amount of Title IV aid earned and amount to be returned. These errors occurred because the period of enrollment percentage was calculated to three decimal places instead of being calculated to four decimal places and rounded to three decimal places. The errors were identified during the University's review process, which took place after the funds were required to be returned. There are no questioned costs because, the University (and students) returned, on a net basis, \$89.90 more to Title IV programs than was required to be returned. Specifically:

- Seven of the 16 returns resulted in the University returning, on a net basis, \$132.31 more than was required to be returned.
- Nine of the 16 returns resulted in the University returning \$41.98 less than was required to be returned.

For seven (14 percent) of 49 returns tested, the student returned the incorrect amount of Title IV assistance. Specifically, 4 of these 7 returns resulted in the students returning, on a net basis, \$110.85 more than was required to be returned. In addition, 3 of these 7 returns resulted in the students returning \$111.28 less than was required to be returned.

Additionally, auditors tested a sample of ten students who withdrew or dropped out and purportedly did not have a return. For 1 (10 percent) of 10 students' return calculations tested, the amount of the return was calculated incorrectly. As a result, the University returned \$0.77 less than it should have returned, and the student returned \$1.69 less than should have been returned.

#### Returning Title IV Funds After the 45-day Required Timeframe

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan Program (FFELP) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

For 5 (11 percent) of 47 returns tested, the University did not return Title IV funds within 45 days of the students' determined withdrawal date.

Recommendations:

The University should:

- Implement a process to ensure that it accurately performs the return of Title IV funds calculation.
- Strengthen controls to ensure that it returns Title IV funds within 45 days of determining a student's withdrawal date.

Management Response and Corrective Action Plan:

*The Office of Student Financial Services at the University of Texas at Austin immediately corrected the error regarding the number of decimal places used in the return of Title IV aid.*

*To strengthen the return of Title IV (R2T4) process, OSFS senior administrators will revisit the evaluation of the federal software, as well as expand our search for support to include other third-party R2T4 software products designed specifically for that purpose. Development of OSFS written software will be explored also as an alternative.*

*Currently R2T4 responsibilities are assigned to the counseling staff as a part of their many administrative duties. Management understands that R2T4 functions are performed by other administrative staff at other schools and universities. OSFS will evaluate the benefit of centralization of the R2T4 responsibility in one area and likely assign a staff member without student caseload functions (with the necessary training and back up) to help insure compliance with both the required timelines and accuracy.*

*Implementation Date: March 2009*

*Responsible Person: Diane Todd Sprague*

Reference No. 09-91

**Special Tests and Provisions - Student Loan Repayments****Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.038 Award Number Not Applicable**

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

Under the federal Perkins Loan Program institutions must contact borrowers during their initial and post deferment grace periods. The institution must contact the borrower three times during their initial nine-month grace period (Title 34 Code of Federal Regulations Section 674.42 (c)(1)(i)). The institution must contact the borrower for the second time 150 days after the beginning of any grace period (Title 34 Code of Federal Regulations Section 674.42 (c)(2)(ii)).

Questioned Cost: \$ 0

U.S. Department of Education

The University of Texas at Austin (University) did not make second contact with the borrower within 150 days after the start of their initial nine-month grace period for 24 (53 percent) of 45 defaulted Perkins loan borrowers tested.

Recommendation:

The University should ensure that it makes second contact with Perkins loan borrowers 150 days after the start of their initial nine-month grace period.

Management Response and Corrective Action Plan:

*As noted by the auditors, federal Perkins Loan regulations require three contacts during the initial grace period for Perkins borrowers. The program which generates our grace letters, SLNW201A, will be modified so that a letter is sent 150 days after the beginning of the initial grace period in addition to the letters currently sent 90 days after the beginning of the initial grace period and 240 days after the beginning of the initial grace period.*

*Implementation Date: March 2009*

*Responsible Person: Karen DeRouen*

Reference No. 09-92

**Allowable Costs/Cost Principles**

(Prior Audit Issues 08-78)

**Research and Development Cluster**

**Award year - August 1, 2007, to July 31, 2008; December 1, 2007, to November 30, 2008; July 1, 2008, to June 30, 2009; August 1, 2007, to July 31, 2008; January 1, 2008, to December 31, 2008**

**Award number - CFDA 47.049 CHE-0412609; CFDA 93.242, 5 R01 MH041770-19A1; CFDA 93.859, 5 R01 GM054409-11A1; CFDA 93.855, 1 R01 AI 064886-01; CFDA 93.396, 2 R01 CA031534-24**

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

Internal Service Charge

Direct costs are costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or facilities and administrative (F&A) costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution (Office of Management and Budget Circular A-21, Section D, Subsection 1). Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs (Office of Management and Budget Circular A-21, Section F, Subsection 6.b (3)).

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

The University of Texas at Austin's (University) policy specifies that following charges should not normally be included as direct charges to federal contracts and grant, including federal pass-throughs (that is, the charges are considered to be generally unallowable costs):

- Local telephone costs (includes purchase, installation, and monthly line charges) Only when dedicated lines are required by the project scope of work and approved by the sponsor in the project budget, are local telephone costs allowable as direct charges to a federal project. This also applies to the cost of pagers, cellular telephones, data transfer lines, and fax lines. Reasonable and necessary long distance charges are allowable as a direct cost only when identifiable with a project (University of Texas at Austin Policy [http://www.utexas.edu/research/osp/allowable\\_cost\\_policy.pdf](http://www.utexas.edu/research/osp/allowable_cost_policy.pdf), Attachment A).

The University's policy also specifies that:

- The cost of office supplies, local (basic) telephone costs, memberships, and subscriptions are treated as indirect costs, except under conditions that the University considers "unlike circumstances" under Cost Accounting Standards (CAS) 502 and as outlined in the University's direct cost policy (University of Texas at Austin Disclosure Statement, <http://www.utexas.edu/business/accounting/pubs/DS-2.pdf>, section 2.1.0, page 17 of 43).

For 1 (10 percent) of 10 internal service items tested, the University charged telephone equipment and basic line charges as a direct cost. Per federal requirements and University policy, these should have been included in the indirect charges. The direct amount charged was \$1,265.40. The University has corrected this by removing the charge from the federal account.

#### National Institutes of Health Salary Cap

Appropriated funds for the National Institutes of Health (NIH), the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration 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 I (Public Law 110-005, Revised Continuing Appropriations Resolution, 2007). The Executive Level I annual salary rate was \$186,600 for the period from January 1, 2007, through December 31, 2007. Effective January 1, 2008, the Executive Level I salary level increased to \$191,300 (NOT-OD-08-035, Salary Limitation on Grants, Cooperative Agreements, and Contracts, <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-08-035.html>).

The University did not adequately monitor the salary and wages charged to the U.S. Department of Health and Human Services NIH grants. For 2 of 5 researchers (representing 3 of 12 grants) tested, the University did not include cost sharing accounts on the effort certifications. Without the cost sharing accounts, the University could charge salaries to NIH grants in excess of the NIH salary cap. The University has updated the effort certification to include the cost sharing accounts, and the amount charged to NIH grants was not in excess of the salary cap.

For 1 (20 percent) of 5 researchers (representing 1 of 12 grants), the University showed an allocation of \$15,940 for August 2008. However, there was no effort certification for this researcher for that time period. This was the result of a timing difference. The pay allocation was for the last month of the fiscal year and did not get initiated until fiscal year 2009. The University has corrected this and the researcher certified his effort. The amount charged was not in excess of the NIH salary cap.

#### Recommendations:

The University should:

- Ensure that internal service charges are allowable according to the cost principles of OMB Circular A-21 and University policies.
- Ensure that employees at risk of exceeding the salary cap have been trained in University procedures and that cost share information is appropriately included in effort certifications.

Management Response and Corrective Action Plan:

*In response to the prior year audit finding regarding salary cap, the University developed a monthly process of appointment review on accounts funded by NIH and have documented a procedure which outlines our actions. The process was begun in February 2008 and includes report monitoring, researcher and department correspondence/notification, and tracking. We also developed a calculator designed to assist the researcher and department in determining the correct amount of salary that can be applied to a grant in accordance with the cap and the amount of cost sharing being provided as a result of the cap. The calculator is intended to assist the researcher and department with appointment management and effort certification.*

*During FY07-08, 19 researchers were identified as possibly being affected by NIH Cap regulations. Under our review process, those individuals were provided information concerning the NIH Cap. Since this was a new process for FY07-08, the two researchers were unaware that the cost share piece associated with the cap excess had to be manually accounted for within the University's Effort Certification System.*

*The University believes the efforts previously taken to address the NIH Cap are appropriate and the recommendation has been implemented. We will continue to coordinate with the affected campus to provide notice and training on the process.*

*The University agrees with the finding outlined regarding internal service charges and has designed the control measures, described below, to ensure consistent costing treatment of direct and indirect costs.*

*Periodic integrity checks will be performed for all sponsored agreements. The integrity checks will query for select expenditures on object codes that are customarily indirect charges. The report will be used in an effort to identify charges in the select object code range that are not allowed within the approved budget and scope of work.*

*Based on the integrity checks, a table of known and allowed exceptions will be developed. The exception table can be run against the original integrity check to weed out known exceptions thereby reduction review time.*

*Implementation Date: March 2010*

*Responsible Person Janie Kohl*

Reference No. 09-93

**Davis-Bacon Act**

**Research and Development Cluster**

**Award year - September 1, 2006, to August 31, 2008**

**Award number - CFDA 11.420, NA06NOS4200199**

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

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government wide implementation of the Davis-Bacon Act, or by federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141-3144, 3146, and 3147 (formerly Title 40, USC, Sections 276a to 276a-7)).

Questioned Cost: \$ 0

U.S. Department of  
Commerce

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, 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, Code of Federal Regulations, 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 University of Texas at Austin (University) includes a prevailing wage clause in the special terms and conditions of all of its contracts. However, the University does not require the submission of certified payrolls on a weekly basis. The University requests payrolls only if there are complaints.

Recommendation:

The University should ensure that it receives certified payrolls on a weekly basis for all construction contracts that exceed \$2,000 and that are financed with federal funds.

Management Response and Corrective Action Plan:

*The University of Texas at Austin agrees that the issue of applicability of the federal Davis-Bacon Act requirements to construction contracts requires further review. In coordination with the UT System Office of General Counsel and the Office of Facilities Planning and Construction, we will continue to research the applicability of the Davis-Bacon Act to our construction contracts. Once it is determined whether, and in what way, the Davis-Bacon Act applies, we will develop a business process for incorporating Davis-Bacon Act requirements into appropriate construction contracts.*

Implementation Date: December 2009

Responsible Person: Robert G. Miller

Reference No. 09-94

**Equipment and Real Property Management**

(Prior Audit Issue - 08-79)

**Research and Development Cluster**

**Award year - Multiple**

**Award number - All Grants with Equipment and Real Property Requirements**

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

A recipient's property management standards for equipment acquired with federal funds and federally-owned equipment must require that equipment records be maintained accurately and include the location and condition of the equipment. Additionally, equipment owned by the federal government must be identified to indicate federal ownership (Office of Management and Budget Circular A-110, Subpart C, 34.f).

Questioned Cost: \$ 0
Federal Agencies that Provide R&D Grants



The University of Texas at Austin (University) has a policy that requires equipment with a unit cost of \$5,000 or more be assigned to a departmental inventory. In addition, the Office of the Texas Comptroller of Public Accounts (Comptroller's Office) defines controlled items as items with a unit cost of \$500 to \$4,999.99. The Comptroller's Office also requires that controlled item be assigned to a departmental inventory. The University's policy states that its Inventory Services Department will affix a numbered property control plate to the property (or assign an inventory number) and enter appropriate data on the University's computerized inventory system (Handbook of Business Procedures, Section 16.2.A).

Inventory records for 11 (22 percent) of 50 equipment items tested contained inaccurate information about the equipment. Specifically:

- For eight of these items, the University tagged the equipment with a different inventory number than was shown in its inventory records. The University assigned seven of these equipment items temporary inventory numbers during its year-end inventory process. It subsequently assigned new inventory numbers to the equipment, but it had not yet updated its inventory records to reflect these new numbers. One item had been assigned an inventory number, but the item was not tagged. The item was later tagged with a different number, but the inventory record had not been updated.
- For two of these items an inventory number had not been affixed to the equipment. One item was assigned a temporary inventory number during the year-end inventory process, but it was not tagged. One item had been assigned an inventory number, but the item was not tagged.
- For seven of these items, the inventory record for the equipment did not contain accurate information about the location of the equipment. (Six of these exceptions overlapped with the exceptions noted above).

The University has updated the inventory records for the 11 items discussed above.

Recommendation:

The University should update all inventory records to reflect the most accurate information.

Management Response and Corrective Action Plan:

*The University concurs with the finding. The current year-end inventory process is to assign temporary inventory numbers to assets to enable the items to be included for year-end reporting. The University's computerized inventory system is locked down at year end to allow for reporting and reopened in October for daily processing. While the system is locked down, self-tagging departments and Inventory Services continue to tag items. Once the inventory system is reopened, Inventory Services staff updates the records and assign permanent inventory numbers as designated by the self-tagging departments or Inventory Services taggers. Although it is unlikely to be completed this year, one of the current IT priorities for Inventory System enhancements is to keep the system open thereby allowing continual updating of records concurrently with year-end processing for financial reporting purposes.*

*Location information is required in the University's computerized inventory system. Department comments can also be entered in the system for additional information. Through semi-annual Inventory Group Focus meetings and on-line re-certification training for Inventory Contacts, we will continue to educate department personnel on the critical nature of the timeliness of the tagging process. As part of training, Inventory Services will also stress where, how and when to update location information for capital assets.*

*Other enhancements include the creation an Access database for Inventory Service's taggers to enter their daily tagging information allowing tagging data to be located in a central location. The Inventory system will be updated monthly with downloads from this Access database. In addition, when assigning temporary numbers at year-end, Inventory Services will review the purchase order to verify the location of the asset. In conjunction with the above improvements, Inventory Services staff will begin conducting spot audits of capitalized assets in March 2009.*

*Implementation Date: August 2009*

*Responsible Person: Cynthia A. Gregg*

Reference No. 09-95

**Matching, Level of Effort, Earmarking**

(Prior Audit Issues 08-80, 07-69, and 06-63)

**Research and Development Cluster**

**Award year - Multiple**

**Award number - All Grants with Matching Requirements**

**Type of finding - Significant Deficiency**

Non-federal entities may be required to share in the cost of research. The specific program regulations, general agency award guidance, or individual federal award will specify applicable matching requirements, including the minimum amount or percentage of contributions or matching funds provided by the institution (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 5, Section G). The matching contributions must also comply with the requirements of OMB Circular A-110, Section .23, including the allowable cost principles of OMB Circular A-21. These requirements include that matching contributions must be from allowable sources, must value in-kind contributions according the principles of OMB Circular A-21 and the terms of the award, and must be composed of allowable costs.

Questioned Cost: \$ 0
Federal Agencies that Provide R&D Grants

The University of Texas at Austin (University) does not have an adequate system for monitoring whether it meets required matching contributions. The University's system for tracking its matching contributions is decentralized, and each department is responsible for maintaining its own documentation of contributions.

In addition, the information maintained for matching did not include whether the match was mandatory per the grant agreement or volunteered by the University. The information also does not identify which grants were federal research and development grants. Of the 30 grants selected for testing, only one was a federal research and development grant and had a required match in fiscal year 2008.

Despite this control deficiency, the University was able to provide sufficient evidence showing that it complied with applicable matching requirements and award terms for the one grant tested.

Recommendations:

The University should:

- Develop an adequate system of monitoring compliance with matching requirements.
- Identify federal research and development grants and whether a match is required or voluntary in the information it maintains.

Management Response and Corrective Action Plan:

*The University concurs with the recommendation regarding the need for an adequate system of monitoring compliance with matching requirements. University leadership will charge a taskforce to study the options available to meet this monitoring initiative. Based on efforts in 2008 to initiate companion accounts, the University has identified vested stake holders in multiple central administrative units. The leadership of those units will serve as the taskforce sponsors. The University requests that the State Auditor shares any best practices that the State Auditor has observed during the Statewide A-133 process at other locations so those approaches can be reviewed.*

*The University also concurs with the recommendation for a process to distinguish between a match that is required or is voluntary for specific federal grants. To coincide with the manual collection of matching information on the Cost Share Recap form (which includes a notation of Mandatory and Voluntary) the University will modify the pre-award system to include a data element to distinguish between the two types. This data will be included in the population download normally used in the A-133 audit process.*

*Implementation Date: Taskforce creation and charge - December 2009  
Modification of the pre-award system - June 2009*

*Responsible Person: Taskforce creation and charge - Juan Sanchez  
Modification of pre-award system - Jason Richter*

## University of Texas at Dallas

Reference No. 09-96

### Eligibility

#### Student Financial Assistance Cluster

Award year - July 1, 2007 to June 30, 2008

Award number - CFDA 84.032 P063P073234, P375A073234, P376S073234, P033A074174, and P007A074174

Type of finding - Significant Deficiency and Non-Compliance

#### Access to the Student Information System

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300 (b)).

Questioned Cost: \$ 0

U.S. Department of Education

The University of Texas at Dallas (University) did not maintain appropriate access to its Student Information System (SIS). Employees in the financial aid office had excessive access, with the capability of registering, dropping, and adding students; deleting and modifying student identification numbers; modifying the disbursement schedule and fund budget tables; and modifying the students' accounts screen. In addition, employees in the bursar's office had excessive access, with the capability of issuing refunds and modifying students' personal records (such as physical mailing addresses). Three individuals who were no longer employed in the bursar's office still had active access to SIS.

#### 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 minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) that is provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student'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(d) (2)).

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." The 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 10871l).

For 2 (4 percent) of 50 students tested, the University calculated the cost of attendance budgets incorrectly. Specifically:

- One student's tuition was entered into the Financial Aid System as \$712 less than it should have been. This caused the student's cost of attendance to be less than it actually was. The student would have been eligible for an additional \$540 in financial assistance if the tuition had been entered correctly. However, the student attended summer school and received the additional financial assistance then.

- Another student's cost of attendance was calculated as if the student were living with the student's parents when the student was living off campus and not with the student's parents. This caused the cost of attendance to be lower than it actually was. However, the student was offered the maximum amount of financial assistance that could have been received.

Recommendations:

The University should:

- Restrict access to SIS screens based on employees' job duties and responsibilities, and periodically review employee access levels to ensure that appropriate access is granted and that separation of duties exists.
- Remove SIS access for the three individuals who are no longer employed in the bursar's office.
- Implement a control procedure to ensure that cost of attendance is calculated correctly in the Financial Aid System and that this system reflects the approved University budget.

Management Response and Corrective Action Plan:

1. *One of the employees with excessive access was a former employee of the Registrar's Office. His access has now been modified to remove his ability to perform Registrar type functions. The other employee with excessive access is no longer an employee of the university.*

*To ensure redundancy due to the conversion to PeopleSoft, we have Admin Team members who are out working on the project. Having additional admin team members with full access to the student system is important in order for our students to be served in a timely manner. Once the conversion to PeopleSoft is complete access to the student system will be modified.*

2. *Since this audit, extensive training on making sure the correct cost of attendance is offered has been completed. Once the conversion to PeopleSoft is complete, the students' cost of attendance will be built based on what the student indicates on the Institutional Student Information Record (ISIR) (i.e., living with parents or living on campus).*

*Implementation Date: Summer Semester 2009*

*Responsible Person: Dr. Karen Jarrell*

Reference No. 09-97

**Procurement and Suspension and Debarment****Research and Development Cluster**

Award year - Multiple (2005, 2006, 2007, 2008)

Award number - CFDA 12.300 VOT-6847-01, CFDA 93.173 5R01PC00835-02, CFDA 12.800 FA9550-05-1-0393, CFDA 12.420 W8IXWH-07-1-0492, CFDA 12.800 FA9550-06-1-0403, CFDA 12.420 W8IXWH-07-1-0492, CFDA 47.070 4400131597, CFDA 12.420 W8IXWH-07-1-0492, CFDA 12.800 FA9550-05-1-0393, CFDA 84.305 R305B070581, and CFDA 12.300 N000

Type of finding - Significant Deficiency and Non-Compliance

Noncompliance with Requirement to Verify that Vendors Are Not Suspended or Debarred

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Office of Management and Budget Circular A-102, Grants and Cooperative Agreements with State and Local Governments, Section 1.d and A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Subpart B.13; Executive Orders 12549 and 12689, Debarment and Suspension; Title 45, Code of Federal Regulations, Part 76, Government-wide Debarment and Suspension).

Questioned Cost: \$ 0

Office of Naval Research  
U.S. Health and Human  
Services  
National Science Foundation  
U. S. Department of Education

The University of Texas at Dallas (University) has a procurement policy (E2-190.1) that for all purchases expected to exceed \$25,000, it will:

- Include in the bid package the Federal Suspension and Debarment Certification.
- Prior to award, verify the vendor status via the List of Parties Excluded from Federal Procurement and Non-Procurement Web site (<http://www.epls.gov>), and retain a verified copy.

For all 14 purchases the University made that exceeded or were equal to \$25,000, the Procurement Management Office at the University did not have documentation indicating that it verified whether vendors for purchases equal to or above \$25,000 were not suspended or debarred. The University did not maintain Federal Suspension and Debarment Certification copies in its procurement files as required by its policies and procedures. Auditors verified the 14 purchases made by the University were from vendors that were not suspended or debarred.

No Review and Approval of Purchase Orders

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 that could have material effect on each of its Federal programs. (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

A University of Texas System Board of Regents Rule (Series 10501 Section 5) allows the President of the University to delegate signature authority to execute and deliver purchase orders for routine purchases of equipment, supplies, goods, and services. The authority was placed with the University's Assistant Vice President for Procurement Management and the Purchasing Manager. The University's *Methods of Purchasing Policy E1-130.00 section 3* states:

Purchase Requisition - used to start the normal procurement process; Procurement Management Department will check for proper approvals, encumber funds, and then secure required goods and/or services for the requisitioning department via issuance of a Purchase Order.

The Procurement Management Office at the University did not review and approve 1 (2 percent) of 50 purchases tested. Purchase Order 802398 (PO) was amended due to a "request to change the vendor." The original PO was dated May 5, 2008, and had the required approval signature of the Purchase Manager. However, the PO with the change vendor request dated May 29, 2008, did not have the proper approval signature of the Purchase Manager or the Assistant Vice President for Procurement Management; instead, it had the signature of a Procurement Management Office buyer.

Recommendations:

The University should:

- Retain evidence in its procurement files, such as screen prints, showing that it performed the required review of the EPLS Web site for all purchase orders expected to equal or exceed \$25,000.
- Change the wording of policy E2-190.1 to state, "For purchases expected to equal or exceed \$25,000" instead of "For purchases expected to exceed \$25,000" to ensure full compliance with the suspension and debarment requirement.
- Ensure that the Assistant Vice President for Procurement Management or the Purchase Manager of the Procurement Management Office review and approve purchase order forms to ensure compliance with relevant requirements.

Management Response and Corrective Action Plan:

Noncompliance with Requirement to Verify that Vendors Are Not Suspended or Debarred

*We concur and took immediate action to print out the vendor's status in the Excluded Parties List System (EPLS) for all future federally funded procurements equaling or exceeding \$25,000. Although we checked the status prior to the audit, we failed to print the report and attach it to the purchase order file. This has been corrected. Wording of policy E2-190.1 will be changed as instructed to read "For purchases expected to equal or exceed \$25,000". Additionally, the Assistant VP for Procurement Management reviews a monthly report of purchases equaling or exceeding \$25,000 to verify that the proper documentation is in the file.*

No review and approval of Purchase Orders

*We agree that each and every purchase order, including "change" purchase orders, will be reviewed and approved by the Purchasing Manager or Assistant VP for Procurement Management.*

*Implementation Date: Immediately, January 2009*

*Responsible Person: Pete Bond*

## University of Texas at El Paso

Reference No. 09-98

### Eligibility

#### Student Financial Assistance Cluster

Award year - July 1, 2007 to June 30, 2008

Award number - CFDA 84.032 Award Number Not Applicable

Type of Finding - Significant Deficiency and Non-Compliance

#### Satisfactory Academic Progress Policy

A financial aid Satisfactory Academic Progress (SAP) policy should include a quantitative component that consists of a maximum timeframe within which a student must complete his or her education (Title 34, Code of Federal Regulations, Section 668.16(e)). An eligible institution offering graduate programs must develop, disseminate, and consistently apply a policy defining the maximum timeframe graduate students have to complete their programs (U.S. Department of Education, *Student Financial Aid Handbook*, Volume 2, page 122).

Questioned Cost: \$ 1,326

U.S. Department of Education

The University of Texas at El Paso's (University) SAP policy did not include a maximum timeframe of attempted hours within which graduate students must complete their programs. The policy stated, "Master, Certification and Doctoral candidates do not have a limit on attempted hours."

#### Federal Supplemental Educational Opportunity Grant Minimum Awards

A Federal Supplemental Educational Opportunity Grant (FSEOG) may not be awarded for less than \$100 for a full academic year (Title 34, Code of Federal Regulations, Section 676.20).

The University awarded FSEOG amounts that were less than the \$100 to seven students who attended for a full academic year. University staff stated that FSEOG was reduced in order to allow Academic Competitiveness Grants (ACGs), which resulted in the FSEOG awards of less than \$100. The University applied an internal cap on grant awards to students who also received ACG.

#### Cost of Attendance and Stafford Loans

A student is eligible to receive a Stafford loan, and an independent undergraduate student, a graduate or dependent undergraduate student, is eligible to receive an unsubsidized Stafford loan, if the student who is enrolled or accepted for enrollment on at least a half-time basis at a participating institution meets the requirements for an eligible student under Title 34, Code of Federal Regulations, Chapter 668. In the case of any student who seeks an unsubsidized Stafford loan for the cost of attendance at an institution that participates in the Stafford Loan Program, the student must receive a determination of need for a subsidized Stafford loan (Title 34, Code of Federal Regulations, Section 682.201).

The University calculated the cost of attendance incorrectly for 1 (3 percent) of 40 students tested. The student registered full-time but attended three-quarters time. The University did not adjust financial assistance accordingly. As a result, the University awarded the student assistance in an amount that exceeded need by \$1,326. The additional amount was an unsubsidized Stafford loan.



Recommendations:

The University should:

- Revise its SAP policy to define a maximum timeframe for each category of graduate student.
- Revise its grant award procedures to include controls to ensure that it awards FSEOG in compliance with federal regulations.
- Implement controls to ensure that it updates procedures such as SAP evaluation and grant awards promptly and accurately in the future.
- Implement controls to accurately recalculate cost of attendance and adjust Stafford loan awards based on changes in students' hours of enrollment.

Management Response and Corrective Action Plan:

Satisfactory Academic Progress Policy

*Our SAP Policy has been revised to consistently apply a policy defining the maximum timeframe graduate students have to complete their programs.*

*Implementation Date: January 30, 2009*

*Person Responsible: Maria Carrizales*

Federal Supplemental Educational Opportunity Grant Minimum Awards

*The Office of Student Financial Aid has implemented procedures and controls within BANNER (the student information system) to ensure that we award FSEOG in compliance with federal regulations.*

*Implementation Date: January 31, 2009*

*Person Responsible: Ron Williams*

Cost of Attendance and Stafford Loans

*The university will implement controls to monitor and identify students whose Cost of Attendance needs to be recalculated due to a change in enrollment hours and adjust Stafford Loans if needed.*

*Implementation Date: January 31, 2009*

*Person Responsible: Ron Williams*

Reference No. 09-99

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

If an institution credits a student's account at the institution with Federal Perkins (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0

U.S. Department of Education

Of 50 student accounts tested at the University, 35 (70 percent) required the University to notify the student or the student's parent about the disbursement. For 1 (3 percent) of the 35 accounts tested that required a disbursement notification (which constituted 1 of 104 disbursement notifications), the University could not provide evidence that it sent the required notification to the student or the student's parents during the required timeframe.

Recommendation:

The University should implement controls to notify students or parents when students' accounts are credited with federal loans, and send the notifications within required timeframes.

Management Response and Corrective Action Plan:Disbursement Notifications

*The university will implement additional controls and look at alternative means through the institutional FAMS (BANNER) to notify students or parents when student's accounts are credited with federal loans, and send the notifications in the required timeframes.*

*Implementation Date: Spring 2009*

*Responsible Person: Ron Williams*

Reference No. 09-100

**Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award year - Multiple**

**Award number - CFDA 12.630 HM1582-06-1-2047,CFDA 43.0002 UTEP006-060208, CFDA 81.089 DEFG26-05NT42491, CFDA 84.120 P120A070032B, CFDA 93.113 5 S11 ES013339-03, CFDA 12.901 H98230-06-C-0500, CFDA 93.859 5 R25 GM069621-04, CFDA 47.076 EHR-0227124, CFDA 93.243 5 H79 T117155-03, CFDA 12.630 2273-219, CFDA 47.076 HRD-0217691, CFDA 47.076 DUE-0631168, and CFDA 12.000 W9113M-08-C-0010**

**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 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 J, Subsection 10.

Questioned Cost: \$32,706  
  
U.S. Department of Defense  
National Aeronautics and Space Administration  
U.S. Department of Energy  
U.S. Department of Education  
U.S. Health and Human Services  
National Science Foundation

For 13 (92.8 percent) of 14 time and effort items tested at the University of Texas at El Paso (University), the employees' *Time and Effort Certification Reports* for the applicable period were not completed in a timely manner (completion was considered timely if it occurred within 30 days of receipt of the forms). For 4 (31 percent) of the 13, the employees' *Time and Effort Certification Reports* were certified more than 6 months from the expected certification date.

The University's time and effort certification policy in effect for fiscal year 2008 did not contain time limits for the completion of effort reporting. The policy stated only that the Office of Research and Sponsored Projects will deliver the *Time and Effort Certification Reports* to the principal investigator on a monthly basis. However, guidance from the University of Texas System on effort reporting policies requires that institutions implement effort polices that (1) require all *Effort Certification Reports* to be completed within 30 days of receipt of the forms and (2) include the consequences of not completing *Effort Certification Reports* in a timely manner (UTS-163 - Guidance on Effort Reporting Policy) <http://www.utsystem.edu/policy/policies/uts163.html>).

Indirect Cost Rate

Facilities and administration (F&A) costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships, as well as the portion of each subgrant and subcontract in excess of \$25,000, shall be excluded from modified total direct costs. Other items may only be excluded where necessary to avoid a serious inequity in the distribution of F&A costs. For this purpose, an F&A cost rate should be determined for each of the separate F&A cost pools developed pursuant to federal requirements. The rate in each case should be stated as the percentage that the amount of the particular F&A cost pool is of the modified total direct costs identified with such pool (Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, Section G, Subsection 2).

For 1 (3 percent) of 40 indirect cost rate items tested at the University, the indirect cost charged was not in accordance with the cognizant federal agency rate agreement and was not applied to the appropriate modified direct cost base. During the setup phase of the grant, the University erroneously assigned an indirect cost rate in its automated general ledger system to an equipment account that was not part of the modified direct cost base as specified in the rate agreement. Due to this error, the University overcharged \$32,706.30 for fiscal year 2008.

Recommendations:

The University should:

- Ensure that principal investigators complete *Time and Effort Certification Reports* in a timely manner.
- Update its policies and procedures to conform to the requirements of University of Texas System 163 - Guidance on Effort Reporting Policy.
- Ensure personnel are properly trained on account setup procedures for Research and Development grants and awards.

Management Response and Corrective Action Plan:

Time and Effort Certification

*We concur with the findings noted above, all referenced Personnel Effort Reports (PERS) were signed late and no copies of the reminder letters to the PI's were located. University policies and procedures are under revision to conform to applicable requirements from the University of Texas System, UTS 163, which will eliminate the requirement of certification of nearly all these sampled PERS, since personnel on these PERS (mostly students) do not need to be certified under UTS 163. We are currently implementing an automated time and effort reporting system that is designed to facilitate certifications from principal investigators in a timely, accurate manner.*

*Implementation Date: April 15, 2009 (first certification period)*

*Responsible Person: Manuela Dokie*

Indirect Cost Rate

*We agree with the identification of the error, the amount of overcharge calculated for 2008 and that training in account set up is essential. However, in this case the only error identified in the sample of 40 transactions was caused by a data entry error, not a deficiency in training. Therefore, we will institute a control that will make use of downloads to identify sub accounts exempt from indirect costs. Once identified, these accounts will be reviewed after set up to ensure improper rates have not been assigned.*

*Implementation Date: March 1, 2009*

*Responsible Person: Anthony E. Turrietta*

University of Texas Health Science Center at Houston

Reference No. 09-101

**Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award Year - Multiple**

**Award Number - All Research and Development Grants**

**Type of finding - Non-Compliance**

Educational institutions that received aggregate sponsored agreements totaling \$25 million or more and subject to Office of Management and Budget Circular A-21 during their most recently completed fiscal year must disclose their cost accounting practices by filing a Disclosure Statement (DS-2). With the approval of the cognizant agency, an educational institution may meet the DS 2 submission by submitting the DS-2 for each business unit that received \$25 million or more in sponsored agreements (Office of Management and Budget Circular A-21, Section C.14.a).The cognizant agency distributes to all affected agencies any DS-2 determination of adequacy and/or noncompliance (Office of Management and Budget Circular A-21, Section C.14.h (3)).

Questioned Cost: \$ 0
Federal Agencies that Provide R&D Grants

The University of Texas Health Science Center at Houston’s (Health Science Center) DS-2 has not been approved by its cognizant agency, the U.S. Department of Health and Human Services. The Health Science Center made \$129,544,100 in expenditures for sponsored programs in fiscal year 2008.

Health Science Center staff prepared and submitted a DS-2 to the U.S. Department of Health and Human Services (DHHS) in 2001. DHHS had follow-up questions that were not addressed by the Health Science Center. Consequently, the Health Science Center’s DS-2 was not approved by DHHS. The Health Science Center staff believed the DS-2 had been approved by DHHS because the Health Science Center continued to be awarded federal grants.

Recommendation:

The Health Science Center should submit its current DS-2 for approval from its cognizant agency.

Management Response and Corrective Action Plan:

*UT Health Science Center at Houston staff had addressed DHHS’s initial questions related to our DS-2 submission of which we were aware. We were unaware that there were additional follow up questions and have been unable to find any DHHS correspondence to that fact. We have subsequently submitted a current DS-2 for DHHS approval on January 14, 2009 and will follow up with DHHS on its status until we receive formal approval notification from our cognizant agency.*

*Implementation Date: January 2009*

*Responsible Person: Laura Smith*

Reference No. 09-102

**Equipment and Real Property Management****Research and Development Cluster**

Award year - July 1, 2007 to June 30, 2008; September 1, 2006 to September 29, 2008

Award number - CFDA 93.853 5P01NS030310 and 5P50NS044227; CFDA 93.837 5R37HL051021 and 5U01HL075572

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

A recipient's property management standards for equipment acquired with federal funds and federally-owned equipment must require that equipment records be maintained accurately and include the location and condition of the equipment. Additionally, equipment owned by the federal government must be identified to indicate federal ownership (Office of Management and Budget Circular A-110, Subpart C, 34.f).

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

The University of Texas Health Science Center at Houston (Health Science Center) has a policy requiring that all capital and controlled assets have a bar code identification plate affixed to the property and that inventory records are updated in the Assets Management System accordingly (Capital Assets Management Handbook Section C). In addition, the Office of the Texas Comptroller of Public Accounts (Comptroller's Office) defines controlled items as those items with a unit cost of \$500 to \$4,999.99. The Comptroller's Office also requires that controlled item be assigned to a departmental inventory.

Inventory records for 4 (8 percent) of 50 equipment items tested at the Health Science Center contained inaccurate information about the equipment. Specifically:

- For two items, the Health Science Center's records had serial numbers that differed from the serial numbers on the tagged items.
- For two items, the location stated in the inventory record for the equipment was not the same location where the equipment was located.

**Recommendation:**

The Health Science Center should ensure that it updates all inventory records to reflect the most accurate information.

**Management Response and Corrective Action Plan:**

*The Health Science Center concurs. Capital Asset Management (CAM) has reiterated the importance of accurate capital asset records to departmental inventory contacts. CAM will monitor data collected during perpetual inventory, update records as necessary, and identify and provide re-training where necessary.*

*Implementation Date: February 2009*

*Responsible Person: Heidemarie Hellriegel*

Reference No. 09-103

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 93.279 5R01DA017505-04**

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

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. (Office of Management and Budget Circulars A-102, Grants and Cooperative Agreements with State and Local Governments, Section 1.d and A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Subpart B.13; Executive Orders 12549 and 12689, Debarment and Suspension; Title 45 Code of Federal Regulations, Part 76, Government wide Debarment and Suspension).

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

The University of Texas Health Science Center at Houston's (Health Science Center) procurement policy requires vendor suspension and debarment certifications for transactions with amounts that are greater than \$25,000.

One (8 percent) of 12 vendor files tested at the Health Science Center did not contain a suspension and debarment certification. Auditors' review of the ELPS Web site indicated that the vendor was not suspended or debarred.

Recommendation:

The Health Science Center should verify that all vendors to which it awards contracts with amounts greater than or equal to \$25,000 are not suspended or debarred from federal contracts.

Management Response and Corrective Action Plan:

*The Health Science Center concurs. The Procurement Department has reviewed its procedures and training materials with regard to suspension and debarment. Department management has met with all buyers to address any misunderstanding of the materials and re-trained where necessary.*

*Implementation Date: February 2009*

*Responsible Person: Danny Rawson*

## University of Texas Health Science Center at San Antonio

Reference No. 09-104

### 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

Type of finding - Significant Deficiency and Non-Compliance

#### Disbursement Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0

U.S. Department of Education

The University of Texas Health Science Center at San Antonio (Health Science Center) could not provide documentation indicating it sent disbursement notification letters to 39 (100 percent) of 39 students tested.

#### Access to the Financial Aid System

Institutions are required to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

User access security to the Health Science Center's Financial Aid System was inappropriately defined. The Student Financial Aid Director, Associate Director of Student Financial Aid, Senior Student Financial Aid Officer, and a Senior Software Specialist II are assigned the super administrative role. Super administrator roles have the ability to make changes to historical data through the application. Super administrative accounts also have expanded capability to make changes to application data, such as backdating effective dates. In the event that a history file is not maintained, there is the potential for unauthorized data changes to be made within the student application. The system, however, does track history changes for the Institutional Student Information Report and the Financial Aid Term tables, which both contain student federal assistance data.

Improper user access and not maintaining a history of data changes increases the risk of unauthorized federal assistance and unauthorized changes to historical data.

#### Recommendations:

The Health Science Center should:

- Retain documentation indicating that it sent all disbursement notification letters to all FPL and FFELP loan recipients.



- Review user access security to ensure that it assigns authorized and appropriate levels of access to each employee based on job function.
- Maintain and review a historical record of changes to student federal assistance data.

Management Response and Corrective Action Plan:

**Disbursement Notification Letters:**

*The Office of Student Financial Aid has been sending the notices to students who received funds electronically and kept an Excel log of these as well as the email extract files. The office self reported this as a possible deficiency to the SAO upon the Audit Entrance. The Office of Student Financial Aid eliminated this deficiency during the upgrade to our current Student Administrative System subsequent to the auditor's on-site fieldwork.*

*The newly adopted process runs daily, sending an email to all students that have any disbursement activity, loan or otherwise, to their campus email address. The Student Administration System updates the student's record upon the completion of the communication. The delivery can be independently confirmed since the communication is generated by the system itself and posted to the students' permanent communication history by the automated process. The email sent to students contains all relevant data as required by 34 CFR 668.165 in addition it includes the students aggregate borrowing as reported by the National Student Loan Data System.*

*Implementation Date: October 4, 2008*

*Responsible Person: Robert T. Lawson Jr., M.B.A.*

**Access to the Financial Aid System:**

*Access to the super administrative role has been limited to the Director and Associate Director of Student Financial Aid, exclusively. We are currently in the process of eliminating the "Correct History" access from all student application data panels for all roles. If temporary access to "Correct History" is needed to adhere to federal or state regulation a specific request with documentation will be sent to Accounts Management within Information Management Customer Support Services with specific documentation as to what is needed, why it is needed, and when the access should be removed.*

*Implementation Date: Restriction of super administrative role to Director and Associate Director:  
October 4, 2008  
Role/Permission Change Request: November 1, 2008  
Elimination of "Correct History" on application data panels: February 28, 2009*

*Responsible Person: Robert T. Lawson Jr., M.B.A.*

**University of Texas Medical Branch at Galveston**

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**

Disbursement Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

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

The University of Texas Medical Branch at Galveston (Medical Branch) could not provide documentation indicating that it sent disbursement notification letters to 40 of 40 students (74 of 74 disbursements) (100 percent) tested for the Fall 2007 and/or Spring 2008 semesters. The disbursement notification letters did not include the date and amount of disbursement from each SFA program. The disbursement notification letters also did not include the procedures the student or parent must follow to notify the institution of cancellation of a loan or disbursement.

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)).

For 40 of 40 students (73 of 73 disbursements) (100 percent) tested at the Medical Branch for the Fall 2007 and/or Spring 2008 semesters, the date of Pell and Direct Loan disbursement did not match the disbursement date in the COD System. For 1 of these 40 students (3 percent) (1 of 73 disbursements), the disbursement amount was not reported correctly.

Recommendations:

The Medical Branch should:

- Retain documentation of when it sends disbursement notification letters to serve as an audit trail.
- Ensure that it includes all required information in the disbursement notification letters.

- Develop a control process to ensure that it reports the appropriate dates and amounts to the COD System.

*Management Response and Corrective Action Plan:*

*Management concurs with the finding that retention of the notification to students which advised them of their rights to cancel all or part of the loans disbursed within 14 days of the date of the notice was not appropriately maintained.*

*In response to this finding, corrective action has been taken to develop a notification procedure to the students via email and maintain copies of the correspondence. Additionally, a process will be developed to ensure all amounts and dates are appropriately reported in the COD System.*

*Implementation Date: February 2009*

*Responsible Person: Vicki L. Brewer*

## University of Texas of the Permian Basin

Reference No. 09-106

### Eligibility

(Prior Audit Issue- 07-74)

#### Student Financial Assistance Cluster

**Award year - July 1, 2007 to June 30, 2008**

**Award number - CFDA 84.063 PO63PO63265**

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

#### Financial Need and Total Awards Should Not Exceed Need

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance (COA) minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Education Opportunity Grant, Title 34, Code of Federal Regulations (CFR), Sections 673.5 and 673.6; Federal Family Education Loans, Title 34, CFR, Section 682.603).

Questioned Costs: \$5,000

U.S. Department of Education

COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, subchapter IV, Section 108711).

For the federal Pell Grant program, the payment and disbursement schedules provided each year by the U.S. Department of Education are used for determining award amounts. These schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter time, half-time, and less-than-half-time students, as well as students with low-assessed tuition. All of the schedules, however, are based on the COA of a full-time student for a full academic year.

For 1 (2 percent) of 50 students tested, the University of Texas of the Permian Basin (University) awarded total assistance that exceeded the student's calculated financial need by \$1,089. In October 2008, the University returned the over award plus interest to the lender.

In addition, for 3 (6 percent) of 50 students tested, the University calculated the COA budgets incorrectly, and the budgets did not match the student financial aid budget schedule. As a result, COA was overstated for two students and understated for one student. Specifically:

The University did not adjust two students' spring 2008 COA calculations to reflect that they were enrolled half-time instead of full-time. As a result, these students were over awarded Pell grants by \$480 and \$540, respectively. The University returned an amount equal to the overpayment to the U.S. Department of Education in July 2008.

The University did not adjust another student's COA calculation to reflect the student's actual living status. As a result, this student was under awarded a Pell grant by \$345.

Award Amount Should Not Exceed the Annual Limit

The total amount an undergraduate student may borrow for any academic year of study under the Stafford 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 a student who (1) is enrolled in an academic program of study that is at least one academic year and (2) has successfully completed at least two years of the program, the total amount the student may borrow for any academic year of study under the Stafford Loan Program, in combination with the Federal Direct Stafford/Ford Loan Program, may not exceed \$5,500 (Title 34, CFR, Section 682.204(a) (3)(i)).

For 1 (8 percent) of 12 undergraduate student tested, the student received a loan that exceeded the annual limit. The student received \$3,059 in subsidized Stafford loans and \$7,441 in unsubsidized Stafford Loans for a total of \$10,500. The Stafford loans awarded to this student exceeded the annual limit by \$5,000.

Students Should Make Satisfactory Academic Progress

Students are required to maintain academic progress in order to continue to receive federal student aid. As noted in Chapter 10, Volume 2 of the *Federal Student Aid Handbook* for the 2007-2008 award year, "a school must have a satisfactory academic progress (SAP) policy that, for a Federal Student Aid (FSA) recipient, is the same or more strict than the school's standards for a student enrolled in the same educational program who is not receiving assistance under an FSA program." An eligible institution offering graduate programs must "develop, disseminate, and consistently apply" a SAP policy that includes: (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 timeframe in which a student must complete his or her educational program (Title 34, CFR, Section 668.16 (e)(2)(i)(ii)).

Although the University has an established SAP policy that includes both qualitative and quantitative elements for measuring *undergraduate* SAP, the University's SAP policy does not include specific quantitative and qualitative elements for measuring the progress of *graduate* students. Therefore, the University's current SAP policy does not meet federal requirements.

Information Technology Controls

Institutions are required to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

The maximum award tables in the University's financial aid system for the Academic Competitiveness Grant (ACG) are incorrectly defined and do not reflect federal regulations. In addition, mitigating controls to prevent over awards and appropriateness are not in place.

Recommendations:

The University should:

- Improve its process for reviewing cost of attendance calculations and awards based on financial need to ensure that the information in the system is correct and that assistance is awarded appropriately.
- Ensure it defines maximum award limits accurately in the financial aid system and enforce mitigating controls to ensure that awards are appropriate.

- Establish a specific component in its SAP policy addressing minimum requirements and maximum timeframes for graduate students.

Management Response and Corrective Action Plan:

*The University should:*

1. *Improve its process for reviewing cost of attendance calculations and awards based on financial need to ensure that the information in the system is correct and that assistance is awarded appropriately.*

*The Office of Student Financial Aid implemented functional responsibilities of OSFA staff to improve packaging and awarding processes. The three Financial Aid Officers were assigned a specific group of students (approximately 700 students each). Each Officer is responsible for packaging and awarding students within the assigned group. It is the responsibility of each Officer to review all aspects of processing awards. This strategy serves as a primary review of each student's eligibility before actual disbursement of financial aid. The Assistant Director has been assigned overseeing the disbursement phase of the process. Prior to disbursement the Assistant Director reviews the awards of the Officers and informs the Officers of any necessary corrections. After the Assistant Director validates the accuracy of the awards then the disbursement phase is initiated.*

*Implementation Date: August 2008*

*Responsible Person: Robert Vasquez*

2. *Ensure it defines maximum award limits accurately in the financial aid system and enforce mitigating controls to ensure that awards are appropriate.*

*The Director reviews the FUND file to determine if there need to be corrections. The FUND file is updated once a year prior to fall disbursements. The file is updated as necessary throughout the rest of the year.*

*Implementation Date: July 2009*

*Responsible Person: Robert Vasquez*

3. *Establish a specific component in its SAP policy addressing minimum requirements and maximum timeframes for graduate students.*

*A paragraph outlining graduate student time frames was not listed in the 2006-2008 Graduate Catalog but was in the 2004-2006 Graduate Catalog. The paragraph has been included in the 2008-2010 Graduate Catalog.*

*Implementation Date: May 2009*

*Responsible Person: Robert Vasquez*

Reference No. 09-107

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

(Prior Year Issue 07-75)

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

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

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

National Student Loan Data System Review

Before an institution may disburse Title IV, Higher Education Act (HEA) program funds to a student who previously attended another eligible institution, the institution must use information it obtains from the National Student Loan Data System (NSLDS) or its successor system, to determine (1) whether the student is in default on any Title IV, HEA program loan; (2) whether the student owes an overpayment on any Title IV, HEA program grant or Federal Perkins Loan; (3) for the award year for which a Federal Pell Grant is requested, the student's scheduled Federal Pell Grant and the amount of Federal Pell Grant funds disbursed to the student; (4) the outstanding principal balance of loans made to the student under each of the Title IV, HEA loan programs; and (5) for the academic year for which Title IV, HEA aid is requested, the amount of, and period of enrollment for, loans made to the student under each of the Title IV, HEA loan programs (Title 34, Code of Federal Regulations, Section 668.19).

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

The University of Texas of the Permian Basin (University) did not maintain evidence that it verified the required information described above with information received from NSLDS prior to disbursing Title IV loan funds. It is the University's practice to assign responsibility for verifying the information from NSLDS for all transfer students to staff in the Student Financial Aid Office; however, auditors found no indications that this verification was occurring.

Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

The University did not send the required disbursement notifications to FFELP loan recipients during the 2007-2008 award year within the 30-day requirement for the Fall Semester and did not retain documentation that notification letters were sent for the Spring Semester. The University does not participate in the FPL program.

### Pell Payment Reporting

Institutions submit payment data to the U.S. Department of Education through the Common Origination and Disbursement (COD) System. Origination records can be sent in advance of any disbursement, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data 1) within 30 calendar days after they make a payment or 2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget Circular A-133 Compliance Supplement, Part 5, Section L.1.e) and the Secretary of the U.S. Department of Education accepts a student's payment data that is submitted in accordance with procedures established through publication in the Federal Register, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution (Title 34, Code of Federal Regulations, Section 690.83.(a)(2)).

In a sample of 33 students tested at the University, 33 students (100 percent) received Pell Grant awards. However, the University did not report the date of at least one disbursement of Pell Grant awards to the COD System for any of those 33 students.

### Funds Not Always Disbursed within Three Business Days

An institution must return FFELP funds to a lender if the institution does not disburse those funds to a student or parent for a payment period within three business days following the date the institution receives the funds if the lender provides those funds to the institution by electronic funds transfer (EFT) or master check on or after July 1, 1999 (Title 34, Code of Federal Regulations, Section 668.167(b)(1)(ii)).

For 2 (5 percent) of 41 students tested (2 of 115 transactions), the University held funds more than three business days before disbursing them to the students' accounts.

### Returning Funds to a Lender

When an institution receives FFELP funds from the lender by electronic funds transfer (EFT) or master check, it usually must disburse the funds within three business days. If a student is temporarily not eligible for a disbursement but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return FFELP funds that it does not disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement (Title 34, Code of Federal Regulations, Section 668.167).

For 1 (8 percent) of 13 students tested, the University held student loan funds for significantly more than three business days and did not return funds to the lender within the required 10 day time frame.

### Credit Balances

If financial aid disbursements to a student's account at the institution create a credit balance, the institution must pay the credit balance directly to the student or parent as soon as possible, but no later than 14 days after the date the balance occurred on the student's account, if the balance occurred after the first day of class of a payment period, or the first day of classes of the payment period if the credit balance occurred on or before the first day of class of that payment period (Title 34, Code of Federal Regulations, Section 668.164(e)).

For 1 (2 percent) of 44 students tested at the University, the student's fall disbursement created a balance in the student's account. However, the University did not pay the credit balance to the student within 14 days of the start of classes.



User Access Security to the Financial Aid System

Institutions are required to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Seven users in the University's financial aid department have the ability to make changes to critical financial aid files such as global budget tables, Pell tables, formulas, file layouts, student loan data files, and Institutional Student Information Record (ISIR) files. These files should be restricted to personnel who require this access for their job duties and responsibilities.

Recommendations:

The University should:

- Verify all required information from NSLDS for each transfer student and maintain evidence of this verification.
- Send disbursement notifications to FFELP loan recipients within the required time periods and retain documentation.
- Report disbursement dates for all Pell Grant awards to the COD System as required.
- Not hold loan funds for more than three days before disbursing those funds to students.
- Not hold funds for more than the maximum allowed number of days before returning them to the lender.
- Return credit balances within the required time frame.
- Properly secure critical financial aid files and control and authorize user access for those who require this level of access.

Management Response and Corrective Action Plan:

*The University should:*

1. *Verify all required information from NSLDS for each transfer student and maintain evidence of this verification.*

*Each FA Officer accesses NSLDS on-line. Prior to each loan disbursement the responsible staff accesses NSLDS on-line and prints the pertinent information for verifying requirement. The printed document is then saved in the student's file.*

*Implementation Date: August 2008*

*Responsible Person: Robert Vasquez*

2. *Send disbursement notifications to FFELP loan recipients within the required time periods and retain documentation.*

*The OSFA implemented notification letters through a merge file which is maintained on the departments assigned drive.*

*Implementation Date: August 2008*

*Responsible Person: Robert Vasquez*

*3. Report disbursement dates for all Pell Grant awards to the COD System as required.*

*The Director manages the Pell reporting through EDexpress and the date entered was in error during the time of the audit. The Director has made the necessary changes to ensure that the correct disbursement date is sent to COD.*

*Implementation Date: August 2008*

*Responsible Person: Robert Vasquez*

*4. Not hold loan funds for more than three days before disbursing those funds to students.*

*The OSFA has received a POISE module that should ensure that loan funds be returned as required. Testing is beginning spring 2009.*

*Implementation Date: June 2009*

*Responsible Person: Robert Vasquez*

*5. Not hold fund for more than the maximum allowed number of days before returning them to the lender.*

*The OSFA has received a POISE module that should ensure that loan funds be returned as required. Testing is beginning spring 2009.*

*Implementation Date: June 2009*

*Responsible Person: Robert Vasquez*

*6. Return credit balances within the required time frame.*

*The Office of Accounting is scheduled to begin testing an electronic check generation system during spring 2009. The new system should eliminate the manual processing. It should enable checks to be cut without the delays that exist in the present system.*

*Implementation Date: June 2009*

*Responsible Person: Robert Vasquez*

7. *Properly secure critical financial aid files and control and authorize user access for those who require this level of access.*

*The OSFA has requested IRD to provide Write access to the Director and Assistant Director for the critical financial aid files as outlined here: (Global Budget tables, Pell tables, and Formulas). All others will have Read access. These would have been addressed after the audit of 2006 if the auditor would have let us know. At that time the auditor addressed only the Award file. Neither the OSFA Director nor the IRD System Analyst is sure why the auditor has included (file layouts, student loan data files and ISIR files).*

*Implementation Date: February 2009*

*Responsible Person: Robert Vasquez*

## University of Texas at San Antonio

Reference No. 09-108

### Eligibility

#### Student Financial Assistance Cluster

Award year - July 1, 2007 to June 30, 2008

Award number - CFDA 84.007 P007A074169

Type of finding - Significant Deficiency and Non-Compliance

#### Awards of Federal Supplemental Educational Opportunity Grants

As noted in Chapter 7, Volume 1, of the *Federal Student Aid Handbook* for the 2007-2008 award year, to receive a Federal Supplemental Educational Opportunity Grant (FSEOG), a student must not only meet general eligibility requirements “but must also be an undergraduate student and have financial need.” An undergraduate student is defined under the FSEOG Program as “a student who is enrolled in an undergraduate course of study at an institution of higher education,” and who (1) has not earned a bachelor’s degree or first professional degree and (2) who is enrolled in a four- to five- academic-year program designed to lead to a first degree. A student who has earned a bachelor’s or first professional degree is not eligible to receive a FSEOG to pursue an additional undergraduate degree based on the above definition of an undergraduate student (Chapter 7, Volume 1, *Federal Student Aid Handbook*, 2007-2008, award year).

Questioned Cost: \$ 500

U.S. Department of Education

For 1 (17 percent) of 6 students tested, the University of Texas at San Antonio’s (University) student financial aid packaging system awarded FSEOG to a student who had earned a bachelor’s degree and was enrolled to pursue an additional undergraduate degree. The University incorrectly awarded \$500 in FSEOG funds to this student.

#### Access to the Financial Aid Software

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 maintain appropriate access to Banner, its financial aid software. Sixteen users in the Financial Aid area had excessive modify access to the satisfactory academic progress (SAP) rules tables, which gives them capabilities to modify and change SAP policy rules in Banner.

#### Recommendations:

The University should:

- Ensure that it awards FSEOG to eligible students.
- Restrict access to Banner based on job duties and responsibilities, and periodically review access levels to ensure that appropriate access is granted.

Management Response and Corrective Action Plan:

FSEOG

*The student in question was originally awarded the PELL Grant with a \$0 Expected Family Contribution (EFC), which in turn made the student initially eligible for the FSEOG. Because the student graduated, the PELL grant did not pay out (Banner rules established). However, the FSEOG paid out to the student. The Office of Student Financial Aid and Enrollment Services has created a disbursement rule that will not allow the FSEOG to pay out to students that are no longer eligible. The \$500 questioned cost has also been returned to the Department of Education.*

*Implementation Date: January 2009*

*Responsible Person: Lisa Blazer*

Access to the Financial Aid Software

*Profiles were originally created based on the job duties and responsibilities of each member of the financial aid and enrollment services staff; however, roles have shifted since the implementation of Banner. The Office of Student Financial Aid and Enrollment Services is currently reviewing access to various screens and jobs and are making changes to the profiles that currently exist so that it ties specifically to the job responsibilities of each individual. The Office of Auditing and Consulting Services has also recently completed an internal audit of Banner Security Access. Recommendations have already been made to change the process to provide adequate expertise, oversight, and ownership of student information. The Office of Auditing and Consulting Services is currently working with the Registrar's Office which has created a committee that will address Banner Access security issues.*

*Implementation Date: April 2009*

*Responsible Person: Lisa Blazer*

Reference No. 09-109

**Special Tests and Provisions - Return of Title IV Funds**

(Prior Audit Issue 08-87)

**Student Financial Assistance Cluster****Award year - July 1, 2007 to June 30, 2008****Award number - CFDA 84.007 P007A074169, CFDA 84.033 P033A074169, CFDA 84.375 P375A073294, CFDA 84.376 P376S073294, and CFDA 84.032 Award Number Not Applicable****Type of finding - Significant Deficiency and Non-Compliance**Inaccurate Withdrawal Date in Student Record

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. 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 greater 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)(1)-(4)).

Questioned Cost: \$ 8,952

U.S. Department of Education

If an institution is not required to take attendance, the withdrawal date is (1) the date that the student began the withdrawal process prescribed by the institution; (2) the date that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the institution of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence. Notwithstanding the above, an institution that is not required to take attendance may use as the withdrawal date, the last date of attendance at an academically related activity as documented by the institution (Title 34, Code of Federal Regulations, Sections 668.22(c) and (d)).

For 2 (2.5 percent) of 80 Title IV returns tested, the University of Texas at San Antonio (University) did not record the student's withdrawal date accurately in the student record. As a result, the University incorrectly determined that the students had earned more than 60 percent of Title IV funds awarded, resulting in \$1,411.85 in Title IV funds not being returned to the U.S. Department of Education.

Incorrect Percentage of Payment Period Completed

The percentage of the payment period completed or period of enrollment completed is determined in the case of a program that is measured in (1) credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date or (2) clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date. The total number of calendar days in a payment or enrollment period includes all days within the period, except that institutionally scheduled breaks of at least five consecutive days and days in which the student was on an approved leave of absence 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)).

The University did not accurately account for an institutionally scheduled break of greater than five days during the Spring 2008 semester in the system it used to calculate returns of Title IV funds. Of the 80 returns tested, 27 (34 percent) did not have the percentage of period of enrollment completed calculated accurately. The errors were determined to be due to the University's spring break miscalculation.

Amount of Title IV Assistance Earned Calculated Incorrectly

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 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. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determination. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student 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 28 (35 percent) of 80 returns tested, the University did not calculate the correct amount of Title IV assistance earned and amount to be returned.

- 27 (89 percent) were a direct result of the scheduled spring break not being accounted for during the calculation. Of these 27 errors, 2 contained additional errors with incorrect withdrawal dates entered into the Return of Title IV calculation software.
- 1 (4 percent) was incorrect because incorrect institutional charges were used to calculate the return of Title IV assistance.

As a result of incorrect calculations, \$8,952.36 (includes \$1,411.85 attributed to 2 errors of incorrect withdrawal dates entered as previously mentioned above) in Title IV assistance was not returned to the U.S. Department of Education.

Not Returning Title IV Assistance within Required Timeframes

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 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 University does not have controls to ensure that it returns Title IV funds within 45 days of determining that students withdraw. The University returned 5 (10 percent) of 50 returns tested after 45 day. For those five, the University returned funds between 56 and 207 days after the students' withdrawal dates.

Recommendations:

The University should:

- Establish controls to ensure that it returns Title IV funds within 45 days of students' withdrawal dates.
- Establish controls to ensure that data entry of student information during return of Title IV calculation is performed accurately.
- Ensure that it excludes institutionally scheduled breaks of at least five consecutive days from the total number of calendar days in the period of enrollment and the number of calendar days completed in that period.

Management Response and Corrective Action Plan:

*The Return of Title IV findings were a direct result of data entry errors by the staff member responsible for calculating Return of Title IV funds. The incorrect withdrawal date was entered into the Department of Education Return of Title IV software (from Banner). The data entry was not reviewed or checked. Because the withdrawal date was incorrect, funds were not returned within the 45 day turnaround time. The Office of Student Financial Aid and Enrollment Services has reviewed all 2007-08 Return of Title IV students and made corrections to withdrawal dates and re-calculated their return. Funds have been returned to the appropriate sources. We have implemented a new process and are including the Return of Title IV calculations in our Risk Management Plan. We have created a monitoring plan that includes operating, supervisory and oversight controls. The Director of Financial Aid will provide supervisory controls and the Financial Aid and Enrollment Services (FAESC) Compliance team will provide oversight controls by reviewing Return of Title IV set up and calculations at 100% for 2008-09 and beyond to reduce any data entry errors. Return of Title IV have been and will continue to be processed on a weekly basis. The FAESC Compliance Team will review 2008-09 calculations that have already been processed to date and will begin the oversight controls on a monthly basis as of February 2009. The FAESC Compliance team will review the actual returns by specific fund managers to ensure funds have been returned in the appropriate timeframe. The FAESC Compliance team will review the Return of Title IV set up to ensure appropriate breaks and dates are entered. These have already been reviewed for the Spring 2009 semester to ensure accuracy. This review will be part of the New Year Set Up process. These additional controls will allow the office to ensure correct information is entered into the Department of Education software and to ensure funds are returned within the appropriate timeframes.*

*Implementation Date: February 2009*

*Responsible Person: Lisa Blazer*



Reference No. 09-110

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster**

**Award year - July 1, 2007 to June 30, 2008**

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

**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 (1) discovers that a Stafford Loan, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

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

The University of Texas at San Antonio (University) uses the services of the National Student Clearinghouse (NSC) to report student status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders, guarantors, and servicers of student loans. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by schools. 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 3.1.1.3).

For 8 (16 percent) of 50 student files tested, the University incorrectly reported the status of student enrollment changes. Specifically:

- Four students tested ceased to be enrolled at the University, but NSLDS records incorrectly reflected that these students were enrolled less than half-time. Furthermore, these changes in student status were not reported to lenders, servicers, or guarantors.
- One student tested ceased to be enrolled at the University, but the status change was not reported to NSLDS, lenders, servicers, or guarantors.
- One student tested changed to less than half-time status on May 13, 2007, but the change was not reported to lenders, servicers, or guarantors until October 3, 2007, which exceeded the required 60-day time frame.
- One student tested was enrolled at the University and was a recipient of a Stafford Loan, but the student's record was not found in either the NSC or the NSLDS system.
- One student tested changed to less than half-time status, but NSLDS records incorrectly reflected that the student was enrolled full-time. Furthermore, this student's change in status was not reported to lenders, servicers, or guarantors.

Recommendation:

The University should enhance its procedures to ensure the accurate reporting of student enrollment data so that NSLDS, lenders, servicers, and guarantors have complete and accurate information.

Management Response and Corrective Action Plan:

*The process of submitting the Student Status changes is being evaluated by Student Financial Aid and the Registrar's Office. The Registrar's Office discovered that the report they were submitting was not picking up the correct information, which caused students to have the incorrect status reported. This report has been corrected so that information will be submitted correctly. The Office of Student Financial Aid and Enrollment Services will be reviewing the output from this report and checking a sample of students to ensure the report is picking up the appropriate status for students' enrollment. The Office of Student Financial Aid and Enrollment Services will be reviewing the output information from the reports generated by the Registrar's office to ensure accurate information is sent to the clearinghouse and to the NSLDS. We are also reviewing the schedule of our report generation along with when NSLDS pulls information from the clearinghouse. A change in this schedule will provide the most accurate and recent information to NSLDS, therefore ensuring status changes are reported accurately.*

*Implementation Date: March 2009*

*Responsible Person: Lisa Blazer*

University of Texas Southwestern Medical Center at Dallas

Reference No. 09-111

**Special Tests and Provisions - Key Personnel**

**Research and Development Cluster**

**Award year - September 17, 2007 to May 31, 2008**

**Award number - CFDA 93.389 1UL1RR024982-01**

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

For federal awards issued by the National Institutes of Health (NIH), the grantee is required to notify the grant management office in writing if the principal investigator or key personnel specifically named in the Notice of Grant Award (NOGA) will withdraw from the project entirely, be absent from the project during any continuous period of 3 months or more, or reduce time devoted to the project by 25 percent or more from the level that was approved at the time of award (for example, a proposed change from 40 percent effort to 30 percent effort or less). NIH must approve any alternate arrangement proposed by the grantee, including any replacement of the principal investigator or key personnel named in the NOGA. The requirements to obtain NIH prior approval for a change in status pertains only to the principal investigator and those key personnel NIH names in the NOGA, regardless of whether the grantee designates others as key personnel for its own purposes (NIH Grants Policy Statement (December 2003) Part II: Terms and Conditions of NIH Grant Awards Subpart A: General). Federal grantors other than NIH have similar requirements.

Questioned Cost: \$ 0  
National Institutes of Health

The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not notify the NIH of a change in key personnel to obtain approval for that change for grant 1 UL1 RR024982-01. An individual was listed as key personnel in the NOGA, and the Medical Center did not notify NIH of her removal from the project. An oversight and lack of controls in the process of notifying awarding agencies of key personnel effort commitments caused this error.

Recommendation:

The Medical Center should strengthen controls in its process of monitoring key personnel's effort on grants in order to accurately notify awarding agencies of key personnel changes.

Management Response and Corrective Action Plan:

*We agree with the recommendation. We will strengthen controls over monitoring of key personnel's efforts on grants to insure accurate notification to awarding agencies in the event of key personnel changes.*

*Implementation Date: February 5, 2009*

*Responsible Person: Perrie M. Adams, Ph.D.*

**Water Development Board**

Reference No. 09-112

**Cash Management**

**CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program**

**Award year - March 5, 1996 to September 30, 2008**

**Award number - C-48000105 CWTAP III**

**Type of Finding - Significant Deficiency**

According to the Treasury-State agreement for the State of Texas, the Water Development Board (Board) is not included in Subpart A of Title 31, Code of Federal Regulations (CFR), Chapter 205, which implements the Cash Management Improvement Act. Therefore, the Board should comply with Subpart B, which applies to programs that are not subject to Subpart A. Subpart B, Section 205.33, states that “cash advances to a state shall be limited to the minimum amounts needed and shall be timed to be in accordance with only the actual, immediate cash requirements of the state in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the state for direct program costs and the proportionate share of any allowable indirect costs.” Additionally, Title 40, CFR, Section 31.20 states that “Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees’ cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transaction reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make draw downs as close as possible to the time of making disbursements. Grantees must monitor cash draw downs by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.”

<p>Questioned Cost: \$ 0</p> <p>U.S. Environmental Protection Agency</p>
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The Board’s Colonias Wastewater Treatment Assistance Program (CWTAP) provides grants for construction of wastewater collection and treatment systems and water supply and distribution systems. When federal funds are drawn down and provided to a subrecipient for costs that are incurred during a project, Board requires CWTAP subrecipients to submit outlay reports to the Board, and those reports must be accompanied by documentation supporting all project expenditures, other uses of bond proceeds, and related investment earnings derived from Board funds.

The Board did not have procedures to ensure that its subrecipients minimized the time elapsing between the transfer of federal funds from the recipient and the pay out of funds for program purposes. During fiscal year 2008, the Board passed through \$20,568,979 in CWTAP funds to its subrecipients.

Recommendation:

The Board should develop and implement procedures to ensure that the time elapsing between the transfer of federal funds to the subrecipient and the pay out of funds for program purposes is minimized.

Management Response and Corrective Action Plan:

*TWDB staff will contact all existing CWTAP subrecipients and request a copy of the subrecipient’s cash management and/or prompt payment procedures. For any new customer grant agreements additional language will be inserted into the agreement requiring such cash management and/or prompt payment documentation, and reserving the TWDB’s right to request, review and test such information as needed.*

*Implementation Date: March 31, 2009*

*Responsible Person: Greg Kuchy*

Reference No. 09-113

**Equipment and Real Property Management**

**CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program**

**Award year - Multiple**

**Award number - Multiple**

**Type of finding - Significant Deficiency**

According to Title 40, Code of Federal Regulation, Section 35.6335 recipients must comply with property management standards for property purchased with funds awarded by the U.S. Environmental Protection Agency (EPA), including the requirement to identify federally funded property.

Questioned Cost: \$ 0

U.S. Environmental Protection Agency

The Water Development Board (Board) uses the State Property Accounting System (SPA) to track equipment and property. SPA is administered by the Texas Comptroller of Public Accounts (CPA), and Board staff follow the SPA policy and procedures as administered by CPA. Property recorded in SPA has an assigned field to distinguish property purchased with federal funds. The agency can run ad hoc report queries from SPA to list the population of equipment purchased with federal funds. To ensure that items are properly reported in SPA, the Board completes a periodic reconciliation with SPA, the Board's internal accounting system (MIP), and the Uniform Statewide Accounting System (USAS).

Auditors identified a Board vehicle that was paid for with federal funds but that was not on the SPA ad hoc report of federally funded equipment. Therefore, auditors were unable to determine whether the federally funded equipment population received from the Board was materially accurate and complete. Although the Board conducts reconciliations, the reconciliation process does not include strong controls to ensure that equipment purchased with federal funds is properly recorded as such.

Recommendation:

The Board should redesign its reconciliation process to ensure that equipment purchased with federal funds is properly recorded as having been purchased with federal funds.

Management Response and Corrective Action Plan:

*The Board has implemented a new process to ensure all federally funded capital assets are properly tracked and accounted for. This new process is as follows: Upon receiving new capital item(s) the asset(s) is entered into the State Property Accounting system (SPA). The Property Manager reviews the Expenditure Requisition (ER) for Federal funding Methods of Finance (MOF). If Federal funding is indicated on the ER, a copy is forwarded to Accounting for detail payment information. Once the ER pays, Accounting provides the Property Manager with the actual funding sources used to pay for the capital item(s). If the asset(s) was purchased with federal funds, the Property Manager updates SPA with the FEDERAL indicator and the appropriate state/federal funding breakout. This new process ensures the correct portion of federal funds used in the purchase of capital item(s) is recorded in SPA properly. Monthly reconciliations between SPA, USAS, and MLP will be conducted to ensure that all property is recorded with accurate funding sources.*

*Implementation Date: January 2009*

*Responsible Persons: Kelly Burton and Rebecca Trevino*

Reference No. 09-114

**Matching**

**CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program**

**Award year - March 5, 1996 to September 30, 2008; January 1, 1999 to December 31, 2008**

**Award number - C-48000105 CWTAP III and C-48000106 CWTAP IV**

**Type of Finding - Non-Compliance**

The Water Development Board (Board) matches grant funds for the Capitalization Grants for Colonias Wastewater Treatment Assistance Program (CWTAP) in arrears on an annual basis by the end of the federal fiscal year. The U.S. Environmental Protection Agency (EPA) allows the Board to use Economically Distressed Assistance Program (EDAP) funds and the interest paid on general obligation (GO) bonds used for the principal of the match as a credit toward a portion of the state matching funds required.

Questioned Cost: \$9,417,244  
U.S Environmental Protection Agency

According to award documentation, the interest earned on the issuance of GO bonds during the “project period” may be applied as a credit to a portion of the required match. In addition, interest on bonds issued by the State, related to the deposit of the State’s matching principal share and paid by the State during the grant “project period,” is considered an authorized project expenditure because the debt is incurred by the State to meet its matching requirement.

The Board currently credits all of the interest paid on the life of the GO bonds that were issued to meet the principal match as a portion of the State match. The GO bonds issued to provide the principal matching funds have interest calculated until the year 2032. The interest paid on these GO bonds is \$3,834,029.38 for CWTAP III and \$705,921.47 for CWTAP IV. The federal portion related to the unallowable match is \$5,887,637.25 for CWTAP III and \$3,529,607.35 for CWTAP IV.

Auditors followed up with the EPA to determine whether the interest calculated through 2032 was allowable as a credit toward the State match for the CWTAP grants. The EPA determined that the Board “cannot apply interest paid in future years as match beyond the grant Project Period.”

Recommendation:

The Board should apply only interest paid on GO bonds during the “project period” for bonds that were applied to the program during the grant “project period” as a portion of the State’s matching funds for CWTAP.

Management Response and Corrective Action Plan:

*Although inclusion of total interest for the project period of the bonds has been included in the match calculation since 1996, management understands the current determination that project period only applies to the life of the grant, not the life of the bonds. Therefore, management will identify alternative match to the open CWTAP grants.*

*Implementation Date: April 30, 2009*

*Responsible Persons: Amanda Lavin and Piper Montemayor*

Reference No. 09-115

**Procurement and Suspension and Debarment**

**CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program**

**Award year - Multiple**

**Award number - Multiple**

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

Determination of Suspension or Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), 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, Part 1532).

Questioned Cost: \$ 0

U.S. Environmental Protection Agency

To determine whether a potential subrecipient is suspended or debarred, the Water Development Board (Board) requires subrecipients to complete a suspension and debarment form (form SRF-404), which is provided by the Board prior to funding a grant or loan. However, the Board did not always retain evidence that it obtained those forms or otherwise verified the suspension and debarment status of subrecipients. Specifically:

- For 3 (6 percent) of 50 subrecipients tested for the Capitalization Grants for Drinking Water State Revolving Fund Program, the Board did not retain evidence that it had collected the required suspension and debarment form.
- For 2 (4 Percent) of 48 subrecipients tested for the Capitalization Grants for Clean Water State Revolving Fund Program, the Board did not retain evidence that it had collected the required suspension and debarment form.
- For 2 (5 percent) of 38 subrecipients tested for the Capitalization Grants for Colonias Wastewater Treatment Assistance Program, the Board did not retain evidence that it had collected the required suspension and debarment form.

Auditors reviewed the federal government's Excluded Parties List System (EPLS) Web site for all of the subrecipients for which the Board did not have a suspension and debarment form and determined that the subrecipients were not currently suspended or debarred.

Competitive Bids

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.

For purchases made through its purchasing department, Board uses *The State of Texas Procurement Manual*, maintained by the Texas Comptroller of Public Accounts, to determine the appropriate procurement method. Section 2.9.1 of the manual states “obtain a price quote from as many TXMAS (Texas Multiple Award Schedule) vendors as are necessary to provide best value to the State. Document all price quotes in your purchasing file.”

The majority of Board procurements made through the purchasing department do not require a competitive bid process. However, for 1 (33 percent) of 3 purchases and contracts tested for the Capitalization Grants for Drinking Water State Revolving Fund Program, the Board used a TXMAS vendor, but the only price quote documented was for that vendor. The Board did not have documentation indicating that it obtained price quotes from other vendors.

Recommendations:

The Board should:

- Retain evidence that subrecipients are not suspended or debarred.
- Competitively bid purchases and contracts that exceed \$5,000.

Management Response and Corrective Action Plan:

*The TWDB collects certifications regarding debarment and suspension from its subrecipients prior to Board commitments being made. To ensure documentation that subrecipients are not suspended or debarred is retained, the current quality control review of files will be revised. An additional step will be added in that the SRF-404 forms (debarment & suspension forms) will be included in the items provided for review. Only once the applicable information is confirmed to be included will the files will be delivered to the file room.*

*Implementation Date: March 31, 2009*

*Responsible Person: Greg Kuchy*

*The Board will ensure all purchases that exceed \$5,000 are properly bid. In this particular instance, the Purchaser combined several different Expenditure Requisitions (ERs) and placed one order. The aggregate amount of these ERs ended up being more than \$5,000 and other bids were inadvertently not taken. This was merely an oversight by the Purchaser.*

*Implementation Date: January 1, 2009*

*Responsible Person: Tina Newstrom*



**WATER DEVELOPMENT BOARD**

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Reference No. 09-116

**Subrecipient Monitoring**

**CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund**

**Award year - Multiple**

**Award number - Multiple**

**CFDA 66.000 - Capitalization Grants for Colonias Wastewater Treatment Assistance Program**

**Award year - Multiple**

**Award number - Multiple**

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

Subrecipient Requirement Letters

Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400 requires pass-through entities to “identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency.”

Questioned Cost: \$ 0

U.S. Environmental Protection Agency

The Water Development Board’s (Board) external audit division is responsible for sending subrecipient requirement letters to the subrecipients once the award has closed. Once the subrecipient requirement letter is sent to the subrecipients, a signed copy of the letter is kept in the external audit files. An unsigned copy of the format letter that was sent to each subrecipient is also maintained in a database. Although the Board could produce an unsigned letter from the database file for all subrecipients, auditors did not consider the database file (an unsigned letter) sufficient evidence that the required award information was communicated to the subrecipient. The Board did not retain sufficient support that it communicated the required federal award information for:

- 11 (22 percent) of 50 subrecipients tested for the Capitalization Grants for Drinking Water State Revolving Fund Program.
- 14 (30 percent) of 47 subrecipients tested for the Capitalization Grants for Clean Water State Revolving Fund Program.
- 33 (87 percent) of 38 subrecipients tested for the Capitalization Grants for Colonias Wastewater Treatment Assistance Program.

Subrecipient requirement letters should be sent to subrecipients in order to ensure correct reporting on the subrecipients Schedule of Expenditures of Federal Awards (SEFA), as well as to ensure that subrecipients comply with single audit requirements.

Recommendation:

The Board should ensure that it maintains sufficient support to demonstrate that it communicates the required federal award information, to include the CFDA title and number, award name, name of the federal agency, and applicable compliance requirements, to all subrecipients.

Management Response and Corrective Action Plan:

*Management will institute procedures to require that copies of signed letters to borrowers and grantees, noted as subrecipients above, are maintained in the files.*

*Implementation Date: January 2008*

*Responsible Person: Ernesto Briones*

<b>West Texas A&amp;M University</b>
--------------------------------------

Reference No. 09-117

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

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or the 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 proceeds and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

Questioned Cost: \$ 0

U.S. Department of Education

West Texas A&M University (University) has a manual process for maintaining documentation of when it sends disbursement notification letters. However, it did not consistently use this manual process, and it had no compensating controls for identifying when it sent disbursement notification letters. The University could not provide documentation indicating that it sent disbursement notification letters to 3 of 33 (9 percent) students tested. In addition, for 21 of 33 (64 percent) students tested, the University could not provide documentation showing that it sent the spring 2008 FFELP disbursement notification letters within 30 days of crediting the students' accounts. Documentation showed that the University sent these students notification letters for the fall 2007 semester.

Recommendation:

The University should ensure that it has developed and consistently uses a control process to retain documentation indicating that it sent disbursement notification letters to all FFELP and FPL loan recipients within the required time period.

Management Response and Corrective Action Plan:

*The three missing pieces of documentation regarding the initial disbursement notification letters as well as the missing spring notices were an anomaly. The documentation was not captured in the proper electronic storage location.*

*To avoid having these isolated omissions we have instituted the following:*

- *A single worker has been assigned to this process to provide continuity.*
- *An electronic sweep of the system designed to capture all electronic disbursements is done on a regular basis.*
- *E-mail letter notifications are generated from each sweep and copies of the letters sent are then saved to a separate drive on the WTAMU Storage Network which is maintained, supported and backed-up by the university's IT department.*
- *A paper backup is maintained of the dates and notices that are sent and stored. This log is maintained in the Loan Department of the Financial Aid Office.*

*Implementation Date: August 2008*

*Responsible Person: James D. Reed*

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**Summary Schedule of Prior Audit Findings**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2008

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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 2007 Schedule of Findings and Questioned Costs
- Each finding in the 2007 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 (year ended August 31, 2008) has been prepared to address these responsibilities.

### Department of Aging and Disability Services

Reference No. 08-01

#### Allowable Costs/Cost Principles

(Prior Audit Issue - 07-02 and 06-01)

#### CFDA 93.667 - Social Services Block Grant

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - G0601TXSOSR and G0701TXSOSR

#### Aging Cluster

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007

Award number - 06AATXT3SP, 06AATXNSIP, 07AATXT3SP, and 07AATXNSIP

#### Medicaid Cluster

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005

Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048

Type of finding - Non-Compliance

Effective September 1, 2004, the health and human service agencies for the State of Texas were reorganized, creating a triggering event for the amendment of the public assistance cost allocation plan (CAP). Once a CAP is approved, state public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR Section 95.509):

Initial Year Written: 2005  
Status: Implemented

U.S. Department of Health and  
Human Services

- (a) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
- (b) A material defect is discovered in the cost allocation plan.
- (c) The State plan for public assistance programs is amended so as to affect the allocation of costs.
- (d) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

The Department of Aging and Disability Services (DADS) submitted their revised CAP to the U.S. Department of Health and Human Services on August 31, 2004. The Federal Division of Cost Allocation elected not to review and approve the DADS CAP due to DADS not meeting the definition of a state agency as defined in 45 CFR 95.503. Consequently, the Federal Division of Cost Allocation designated the Health and Human Services Commission (HHSC) as the responsible agency for financial oversight of the programs administered by DADS.



HHSC has reviewed and provided conditional approval for the DADS CAP. Additionally, the HHSC CAP is pending federal approval, and any issues that impact their CAP may result in changes to the conditionally approved DADS CAP.

Per review of the 2007 expenditure patterns, payroll and benefit expenditures were determined to be direct and material to Medicaid Cluster, Aging Cluster, and Social Services Block Grant programs. In accordance with the conditionally approved DADS CAP, payroll and benefit expenditures are to be allocated based on three methodologies: random moment time study (RMTS), full-time equivalent (FTE) headcount analysis, or payroll effort certification.

- DADS performs RMTS and FTE headcount analysis on a quarterly basis (federal fiscal year quarters) for the Medicaid Cluster, Aging Cluster, and Social Services Block Grant programs. The updated allocation information is utilized to update the cost allocation system on a quarterly basis. Timesheets are to be maintained and certified for the payroll effort certification personnel.
- From the results of the RMTS and FTE headcount analysis, a quarterly Cost Allocation Report is prepared by program activity code (PAC). The summarized information is used to update/upload the information into the main Cost Allocation System which allocates employees' time to the respective programs. The updates are done on a quarterly basis. Timesheets are completed on a monthly basis.

Based on test work performed over these areas, DADS is allocating the payroll and benefit expenditures in accordance with the conditionally approved DADS CAP.

Corrective Action:

Corrective action was taken.

**Department of Assistive and Rehabilitative Services**

Reference No. 08-02

**Allowable Costs/Cost Principles**

(Prior Audit Issue - 07-03)

**CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States**

**Award year - October 1, 2005 to September 30, 2007, October 1, 2005 to September 30, 2007, October 1, 2006 to September 30, 2008 and October 1, 2006 to September 30, 2008**

**Award number - H126A060064, H126A060065, H126A070064 and H126A070065**

**Type of finding - Significant Deficiency**

Access to the OMB Time Tracking application production server was not restricted appropriately. A developer had access to the production server. The OMB Time Tracking application was developed and run initially from the developer's computer but was moved to a production server to make use of production backup capabilities. However, the developer retained access to run and continue developing the application. In addition, there was no formal change control process in place for the OMB Time Tracking application.

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Education	

Changes to the OMB Time Tracking application should be approved by management, tested and approved by business area users, and approved for move to production. In addition, controls should be in place to restrict developers' access to the production environment.

No compliance exceptions were noted during the review of selected 2007 payroll transactions for the major program noted above.

Corrective Action:

Corrective action was taken.

Reference No. 08-03

**Cash Management**

**CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States**

**Award year - October 1, 2005 to September 30, 2007, October 1, 2005 to September 30, 2007, October 1, 2006 to September 30, 2008 and October 1, 2006 to September 30, 2008**

**Award number - H126A060064, H126A060065, H126A070064 and H126A070065**

**Type of finding - Non-Compliance**

According to the Treasury-State agreement for the State of Texas, the Vocational Rehabilitation Grants to States program at the Department of Rehabilitation Services (DARS) is included in Subpart A of the 34 CFR Part 205, which implements the Cash Management Improvement Act (CMIA). Under the State of Texas CMIA agreement with the Department of Treasury, the Vocational Rehabilitation Grants to States program at DARS utilizes the pre-issuance funding technique which requires the calculation of a clearance pattern.

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

Per the State of Texas CMIA agreement, the clearance pattern is calculated in two portions - Period one and Period two. DARS calculates Period one as 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. The State of Texas Comptroller's office calculates Period two as the average number of days between the day the warrant is issued and the day the warrant clears the Treasury. To calculate Period one, DARS is to select three consecutive months from the fiscal year that are representative of the clearance patterns for the year.

DARS analysis of April, May and June 2007 yielded an average of -.93 days for Period one. However, upon the review of the remaining nine months, an average of .6542 days was noted for the entire fiscal year. As such, the clearance pattern reported is not representative of the fiscal year. DARS management noted during the year that their draw pattern for payroll was creating a positive clearance pattern and accordingly adjusted their draw pattern to reflect a negative clearance pattern. However the clearance pattern reported for fiscal year 2007 should only reflect 2007 activity.

The Period two calculation for fiscal year 2007 is 3.23 days, resulting in a total of 3.8842 days. The total draw amount for CFDA 84.126 during fiscal year 2007 was approximately \$188m. Therefore at an interest rate of 4.95%, the interest liability would be approximately \$99,000. The State of Texas reported \$58,750.

*Corrective Action:*

Corrective action was taken.

## Department of Family and Protective Services

Reference No. 08-04

### Allowable Costs/Cost Principles

(Prior Audit Issue - 07-05, 06-05)

#### CFDA 93.556 - Promoting Safe and Stable Families

Award year - October 1, 2005 to September 30, 2007 and October 1, 2004 to September 30, 2006

Award number - G0601TX00FP and G0501TX00FP

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005

Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF

#### CFDA 93.645 - Child Welfare Services - State Grants

Award year - October 1, 2006 to September 30, 2008

Award number - G0701TX1400

#### CFDA 93.658 - Foster Care - Title IV-E

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007

Award number - G0601TX1401 and G0701TX1401

#### CFDA 93.659 - Adoption Assistance

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007

Award number - G0601TX1407 and G0701TX1407

#### CFDA 93.667 - Social Services Block Grant

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - G0601TXSOSR and G0701TXSOSR

Type of finding - Non-Compliance

Effective September 1, 2004, the health and human service agencies for the State of Texas were reorganized, creating a triggering event for the amendment of the public assistance cost allocation plan (CAP). Once a CAP is approved, State public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR Section 95.509):

- (a) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
- (b) A material defect is discovered in the cost allocation plan.
- (c) The State plan for public assistance programs is amended so as to affect the allocation of costs.
- (d) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

Initial Year Written: 2005  
Status: Partially Implemented

U.S. Department of Health and  
Human Services

The Department of Family and Protective Services (DFPS) submitted their revised CAP to the U.S. Department of Health and Human Services to be effective September 1, 2004. The federal Division of Cost Allocation (DCA) has not approved the CAP as of August 31, 2007. KPMG was unable to determine that the expenditures charged to the federal programs were based on an approved CAP. However based on test work performed over the areas noted below, DFPS allocated direct expenses, including payroll and benefit expenditures, in accordance with the CAP submitted to DCA for approval during fiscal year 2006.

Per review of the 2007 expenditure patterns, direct expenses (including payroll and benefit expenditures) were determined to be direct and material to various major programs noted above. In accordance with the CAP submitted by DFPS for approval, expenditures are to be allocated based on various methodologies as determined by the associated projects: random moment time study (RMTS), full time employee (FTE) headcount analysis, service unit cost analysis, case count analysis, or payroll effort certification.

- DFPS performs RMTS, service unit cost analysis, and case count analysis on a quarterly basis. The updated allocation information is utilized to update the cost allocation system on a quarterly basis. FTE headcount analysis is performed monthly and certified for payroll effort each month.
- From the results of the various allocation methods noted above, summarized information is used to update/upload the information into the Cost Allocation System which allocates employees' time and other direct expenditures to the respective programs.

Corrective Action:

This finding was reissued as current year reference number: 09-09

Reference No. 08-05

**Allowable Costs/Cost Principles  
Eligibility**

**CFDA 93.659 - Adoption Assistance**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - G0601TX1407 and G0701TX1407**

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

Adoption Assistance Subsidies may be expended for adoption assistance agreement subsidy payments, in accordance with the State's foster care maintenance payment rate schedule; administrative payments for expenses associated with placing children in adoption; and training of professional staff and parents involved in adoptions. Subsidy payments are made to adoptive parents based on the need(s) of the child (i.e., developmental, cognitive, emotional behavioral) and the circumstances of the adopting parents (42 USC 673(a) (2)). Subsidy payment amounts cannot be based on any income eligibility requirements of the prospective adoptive parents (45 CFR Section 1356.41(c)). Adoption assistance subsidy payments cannot exceed the foster care maintenance payment the child would have received in a foster family home; however, the amount of the subsidy payments may be up to 100 percent of the foster care maintenance payment rate (42 USC 673(a)(3)).

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Health and Human Services
--

Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

- (1) The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (AFDC) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 USC 673(a)(2)(A)).
- (2) The child was determined by the State to be a child with special needs (42 USC 673(c)).
- (3) The State has made reasonable efforts to place the child for adoption without a subsidy (42 USC 673(c)).
- (4) The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675(3)).

A sample of 40 children, for whom Adoption Assistance subsidy payments were made during fiscal year 2007, was selected for review. For each child, we obtained the recipient file and verified that a determination was made for the child's eligibility. Our review disclosed the following:

- For one of the recipients selected, the family received an adoption assistance subsidy payment for a child that was determined not to be eligible. The federal share amount of the subsidy was \$31,698.
- For one of the recipients selected, the family did not sign the agreement for the subsidy before the final decree of adoption. The federal share of the subsidy payments was \$14,507.

In addition, in accordance with 45 CFR Section 1356.30 (a) and (b), unless an election provided for in paragraph (d) of this section is made; the State must provide documentation that criminal record checks have been conducted with respect to prospective foster and adoptive parents. The State may not approve or license any prospective foster or adoptive parent, nor may the State claim federal financial participation (FFP) for any foster care maintenance or adoption assistance payment made on behalf of a child placed in a foster home operated under the auspices of a child placing agency or on behalf of a child placed in an adoptive home through a private adoption agency, if the State finds that, based on a criminal records check conducted in accordance with paragraph (a) of this section, a court of competent jurisdiction has determined that the prospective foster or adoptive parent has been convicted of a felony involving:

6. Child abuse or neglect
7. Spousal abuse
8. A crime against a child or children (including child pornography), or
9. A crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery.

The Department of Family and Protective Services (DFPS) has implemented procedures to ensure that background checks are completed in accordance with federal regulations. In accordance with the Texas Administrative Code (TAC) 745 Subchapter F "Requesting Background Checks," management has implemented ongoing monitoring activities to address compliance with the background check requirements found in TAC 745 Subchapter F. DFPS has implemented periodic monitoring activities of criminal background checks to ensure that all individuals have met the requirement. The procedures implemented by DFPS include but are not limited to the following:

- DFPS has implemented procedures for timing of background check submission.
- If the results of the background check are not received within two working days of submission to DFPS, the requestor may obtain a criminal history check on the person through the Department of Public Safety (DPS) at <http://records.txdps.state.tx.us/>.
- DFPS does not allow the person to provide direct care or have direct access to a child in care until the results of the person's background check are received.
- DFPS requires an FBI criminal history check on persons who live outside of Texas or about whom there is reason to believe other criminal history exists. In these situations the individual must submit FBI fingerprints cards.
- DFPS requires the receipt of results from the background checks before issuing a permit to operate a licensed child-care home, a registered child-care home, a listed family home, an independent foster home or a foster group home.
- DFPS performs periodic operations due to reported cases of abuse or neglect, a deficiency in licensing statute, rule, or minimum standard.
- DFPS requires an update of the criminal background checks at least once every two years.

A sample of 40 children, for whom Adoption Assistance subsidy payments were made during fiscal year 2007, was selected for review. For each child, we verified that the adoptive parent(s) had satisfactorily met a criminal records check. For one sample item, the criminal background check was not on file for the parents of the adopted child.

Corrective Action:

This finding was reissued as current year reference number: 09-10

Reference No. 08-06

**Allowable Costs/Cost Principles**

**Eligibility**

(Prior Audit Issue - 07-06)

**CFDA 93.556 - Promoting Safe and Stable Families**

**Award year - October 1, 2005 to September 30, 2007 and October 1, 2004 to September 30, 2006**

**Award number - G0601TX00FP and G0501TX00FP**

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

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005**

**Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF**

**CFDA 93.645 - Child Welfare Services - State Grants**

**Award year - October 1, 2006 to September 30, 2008**

**Award number - G0701TX1400**

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - G0601TX1401 and G0701TX1401**

**CFDA 93.659 - Adoption Assistance**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - G0601TX1407 and G0701TX1407**

**CFDA 93.667 - Social Services Block Grant**

**Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008**

**Award number - G0601TXSOSR and G0701TXSOSR**

**Type of finding - Significant Deficiency**

The Department of Family and Protective Services (DFPS) utilizes IMPACT as its computer system for determining eligibility with regard to the above listed programs. Access controls are inappropriately designed for the IMPACT production server. A single user account is used to migrate changes into production. Of five employees with access to this account, one employee is an IMPACT developer. This employee has access to the account used to move changes into production.

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Health and Human Services	

Users with excessive rights to modify the application across the enterprise create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing. In addition, accountability cannot be determined when users share a generic ID.

During compliance work performed, no exceptions were noted which resulted from the above deficiency for the major programs noted.

Corrective Action:

Corrective action was taken.

Reference No. 08-07

**Eligibility**

(Prior Audit Issue - 07-08, 06-09, 05-03, 04-37, and 04-38)

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - G0601TX1401 and G0701TX1401**

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

In accordance with 45 CFR Section 1356.30 (a) and (b), unless an election provided for in paragraph (d) of this section is made; the State must provide documentation that criminal record checks have been conducted with respect to prospective foster and adoptive parents. The State may not approve or license any prospective foster or adoptive parent, nor may the State claim FFP for any foster care maintenance or adoption assistance payment made on behalf of a child placed in a foster home operated under the auspices of a child placing agency or on behalf of a child placed in an adoptive home through a private adoption agency, if the State finds that, based on a criminal records check conducted in accordance with paragraph (a) of this section, a court of competent jurisdiction has determined that the prospective foster or adoptive parent has been convicted of a felony involving:

Initial Year Written:	2003
Status:	Partially Implemented
U.S. Department of Health and Human Services	

1. Child abuse or neglect
2. Spousal abuse
3. A crime against a child or children (including child pornography), or
4. A crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery.

In addition, the foster family home provider must satisfactorily have met a child abuse and neglect registry check with respect to prospective foster and adoptive parents and any other adult living in the home who has resided in the provider home in the preceding 5 years. The requirement applies to foster care maintenance payments for calendar quarters beginning on or after that date. (42 USC 671(a)(20)(C); Pub. L. No. 109-248, Section 152(c)(2) and (3)). The Department of Family and Protective Services (DFPS) has implemented procedures to ensure that background checks and child abuse and neglect registry check are completed in accordance with federal regulations. In accordance with the Texas Administrative Code (TAC) 745 Subchapter F "Requesting Background Checks," management has implemented ongoing monitoring activities to address compliance with the background check requirements found in TAC 745 Subchapter F. DFPS has implemented periodic monitoring activities of criminal background checks to ensure that all individuals have met the requirement. The procedures implemented by DFPS include but are not limited to the following:

- DFPS has implemented procedures for timing of background check submission.
- If the results of the background check are not received within two working days of submission to DFPS, the requestor may obtain a criminal history check on the person through the Department of Public Safety (DPS) at <http://records.txdps.state.tx.us/>.
- DFPS does not allow the person to provide direct care or have direct access to a child in care until the results of the person's background check are received.
- DFPS requires an FBI criminal history check on persons who live outside of Texas or about whom there is reason to believe other criminal history exists. In these situations the individual must submit FBI fingerprint cards.
- DFPS requires the receipt of results from the background checks before issuing a permit to operate a licensed child-care home, a registered child-care home, a listed family home, an independent foster home or a foster group home.
- DFPS performs periodic operations due to reported cases of abuse or neglect, a deficiency in licensing statute, rule, or minimum standard.
- DFPS requires an update of the criminal background checks at least once every two years.



A sample of 40 children for whom Foster Care payments were made during fiscal year 2007 was selected for review. For each child, we selected one foster care provider and verified that the provider satisfactorily met the criminal records check. For each foster care provider, we obtained a listing of employees for a selected month and verified that a criminal background check was performed for one employee. Our review disclosed the following:

- For one sample, the criminal background check was overdue for one employee. State law requires a background check and a neglect registry check to be completed at least once every two years. The selected employee did not have the background check or a child abuse and neglect registry check completed within a two year period. During field work, DFPS performed the required background and neglect registry check noting no issues for this employee.
- For another employee, a risk evaluation was not completed when it was discovered the employee had a criminal history. The State is required to perform a risk assessment for any Foster Care provider/employee that has a criminal history prior to his or her participation in the program.
- For a third sample item, the child abuse and neglect registry check was not located for one employee. A child abuse and neglect registry check was not completed prior to employment.

Corrective Action:

This finding was reissued as current year reference number: 09-11.

## Health and Human Services Commission

Reference No. 08-08

### Allowable Costs/Cost Principles

(Prior Audit Issue - 07-09, 06-12)

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005

Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005

Award number - G07AATX6100, G06AATX6100, and G05AATX6100

#### CFDA 93.667 - Social Services Block Grant

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - G0601TXSOSR and G0701TXSOSR

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004

Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021

#### Emergency Food Assistance Cluster

Award year - October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006

Award number - 6TX810815 and 5TX810815

#### Food Stamp Cluster

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006 and October 1, 2004 to September 31, 2005

Award number - 6TX400105, 6TX400105 and 5TX400105

#### Medicaid Cluster

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005

Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048

Type of finding - Significant Deficiency and Non-Compliance

Effective September 1, 2004, the health and human service agencies for the State of Texas were reorganized, creating a triggering event for the amendment of the public assistance cost allocation plan (CAP). Once a CAP is approved, State public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR Section 95.509):

- (a) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
- (b) A material defect is discovered in the cost allocation plan.
- (c) The State plan for public assistance programs is amended so as to affect the allocation of costs.
- (d) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

Initial Year Written: 2005  
Status: Implemented

U.S. Department of Health and  
Human Services  
U.S. Department of Agriculture

The Health and Human Services Commission (HHSC) submitted their revised CAP to the U.S. Department of Health and Human Services to be effective September 1, 2004. The federal Division of Cost Allocation (DCA) has not approved the CAP as of August 31, 2007. KPMG was unable to determine that the expenditures charged to the federal programs were based on an approved CAP. In accordance with the CAP submitted by HHSC for approval, expenditures are to be allocated based various methodologies as determined by the associated projects: random moment time study (RMTS), headcount, and client count analysis.

During the test work performed, RMTS information was collected by HHSC during the fiscal year. During fiscal year 2005, management of HHSC made the decision to not update the cost allocation system for the quarterly 2005 RMTS information since the CAP plan was not approved by DCA. As a result, fiscal year 2005 federal expenditures for HHSC were allocated based on fiscal year 2004 RMTS information. HHSC also did not update any of the other allocation systems with current headcount or client count information during 2005. During fiscal year 2006, HHSC tried up the 2005 allocation based on the RMTS and other allocation information that had been obtained.

Beginning September 2005 for the fiscal year 2006 and 2007, management of HHSC did utilize the RMTS information and updated the cost allocation system for the quarterly information. In addition, the other allocation systems with current headcounts or client count information were also updated. On a quarterly basis, the allocations for fiscal year 2007 reflected the respective quarterly random moment time study, case counts, client counts, etc.

In addition, per 45CFR95.507(b)(4) and (9), the cost allocation plan (CAP) shall contain the procedures used to identify, measure, and allocate all costs to each benefiting program and activity (including activities subject to different rates of federal financial participation (FFP)). The CAP shall also contain other information as is necessary to establish the validity of the procedures used to identify, measure, and allocate costs to all programs being operated by the State agency.

HHSC has approximately 60 cost allocation methodologies. Of all cost allocated to federal programs five methodologies account for over 50 percent of the expenditures; as such, these five methodologies were selected for detail review. The fiscal accountant receives data from program personnel and calculates factor rates. Of the five selected for review, it was noted that for four of the methodologies there is no independent review of the calculation to ensure the factor rates are accurate.

One of the allocation methodologies selected for review is random moment time study. HHSC client service employees track their time spent working on each federal program and complete a booklet. The booklet is certified by the employee as accurate and complete. From a sample of 50 booklets selected for review, ten were not certified by the employee.

*Corrective Action:*

Corrective action was taken.

Reference No. 08-09

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

(Prior Audit Issue 07-11)

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

**Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008**

**Award number - G0601TXSOSR and G0701TXSOSR**

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

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004**

**Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021**

#### **Medicaid Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005**

**Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048**

**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	

First Rebate is the application Health and Human Services Commission (HHSC) currently utilizes with First Health Services Corporation (FHSC) to validate, approve, and pay for the vendor drug transactions. Access to the First Rebate production server AZPH-SRV-DB14, the First Rebate database, and the First Rebate application is not restricted appropriately. An excessive number of employees have administrative access rights to the server. A terminated employee's user ID with database administrator access has not been disabled on the First Rebate database. Developers have been granted administrative access in the application and database. Specifically:

- Approximately 136 user IDs have administrative access to the First Rebate production server AZPH-SRV-DB14. Of those 136 user IDs, 32 are generic IDs.
- One of ten employees selected with administrative access to the First Rebate database is a developer.
- One of ten employees selected with administrative access to the First Rebate database has been terminated. Per discussion with management, this user's access was removed in September 2007.
- Five of nine user IDs with administrative access to the First Rebate application are developers. Per discussion with management, the IDs allow read-only access.
- No formal review of users is maintained by management to determine the appropriateness of access and ensure proper segregation of duties on the First Rebate server, database or application.

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.

Also, HHSC outsources the recovery of vendor drug third-party reimbursements to Health Management Systems (HMS). HMS matches Medicaid and State Children's Insurance Program (SCHIP) and other program data files to insurance eligibility files obtained from third parties, including Medicare, commercial insurers, HMOs, Third Party Administrators, TRICARE, and others. This process identifies potential third-party liability, validates insurance benefits and recovers Medicaid and SCHIP payments from liable third parties.

## HEALTH AND HUMAN SERVICES COMMISSION

A service auditor's report covering the period March 1, 2006 through February 28, 2007 (covering the first 6 months of the fiscal year 2007) was issued for HMS's IT general controls environment. A qualified opinion was issued due to the controls surrounding granting, modifying, terminating and reviewing of logical access to systems were not applied consistently. General controls over the IT environment should be operating effectively to help ensure the proper functioning of the HMS applications.

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

### Corrective Action:

This finding was reissued as current year reference: 09-14.

Reference No. 08-10

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

(Prior Audit Issue - 07-10)

#### **Medicaid Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005**

**Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048**

**Type of finding - Non-Compliance**

During fiscal year 2006, the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), regional office from Dallas Texas issued a disallowance letter dated November 29, 2006. On December 22, 2006, Health and Human Services Commission (HHSC) appealed the disallowance. The following information is quoted from the CMS letter:

Initial Year Written:	2006
Status:	Partially Implemented

U.S. Department of Health and Human Services
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"This letter is notice of a disallowance in the amount of \$14,849,602 Federal Financial participation (FFP) for medical transportation costs claimed during federal fiscal years 2004 and 2005. The transportation costs were improperly claimed at the Federal Medical Assistance Percentage (FMAP) for medical services instead of the 50 percent administration matching rate. (See deferral letter dated January 17, 20-06)

The Texas Department of Health and Human Services Commission (HHSC) provides Medicaid reimbursement to the Texas Department of Transportation (TX-DOT) for administration of the State's Medicaid non-emergency transportation program. TX-DOT subcontracts with transportation providers, who actually provide the transportation services.

The Secretary has specified by regulation that transportation (when necessary to secure medical care) may be treated as medical assistance only when furnished 'by a provider to whom a direct vendor payment can appropriately be made by the agency. If other arrangements are made to assure transportation...FFP is available as an administrative cost.' 42 CFR Section 440.170(a)(2)(1991) (unchanged in relevant years). Administrative costs are normally reimbursed at a 50% rate under Section 1903(a)(7) of the Act.

Also, the recipients' freedom of choice of providers is limited under the TX-DOT transportation program. Regulation cited in 42 CFR Section 431.51 provides that Medicaid recipients may obtain Medicaid services from any entity that is qualified and willing to furnish them. Therefore, Texas may not restrict transportation providers to those subcontracts with TX-DOT without an approved freedom of choice waiver. Texas did not have a freedom of choice waiver for the provision of transportation services."

On September 17, 2007, in Decision No, 2114, the Departmental Appeals Board reversed the disallowance, in part, and upheld it, in part for services provided by brokers after June 1, 2006.

### Corrective Action:

This finding was reissued as current year reference number: 09-15.

Reference No. 08-11

**Eligibility**

(Prior Audit Issue - 07-12)

**CFDA 93.767 - State Children's Insurance Program (SCHIP)****Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004****Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021****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)).

Initial Year Written:	2006
Status:	Partially Implemented

U.S. Department of Health and Human Services
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Specifically, Texas SCHIP Administrator Business Rules 370.42, *Eligibility Applicant Children*, SCHIP children are eligible if they are: birth through age 18, live in a household with a Federal Poverty Level (FPL) of at or below 200 percent and are not otherwise eligible for Medicaid, citizens or legal immigrants, and uninsured for at least 90 days.

For two of 40 cases, the incorrect FPL percentages were utilized. Three additional cases did not have the application for benefits. These three cases were all referrals from Medicaid personnel. The cases that utilized the incorrect FPL percentages do not have questioned costs, since the correct calculation would place the individual in the same benefit level. The amount of benefits paid for the three cases that did not have applications during fiscal year 2007 was \$1,547. Total benefits paid for the year were approximately \$347,000,000 for CFDA 93.767. Approximately 2% of SCHIP enrollments are referrals from Medicaid, or \$694,000.

Corrective Action:

This finding was reissued as current year reference: 09-16.

Reference No. 08-12

**Eligibility**

(Prior Audit Issue - 07-13)

**CFDA 93.558 - Temporary Assistance for Needy Families****Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005****Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF****Food Stamp Cluster****Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006 and October 1, 2004 to September 31, 2005****Award number - 6TX400105, 6TX400105 and 5TX400105****Medicaid Cluster****Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005****Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048****Type of finding - Material Weakness Control and Non-Compliance**

Health and Human Services Commission (HHSC) currently maintains two systems for determining eligibility for Medicaid, Temporary Assistance for Needy Families (TANF) and Food Stamp - the legacy system, System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR), and the pilot system, 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
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Per review of the regulations and State Plan documents for Medicaid, TANF and Food Stamp benefits, individuals must generally meet the following criteria to be eligible for any of the three forms of aid, and the information is required to be verified per a third party source of information. Any exceptions are noted below:

- Completed and signed an application for benefits with eligibility determined at least every 12 months for Medicaid (42 CFR 435.916(a)), TANF (per State Plan), and Food Stamps (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 Food Stamps 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 effective July 1, 2006; cash TANF by State Policy; and Food Stamps 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 for Food Stamps 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 Food Stamps 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 control procedures performed:

- Access controls are inappropriately designed at the Oracle database level.
- The URL for the TIERS login screen is available on the internet and while User ID and password are required, it does not require authentication through a VPN to the HHSC or TAA network. In addition, improvements were noted for the administration and configuration of the firewall during the fiscal year.
- There is no periodic review of TIERS users at the application, database, and operating system level, or the privileges associated with those users.

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. Select 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 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 their 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.

- The Federal Income, Eligibility, and Verification System (IEVS) is used to verify applicant's income information from the Social Security Administration, Internal Revenue Service, and the State of Texas Workforce Commission. Through IEVS, applicants' social security numbers are matched to respective agencies' records to verify earned and unearned sources of income. The automated IEVS interface is currently not in production in TIERS. Use of IEVS is required for Medicaid by 42 CFR 435.940 and TANF by the State Plan. IEVS is optional for Food Stamps (7 CFR 272.8).
- 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 unpend the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the case worker has obtained. If the caseworker does not have the information for these required fields, "placeholder" information can be entered in order to advance to the screens for which case information has been. TIERS is not designed to pend these "place holder" inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client's file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.

Further, the HHSC Office of Inspector General (OIG) is responsible for recoupment of overpayments and pursuit of fraud in HHSC. In April 2005, OIG suspended recoupment efforts and its investigation and pursuit of fraud cases for clients living in zip codes serviced through TIERS, pending the completion of the appropriate TIERS improvements. During fiscal year 2007, not all of the information required to perform recoupment and fraud investigations was readily available, and certain information in TIERS lacked the level of data integrity required to support court cases. Subsequent to year-end in September 2007, OIG notified US Department of Agriculture, Food and Nutrition Services, Southwest Region that "we have determined that TIERS supports the pursuit of agency error, client error, and intentional program violation claims, and that TIERS data can and will be used as evidence in fair hearing and administrative disqualification hearings. ... We are testing the data in the TIERS Historical Case Report application and are confident that this information will be adequate to pursue fraudulent/criminal cases in the near future."

For 50 files reviewed receiving Food Stamp, two files with benefits of \$2,723 were found to be incomplete or the benefits calculated in error as noted below:

- For one file the Cost of Living Adjustment (COLA) was not processed timely due to the case file being in a pending status. TIERS is designed to not process updates to files if the file is in pending status. As a result, the benefit amount calculated by TIERS was based on outdated information. The incorrect benefit amount paid to this household during the fiscal year was \$5.
- For one file there was insufficient support for income used in determining eligibility. The benefit amount paid to this household, during the fiscal year was \$2,718.

For 50 files reviewed receiving TANF, three files with benefits paid of \$467 had benefits calculated in error as noted below:

- Updated income information for two cases was not processed timely, resulting in over- and underpayment of benefit amounts using outdated information. For one case the net effect of changes that occurred during the year was zero. For the other case, HHSC paid the individual four months of ineligible award in the amount of \$324.



## **HEALTH AND HUMAN SERVICES COMMISSION**

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- For one file there was insufficient support for income used in determining eligibility. The benefit amount paid to this household, during the fiscal year was \$143.

For 50 files reviewed receiving Medicaid, six files with total benefits paid of \$2,592 were found to be incomplete:

- One file erroneously included one family member in determining the budgetary allowance for the case. Benefits paid to the family during the fiscal year were not affected by the inclusion of this family member.
- One file should not have been deemed eligible for benefits. The individual should have been denied Medicaid benefits when SSI benefits were denied in November 2005. However, there were no benefits paid to this individual since November 2005.
- One file did not have support for redetermination of benefits. The benefit amount paid to this individual was \$932.
- One file was missing a signed application. No benefits were paid to this household during the fiscal year.
- Two files did not contain documentation to support budget information. Therefore, eligibility could not be verified. Benefits paid for fiscal year were \$1,660.

### **SAVERR**

For 50 files reviewed receiving Medicaid, six files with total benefits paid of \$5,084 were found to be incomplete:

- Three files were not made available for review. Therefore, eligibility could not be verified. Benefits paid to these individuals were \$3,931.
- One file did not contain support for income used in eligibility determination. Therefore, the benefit amount could not be determined. Benefits paid to this individual during the fiscal year were \$658.
- One file did not have support for redetermination of benefits. Benefits paid to this individual were \$52.
- One file did not contain proof of social security number nor was there proof that the social security number was verified. The same file also did not contain proof that resources were below the required threshold, support for income or documentation that the income limit was not exceeded. Benefits paid to this individual were \$443.

For 50 files reviewed receiving Food Stamp, two files with total benefits paid of \$4,237 were found to be incomplete or the benefits calculated in error as noted below:

- One file was not made available for review. Therefore, eligibility could not be verified. Benefits paid to this individual were \$2,015.
- One file did not have income support. Therefore, benefit amount could not be determined. Benefits paid to this individual during the fiscal year were \$2,222.

For 50 files reviewed receiving TANF, four files with total benefits paid of \$3,338 had benefits calculated in error as noted below:

- One file was missing a signed application and proof of residence. Therefore eligibility could not be determined. Benefits paid to this individual were \$1,950.
- One file was missing proof of income. Therefore, eligibility could not be determined. Benefits paid to this individual were \$1,388.
- Two files were not made available for review as the files were damaged by mold. Therefore eligibility could not be verified. No benefits were paid to these individuals.

In addition, 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. Fifty-five 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.

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.

The Federal Income, Eligibility, and Verification System (IEVS) is used to verify applicant’s income information from the Social Security Administration, Internal Revenue Service, and the State of Texas Workforce Commission. Through IEVS, applicants’ social security numbers are matched to respective agencies’ records to verify earned and unearned sources of income. Use of IEVS is required for Medicaid by 42 CFR 435.940 and TANF by the State Plan. IEVS is optional for Food Stamps (7 CFR 272.8). The automated IEVS interface related to Internal Revenue Service was not functional beginning June 2007 to do changes to the interface. Therefore earned and unearned income from Internal Revenue Service is currently not being verified.

**Summary**

The following analysis provides perspective for the above three programs:

	<u>Food Stamps</u>	<u>TANF</u>	<u>Medicaid</u>
Approximate amount of benefits paid for clients processed through TIERS for Fiscal year 2007	\$ 185,324,000	7,184,000	771,411,000
Approximate amount of benefits paid for clients processed through SAVERR for Fiscal year 2007	\$ 2,706,151,000	233,247,000	11,705,972,000
Approximate amount of benefits paid for clients processed through non HHSC eligibility system for Emergency Assistance (EA)	\$ —	226,549,000	—
Approximate total expenditures per 2007 Federal Schedule	\$ 2,891,475,000	466,980,000	12,477,383,000
Approximate total number of clients served through SAVERR in August 2007	2,088,000	123,000	2,549,000
Approximate total number of clients served through TIERS in August 2007	247,000	10,500	332,000
Approximate total number of clients served in August 2007, excluding EA	2,335,000	133,500	2,881,000

**Corrective Action:**

This finding was reissued as current year reference number: 09-17.

## HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 08-13

### Matching

#### CFDA 93.767 - State Children Health Insurance Program

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004**

**Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021**

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

Per 42UCS1397ee(a)(1), in general subject to the succeeding provisions of this section, the Secretary shall pay to each State with a plan approved under this subchapter, from its allotment under Section 1397dd of this title, an amount for each quarter equal to the enhanced FMAP (or, in the case of expenditures described in subparagraph (B), the Federal medical assistance percentage (as defined in the first sentence of Section 1396d(b) of this title) of expenditures in the quarter—

Initial Year Written:	2007
Status:	Implemented

U.S. Department of Health and Human Services	
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- (A) for child health assistance under the plan for targeted low-income children in the form of providing medical assistance for which payment is made on the basis of an enhanced FMAP under the fourth sentence of Section 1396d(b) of this title;
- (B) for the provision of medical assistance on behalf of a child during a presumptive eligibility period under Section 1396r-1a of this title;
- (C) for child health assistance under the plan for targeted low-income children in the form of providing health benefits coverage that meets the requirements of Section 1397cc of this title; and
- (D) only to the extent permitted consistent with subsection (c) of this section—
  - (i) for payment for other child health assistance for targeted low-income children;
  - (ii) for expenditures for health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children);
  - (iii) for expenditures for outreach activities as provided in Section 1397bb(c)(1) of this title under the plan; and
  - (iv) for other reasonable costs incurred by the State to administer the plan.

A sample of 40 expenditures charged to the State Children's Insurance Program (SCHIP) was reviewed to ensure that the Health and Human Services Commission (HHSC) provided the appropriate matching rate from State funds. Of the 40 items selected for test work, three September 2006 expenses were matched at the lower 2007 federal fiscal year rate of 27.45% instead of the 2006 rate of 27.54%. The three items are all vendor drug payments and were under matched by approximately \$4. HHSC outsources the processing of vendor drug payments to First Health Services Corporation (FHSC). The under matching occurred when FHSC applied an inappropriate effective date in the computer system for the federal fiscal year 2007 rate of September 1, 2006 instead of October 1, 2006. Total amount under matched for September 2006 was approximately \$5,448.

#### Corrective Action:

Corrective action was taken.

Reference No. 08-14

**Program Income****CFDA 93.767 - State Children's Insurance Program**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004**

**Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021**

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

Title XXI of the Social Security Act, 42 U.S.C. §§ 1391aa-1397jj) 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 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 provides to states.

Initial Year Written: 2007  
Status: Implemented

U.S. Department of Health and  
Human Services

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.

Health and Human Services Commission (HHSC) contracts with First Health Services Corporation (FHSC) to mail quarterly drug vendor invoices to comply with the 60-day requirement noted above. A sample of 40 invoices was selected for review and the following was noted:

- The December 31, 2006 invoices were sent on March 6, 2007, instead of March 1, 2007.
- The March 31, 2007 invoices were sent on June 7, 2007, instead of May 30, 2007.
- The June 30, 2007 invoices were sent on September 4, 2007, instead of August 29, 2007.

HHSC management was aware of the delayed mailing of the letters through their oversight procedures of FHSC.

Corrective Action:

Corrective action was taken.

Reference No. 08-15

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

(Prior Audit Issue - 07-15)

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

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005**

**Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF**

**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 Texas Attorney General's agency must notify Health and Human Services Commission (HHSC) agency promptly. HHSC must then take appropriate action by; (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program. Per A2140, the State policy is to reduce benefits 100% for non-cooperation.

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 pilot system, Texas Integrated Eligibility Reporting System (TIERS).

In TIERS, sanctions are not being applied correctly on TANF adults who are non-certified payees. When EDBC (eligibility determination) is run after the sanction has been imposed, the sanction is incorrectly removed. TANF benefits should remain forfeited until individual cooperates. Decision tables in TIERS are not properly designed to check conditions that would properly determine if individuals should be included/excluded in sanction determination. HHSC performed a query noting that approximately \$83,589 was paid in TANF benefits to ineligible recipients as a result of this system design issue. HHSC management identified this issue during the fiscal year and has initiated corrective action.

The Texas Attorney General Office non-cooperative sanctions are interfaced with SAVERR through the Change Verification System (CVS). Case workers are assigned to each case to manually work the sanction. When information from the Texas Attorney's General Office does not agree with client information in SAVERR, SAVERR generates an error report for resolution. The SAVERR Non-Cooperative Error Reports are not maintained and therefore unavailable for test work.

A sample of 40 beneficiaries who should have had their benefits reduced was selected from SAVERR and a sample of 40 was selected from TIERS. Our review noted the following:

- Of the 40 cases reviewed in TIERS, benefits were not reduced timely for nine cases. For eight of the cases, benefits were reduced one to two months late and for one case benefits were not reduced until the error was discovered during the audit and client erroneously received benefits for three months.
- Of the 40 cases reviewed in SAVERR, benefits were not reduced timely for four cases. For three of the cases, benefits were reduced one-two months late and for one case benefits were not reduced until the error was discovered during the audit and client received benefits for four months.

When HHSC is notified by the Texas Attorney General's office that benefits should be reduced, HHSC sends a denial notification letter to the respective individual and provides for one month to resolve. If the case worker does not manually set the benefit file to sanction status, benefits will continue to pay. In the above 13 instances, the case files were not noted as in sanction status. Total questioned cost for the 13 cases is \$2,881.

Corrective Action:

This finding was reissued as current year reference number: 09-18.

Reference No. 08-16

**Special Tests and Provisions - Issuance Document Security**

(Prior Audit Issue - 07-16)

**Food Stamp Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006 and October 1, 2004 to September 31, 2005**

**Award number - 6TX400105, 6TX400105 and 5TX400105**

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

The State is required to maintain adequate security over, and documentation/records for, Authorization to Participate (ATP) cards, other documents authorizing issuance, Electronic Benefit Transfer (EBT) cards (7 CFR Section 274.12(h)(3)), and the food stamp coupons themselves to prevent: couple theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use of coupons and alternating or counterfeiting of coupons and other documents authorizing issuance (7 CFR Section 274.7(b) and 274.11(c)).

Initial Year Written:	2006
Status:	Partially Implemented
U.S. Department of Agriculture	

Security over EBT Food Stamp cards (i.e., LoanStar cards) was reviewed for 40 local intake offices. Health and Human Services Commission (HHSC) policy is that logs are maintained at each office to denote receipt, issuance, and destruction of EBT cards. In addition, monthly inventories of the EBT cards are required to be conducted by management of the office and reconciled to the daily logs. HHSC regional offices perform reviews of selected offices for which the office must respond with a corrective action plan. HHSC policy is to perform these audits once every five years. Per review of 40 sites, nine sites were identified with the following exceptions:

- For two sites, the monthly reconciliation between the EBT cards and the PIN access numbers contained errors which were not discovered by management.
- For two sites, management was unable to provide corrective action plan for the regional audit performed during fiscal year 2007.
- For five sites, the EBT cards and/or PIN packet inventory were not maintained in a secure location.
- For one site, there was no authorizing signature validating the monthly inventory reconciliation.
- For one site, there was no log of voided cards available for review.
- For one site, there was no inventory report available for review and the same site has not had a regional audit done in the last five years.

Corrective Action:

This finding was reissued as current year reference number: 09-19.

Reference No. 08-17

**Special Tests and Provisions - Managed Care**

**Medicaid Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005**

**Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048**

**Type of finding - Significant Deficiency**

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 (Sections 1115 of the Social Security Act).

Iniril Year Written:	2007
Status:	Partially Implemented
U.S. Department of Health and Human Services	

A sample of 40 beneficiary and 40 provider complaints was selected for review with no compliance issues noted. Our review found that there is no management review in place to ensure that complaints are processed according to Health and Human Services Commission (HHSC) policies and procedures regarding Medicaid Managed Care Complaints.

Corrective Action:

This finding was reissued as current year reference number: 09-20.

Reference No. 08-18

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

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

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005**

**Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF**

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

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

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Health and  
Human Services

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

A sample of 40 beneficiaries who should have had their benefits reduced was selected from SAVERR and a sample of 40 was selected from TIERS. For three of the 40 TIERS cases reviewed, the reduction in benefits was not processed timely. The three cases received one month of ineligible benefits, totaling \$696. Within TIERS when a case file is in pending status, the electronic data feeds from Texas Workforce Commission (TWC) noting noncompliance with TANF work provisions will not process timely as long as the case file remains in pending status. Once the status is cleared, the TWC provision is processed causing the delay in benefit reduction.

Corrective Action:

This finding was reissued as current year reference number: 09-21.

Reference No. 08-19

**Special Tests and Provisions - Provider Eligibility**

**Medicaid Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005**

**Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048**

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

Per 42 CFR Sections 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. 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 50 providers receiving Medicaid payments during fiscal year 2007 were selected for review and 23 files were noted to have the following exceptions:

- For seven of the 50 provider files reviewed there was no evidence that a current license to practice was obtained from the provider.
- For 23 of the 50 providers a search to ensure the provider was not on the Medicaid exclusion list was not conducted. A search was subsequently conducted and none of the providers were on the Medicaid exclusion list.
- For one of the 50 providers there was no evidence that the State obtained disclosure of ownership and control interest information or disclosure regarding a provider’s owners and other persons convicted of criminal offenses against Medicare, Medicaid, or the other Title XX services provided signed by the provider.

Corrective Action:

This finding will be reissued as current year reference number 09-22.

Reference No. 08-92

**Eligibility**

**CFDA 93.667 - Social Services Block Grant**

**Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008**

**Award number - G0601TXSOSR and G0701TXSOSR**

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

The Health and Human Services Commission (HHSC) received Social Services Block Grant (SSBG) funding from the U.S. Department of Health and Human Services to meet the social and health care needs of people affected by Hurricane Katrina and lacking health insurance or other adequate access to care. HHSC established the eligibility criteria to be met to receive services as noted below:

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Health and Human Services	

- Completed and signed the Texas Temporary Medicaid Application - Katrina Evacuee Form.
- Applicants must be an evacuee from Alabama, Louisiana or Mississippi.
- Applicants are to provide documentation as to identity and proof of citizenship. However, those who do not have identification or proof of citizenship can self-declare.
- Applicants must be a: (1) child under age of 19, (2) low-income parent of a child under age of 19, (3) pregnant woman, (4) low income Medicare recipient, (5) low income individual in need of long term care, (6) individuals with disabilities, or (7) uncompensated care pool.
- Applicant must meet the gross income limits established by the State of Texas.

A sample of 40 individuals who received benefits was reviewed to ensure they met the eligibility requirements. HHSC was unable to provide the file for seven cases. There was no compliance issues noted in the 33 cases reviewed. The amount of benefits paid for the seven cases not provided was \$3,200. Total benefits paid for the year were approximately \$2,000,000.

Corrective Action:

Corrective action was taken.



**Health and Human Services Commission  
Department of Aging and Disability Services  
Department of Assistive and Rehabilitative Services  
Department of Family and Protective Services  
Department of State Health Services**

Reference No. 08-20

**Allowable Costs/Cost Principles**

**Cash Management**

**Equipment and Real Property Management**

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

**Period of Availability of Federal Funds**

**Program Income**

**Reporting**

(Prior Audit Issue - 07-18)

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007

Award number - 6TX700506

**CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States**

Award year - October 1, 2005 to September 30, 2007, October 1, 2005 to September 30, 2007, October 1, 2006 to September 30, 2008 and October 1, 2006 to September 30, 2008

Award number - H126A060064, H126A060065, H126A070064 and H126A070065

**CFDA 93.217 - Family Planning - Services**

Award year - April 1, 2007 to March 31, 2008 and April 1, 2006 to March 31, 2007

Award number - 2 FPHPA060898-26 and 5 FPHPA060898-25

**CFDA 93.268 - Immunization Grants**

Award year - January 1, 2006 to December 31, 2006 and January 1, 2007 to December 31, 2007

Award number - CCH622571 - 04 and CCH622571 - 05

**CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance**

Award year - August 31, 2006 to August 30, 2007

Award number - U90/CCU617001-07

**CFDA 93.556 - Promoting Safe and Stable Families**

Award year - October 1, 2005 to September 30, 2007 and October 1, 2004 to September 30, 2006

Award number - G0601TX00FP and G0501TX00FP

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005

Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, and October 1, 2004 to September 30, 2005

Award number - G07AATX6100, G06AATX6100, and G05AATX6100

**CFDA 93.645 - Child Welfare Services - State Grants**

Award year - October 1, 2006 to September 30, 2008

Award number - G0701TX1400

**CFDA 93.658 - Foster Care - Title IV-E**

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007  
Award number - G0601TX1401 and G0701TX1401

**CFDA 93.659 - Adoption Assistance**

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007  
Award number - G0601TX1407 and G0701TX1407

**CFDA 93.667 - Social Services Block Grant**

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008  
Award number - G0601TXSOSR and G0701TXSOSR

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004

Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021

**CFDA 93.889 - National Bioterrorism Hospital Preparedness Program**

Award year - September 1, 2006 to August 31, 2007  
Award number - U3RHS07583-01-00

**CFDA 93.917 - HIV Care Formula Grants**

Award year - April 1, 2006 to March 31, 2007 and April 1, 2007 to March 31, 2008  
Award number - 6 X07HA00054-16 and 2 X07HA00054-17

**CFDA 93.940 - HIV Prevention Activities-Health Department Based**

Award year - January 1, 2007 to December 31, 2007 and January 1, 2006 to December 31, 2006  
Award number - U62/CCU623516 and U62/CCU623516

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

Award year - October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007; October 1, 2006 to September 30, 2008

Award number - 05B1TXCMHS; 06B1TXCMHS; 07B1TXCMHS

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

Award year - October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - 05B1TXSAPT, 06B1TXSAPT, and 07B1TXSAPT

**CFDA 93.994 - Maternal and Child Health Services Block Grant to the States**

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008  
Award number - 6 B04MC06591-01 and 1 B04MC07774-01

**Aging Cluster**

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007  
Award number - 06AATXT3SP, 06AATXNSIP, 07AATXT3SP, and 07AATXNSIP

**Disability Insurance Cluster**

Award year - October 1, 2005 to September 30, 2006 and October 1, 2005 to September 30, 2006  
Award number - 04-0604TXD102 and 04-0604TXD100

**Emergency Food Assistance Cluster**

Award year - October 1, 2006 to September 30, 2007 and October 1, 2005 to September 30, 2006  
Award number - 6TX810815 and 5TX810815

**Food Stamp Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006 and October 1, 2004 to September 31, 2005**

**Award number - 6TX400105, 6TX400105 and 5TX400105**

**Medicaid Cluster**

**Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005**

**Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048**

**Type of finding - Significant Deficiency**

The Health and Human Services Commission (HHSC) Enterprise Internal Audit conducted a review of the enterprise Health and Human Services Administrative System (HHSAS) Financials Security Controls and issued their report December 13, 2005. HHSAS is utilized by all five Health and Human Services entities - HHSC, Department of State Health Services (DSHS), Department of Family and Protective Services (DFPS), Department of Aging and Disability Services (DADS), and Department of Assistive and Rehabilitative Service (DARS). The report notes the following:

Initial Year Written;	2006
Status: Implemented	

U.S. Department of Health and Human Services
U.S. Department of Agriculture
U.S. Department of Education
Social Security Administration

- “Access privileges are not always appropriately restricted, and some high-privilege administrative accounts are shared by multiple HHSAS Financials Enterprise Support Center (ESC) personnel.”

The report further notes: “HHSAS financials is supported by an Oracle database management system administered by the HHSAS ESC technical team, which consists of six analysts. ESC technical analysts access the database using individual accounts to diagnose HHSAS production issues. However, when updates to an HHS agency database are needed to resolve a production issue, the technical analysts access the database using the application system administrator account. The account has full access privileges in the database, and is the account used by the HHSAS application to update the database. Database updates performed by ESC technical analysts using the account are indistinguishable from legitimate activities processed by the HHSAS application at the request of HHS agency users. “

- “Change management controls do not ensure that application code changes to HHSAS financials are authorized and approved prior to implementation.”

The report further notes: “To accomplish programming changes to HHSAS financials, the ESC employs STAT, a third party version control software tool. STAT is used to log, route, track and maintain detailed documentation for HHSAS financials changes.”

Upon follow-up of the above “access privilege” comment, we noted that the password is known by seven persons in ESC. Evidence was noted that a mitigating control exists that someone other than the developer closes the change request ticket, which allows for review by someone other than the developer. However the ESC personnel have open access to production.

During compliance work performed, no exceptions were noted which appeared to have resulted from the above deficiencies.

Corrective Action:

Corrective Action was taken.

## Health and Human Services Commission

### Department of State Health Services

Reference No. 08-21

#### Procurement and Suspension and Debarment

(Prior Audit Issue - 07-19, 06-15, 06-14, 06-13, 05-17, 05-14, 05-05)

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

Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007

Award number - 6TX700506

#### CFDA 93.268 - Immunization Grants

Award year - January 1, 2006 to December 31, 2006 and January 1, 2007 to December 31, 2007

Award number - CCH622571 - 04 and CCH622571 - 05

#### CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance

Award year - August 31, 2006 to August 30, 2007

Award number - U90/CCU617001-07

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006 and October 1, 2004 to September 30, 2005

Award number - G0702TXTANF, G0602TXTANF and G0501TXTANF

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

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 30, 2006, October 1, 2004 to September 30, 2005, and October 1, 2003 to September 30, 2004

Award number - 0705TX5021, 0605TX5021, 0505TX5021, and 0405TX5021

#### CFDA 93.917 - HIV Care Formula Grants

Award year - April 1, 2006 to March 31, 2007 and April 1, 2007 to March 31, 2008

Award number - 6 X07HA00054-16 and 2 X07HA00054-17

#### CFDA 93.994 - Maternal and Child Health Services Block Grants to the States

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - 6 B04MC06591-01 and 1 B04MC07774-01

#### Food Stamp Cluster

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006 and October 1, 2004 to September 31, 2005

Award number - 6TX400105, 6TX400105 and 5TX400105

#### Medicaid Cluster

Award year - October 1, 2006 to September 30, 2007, October 1, 2005 to September 31, 2006, and October 1, 2004 to September 31, 2005

Award number - 0705TX5028, 0705TX5048, 0605TX5028, 0605TX5048, 0505TX5028, and 0505TX5048

Type of finding - Significant Deficiency and Non-Compliance

States shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. U.S. Department of Health and Human Services requires the following for procurement (45CFR 92.36):

- Verify the contract file documents the significant history of the procurement.
- Verify the procurements provide full and open competition.

Initial Year Written: 2004  
Status: Partially Implemented

U.S. Department of Health and  
Human Services  
U.S. Department of Agriculture

- Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.
- Contracts greater than \$25,000 must be reviewed to ensure the vendor is not suspended or debarred.

In addition, under the Texas Government Code, Chapter 2155, subchapter A General Provisions, Section 2155.005(a), a bidder offering to sell goods or services to the state shall certify on each bid submitted that neither the bidder, nor the person represented by the bidder, nor any person acting for the represented person has:

- (1) Violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the federal antitrust laws; or
- (2) Directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

Lastly, the Health and Human Services Commission Procurement Manual requires that purchases or other acquisitions that will cost more than \$5,000 are to be competitively bid unless the purchasing of goods or services are exempt from competitive bidding in which case the exemption must be documented in the purchasing documentation. Health and Human Services Commission (HHSC) requires a signed bid document and a signed purchase to execute a contract with a vendor.

Upon review of selected vendor files, for the Department of State Health Services (DSHS), the following was noted:

- Public Health Preparedness and Response for Bioterrorism, CFDA 93.283 - For the selected and reviewed vendor files, one file contained a final purchase order that was not signed indicating State authorization. A second purchase order was procured under the Direct Publication purchasing guidelines but did not have the required memorandum or statement on the purchase order that the goods/services are not available from any other source. A third file did not have documentation of the solicitation of bids or a bid tabulation nor justification for sole source. Lastly, a fourth vendor file could not be located. The procurement amounts for these four files of forty reviewed was approximately \$87,000.
- Immunization Grants, CFDA 93.268 - For the selected and reviewed vendor files, there was one of twelve vendor files where the original contract amount was estimated to be under the procurement guidelines threshold, however the final procured amount exceeded \$5,000. Formal procurement was not documented for this vendor. The contract amount for this one file was approximately \$7,500.
- Maternal and Child Health Services, CFDA 93.994 - For one of the thirteen selected and reviewed vendor files, documentation was not available to demonstrate an attempt to solicit bids from at least three vendors. Thus there was no evidence that historically underutilized businesses were solicited, bid tabulations were prepared, or sole sourcing was justified. Additionally, there were two vendor files that could not be located at all to review any documentation. The contract amount for these three files of thirteen was approximately \$290,000.
- HIV Care Formula Grants, CFDA 93.917 - One of the three purchase orders reviewed for the selected vendors was not signed indicating State authorization. The contract amount for this vendor was approximately \$35,000.
- Nutrition Program for Women, Infants, and Children, CFDA 10.557 - For one of the thirty-four files selected there was no CMBL listing or bid from the winning vendor. The contract amount for this vendor was \$20,000.

The Health and Human Services Commission (HHSC) has a cost allocation plan for its federal programs. Therefore expenses are allocated to the various federal programs based on the prescribed methods in the respective plans. Upon review of 50 selected vendor files, for the Medicaid Cluster at HHSC, and 40 selected vendor files for Temporary Assistance for Needy Families (TANF) CFDA 93.558, Food Stamp Cluster, and State Insurance Children's Program (SCHIP) CFDA 93.767, the following items were noted for all four programs:

- One vendor file did not have evidence that HHSC verified that the vendor was not suspended or debarred prior to awarding the contract. Upon review of the EPLS, the vendor was not suspended or debarred so there are no questioned costs.

- Four vendor procurement files did not have signed contracts, bids, bid tabulations, or request for bids. HHSC disbursed approximately \$150,000 to these vendors. Two of these four files did not have antitrust certifications.
- For one vendor a renewal option exercised seven months after the renewal option had expired. The renewal contract was for \$50,000.
- For one vendor file, there was no documentation of bidding or sole source justification. The contract was for approximately \$19,000.

The TANF program had the following addition exception:

- For one additional vendor file, there was no documentation of sole source justification. The contract was for approximately \$19,000.

In addition, the Food Stamp program had the following additional exception:

- One vendor procurement file did not have signed contracts, bids, bid tabulations, or request for bids. The contract was for approximately \$187,000.

Corrective Action:

This finding was reissued as current year reference number: 09-25.

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 Mangement  
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 are placed in the NEMIS recoupment queue. At present, there are about 700 cases representing \$1,624,000 in debt collection at FEMA's disaster finance center, of which approximately \$44,000 has been collected as of August 2003. Discussion is being held with U.S. Department of Treasury (IRS) regarding collection of these outstanding amounts.*

Management Response and Corrective Action Plan 2004:

*There are about 700 cases with overpayments of approximately \$1,617,000 being pursued by FEMA and the U.S. Department of Treasury. As of February 2005, approximately \$78,000 total has been returned. The U.S. Department of Treasury has begun turning cases over to private collection agencies.*

Management Response and Corrective Action Plan 2005:

FEMA and HHSC staff 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 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 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 January 19, 2007, a total of \$363,779 in principal has been collected.

Management Response and Corrective Action Plan 2007:

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 January 31, 2008, a total of \$425,878 in principal has been collected.

Management Response and Corrective Action Plan 2008:

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, 2008, a total of \$483,535 in principal has been collected.

Implementation Date: On-going

Responsible Person: Allen Bledsoe and Donald Baggett



**Texas Higher Education Coordinating Board**

Reference No. 08-22

**Subrecipient Monitoring**

(Prior Audit Issue - 07-21)

**CFDA 84.048 - Vocational Education - Basic Grants to States**

**Award year - July 1, 2006 to September 30, 2007**

**Award number - 07420206712001, 07420207712001, 07420208712001, and 07420209712001**

**Type of Finding - Significant Deficiency**

The expense report submission system is part of the Perkins Grants system and is called the “Perkins Project Deliverables” system. It is housed on a Windows NT server and MS SQL database. Developers have access to deploy code changes to production. Three developers have system-administrative privileges on this application. In addition, no formal change-management procedures are in place.

Initial Year Written:	2006
Status:	Implemented
U. S. Department of Education	

In addition, the Education Data Center (EDC) application is used to accept incoming student reporting and financial aid data from technical and community colleges, the sub recipients. This application is housed on a Windows NT server and MS SQL database (called “EDCPROD”). Developers have access to deploy code changes to production.

When developers have system-administrative access, appropriate segregation of duties are not in place. Users with inappropriate rights to modify application code or data create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

No compliance exceptions were noted per review of 40 subrecipients and the related monitoring that the Texas Higher Education Coordinating Board (THECB) performs.

Corrective Action:

Corrective action was taken.

**Texas Juvenile Probation Commission**

Reference No. 08-23

**Subrecipient Monitoring**

(Prior Audit Issue - 07-23, 06-21, 05-31)

**CFDA 93.658 - Foster Care - Title IV-E**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - G0601TX1401 and G0701TX1401**

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

The Texas Juvenile Probation Commission (TJPC) 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. TJPC’s subrecipient monitoring procedures include a risk assessment process, standardized contracts, training and technical assistance, program and financial monitoring and review of agreed-upon procedures reports required to be performed at the juvenile probation department level.

Initial Year Written:	2004
Status:	Partially Implemented
U.S. Department of Health and Human Services	

TJPC relies on the Department of Protective Services to determine eligibility and to set the reimbursement rates. TJPC passes through a 99% of their Foster Care funds to subrecipients (i.e., Texas counties). During fiscal year 2007 there were approximately 150 counties that received foster care funds of \$40,300,000 from TJPC.

More specifically, TJPC’s subrecipient monitoring process includes:

- Yearly grant awards exist with each county with an approved 2030 budget form that estimates the amount of foster care entitlement funds expected to be incurred for the fiscal year. The contract is used to communicate the CFDA information and applicable regulations.
- To receive enhanced administrative reimbursement, the county must also file an implementation plan that documents their indirect cost rate. TJPC’s fiscal personnel review the implementation plans for completeness and reasonableness of the indirect rate.
- Quarterly or monthly reimbursement requests from the counties are recalculated based on the applicable reimbursement rate by TJPC personnel prior to approval for payment.
- There is a risk assessment process and high risk counties were selected for a financial desk review that includes review of payroll effort documentation, proper use of travel reimbursement rates, and allowability of expenses.
- TJPC also requires an agreed upon procedures report from each county which includes provisions for the local auditor to review the accuracy of the fees paid to private service providers, the categorization of training costs into the appropriate categories, and the allowable expenses for direct and indirect categories. Also the agreed upon procedures report is to note if there are any findings related to the Foster Care program in the county’s A-133 report.

For the fiscal year 2007, the top 18 counties received a financial desk review and no financials reviews were performed in 2006. As part of the desk reviews TJPC selects expenditures for one quarter and requests invoices and payroll detail, including timesheets, to assess the allowability of expenditures.

TJPC’s monitoring process also relies heavily on the performance of the agreed upon procedures reports. The suggested procedures in the agreed-upon procedures polices and not specific enough to determine whether the respective auditors are selecting samples of invoices and timesheets to review for allowable costs.

Management Response and Corrective Action Plan 2007:

*It is TJPC's policy to use a risk assessment to identify and audit the juvenile probation departments receiving Title IV-E funds that are at the highest risk. Based on the revised risk assessment, 20 counties received either a financial desk audit or an on-site audit during the 2006-2007 biennium. Title IV-E funds were allocated under the State Financial Assistance Contract which is a biennium contract for fiscal years 2006-2007. The audit period for each audit was established to be the 1<sup>st</sup> Quarter of fiscal year 2006. Revisions to the contract requirements (Compliance Resource Manual) can only be made for the next contract period 2008-2009.*

*The audits included a random sample of expenditures in the budget categories of salaries and fringe benefits, travel, supplies and utilities to determine whether those expenditures are allowable and should have been included in the administrative claim for reimbursement to the department. The audit also includes a review of expenditures paid with Title IV-E reimbursement funds. If it was determined that expenditures were unallowable, those funds were refunded back to TJPC.*

*The Title IV-E Fiscal Unit conducts trainings and provides technical assistance to all departments throughout the biennium due to the requirement revisions by the federal government and the Texas Department of Family and Protective Services.*

Management Response and Corrective Action Plan 2008:

*During fiscal year 2008 there were approximately 150 counties that received foster care funds of approximately \$19,400,000 from TJPC. TJPC has revised the audit requirements for the annual "Agreed Upon Procedures Reports" to include assurances for the independent auditor to review costs reported on the Title IV-E Foster Care Program administrative claims. The costs reported on the claims will be audited as an accurate representation of allowable expenses incurred on behalf of the Title IV-E Program. The audit requirements also include an assurance stating that any and all findings related to the Title IV-E program noted in the annual Single Audit for the subrecipient, if applicable, will be disclosed in the Schedule of Findings and Questioned Costs of the annual independent audit plus the reporting package as prescribed by OMB Circular A-133.*

*Implementation Date: Fiscal year 2009*

*Responsible Person: Annie Collier*

## Department of State Health Services

Reference No. 08-24

### Allowable Costs/Cost Principles

#### Period of Availability of Federal Funds

(Prior Audit Issue - 07-30)

#### CFDA 93.268 - Immunization Grants

Award year - January 1, 2006 to December 31, 2006 and January 1, 2007 to December 31, 2007

Award number - CCH622571 - 04 and CCH622571 - 05

#### CFDA 93.889 - National Bioterrorism Hospital Preparedness Program

Award year - September 1, 2005 to August 31, 2006 and September 1, 2006 to August 31, 2007

Award number - U3RHS05946-01-01 and U3RHS07583-01-00

#### CFDA 93.917 - HIV Care Formula Grants

Award year - April 1, 2006 to March 31, 2007 and April 1, 2007 to March 31, 2008

Award number - 6 X07HA00054-16 and 2 X07HA00054-17

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

Award year - October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - 05B1TXSAPT, 06B1TXSAPT, and 07B1TXSAPT

#### CFDA 93.994 - Maternal and Child Health Services Block Grant to the States

Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008

Award number - 6 B04MC06591-01 and 1 B04MC07774-01

Type of finding - Significant Deficiency and Non-Compliance

In accordance with OMB Circular A-87, attachment B, Section 8h(3), "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Initial Year Written:	2006
Status:	Partially Implemented
U.S. Department of Health and Human Services	

For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages are required to be supported by personnel activity reports or equivalent documentation which:

- 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, and
- Are signed by the employee.

At the Department of State Health Services (DSHS) most employees are paid monthly and, regardless of whether they work solely on one Federal award or multiple awards, they are all required to complete timesheets at least monthly. Typical monthly timesheet activity consists of regularly scheduled hours worked and charged to the labor account codes assigned to the employee's position. Employees have a position number that is set up at the start of each year with a task profile containing the number of hours the employee is expected to work each week and the fund and labor account codes that the employee is budgeted to charge. When an employee does not deviate from their task profile during the month, all that is required is that they sign the timesheet and check the box that there were no deviations from task profile. When their actual time deviates from the task profile (e.g. sick time, vacation time, hours worked on different projects), the employee enters in the corresponding differences in hours and/or activities from the profile and signs the timesheet. Regardless of whether an employee deviates from their task profile or not, these monthly timesheets serve as certification of hours worked and are required by DSHS policy to be approved and signed by the employee and the employee's supervisor.

- Out of 13 payroll items tested for CFDA 93.268 - Childhood Immunization, one timesheet submitted was not signed and certified by the employee or the employee's supervisor in a timely fashion. The timesheet was signed more than 90 days after the end of the pay period. Approximately \$3,050 was charged to the grant for this individual for this pay cycle. Total payroll and benefits charged to this grant for the fiscal year were approximately \$2,217,000.
- Out of 14 payroll items tested for CFDA 93.889 - National Bioterrorism Hospital Preparedness Program, three timesheets were not signed and certified by the employee or the employee's supervisor in a timely fashion. The timesheets were signed more than 90 days after the end of the pay period. Approximately \$8,400 was charged to the grant for these individuals for this pay cycle. Total payroll and benefits charged to this grant for the fiscal year were approximately \$1,747,000.
- Out of two payroll items tested for CFDA 93.917 - HIV Care, one timesheet submitted was not signed by the employee's supervisor. Approximately \$5,370 was charged to the grant for this individual for this pay cycle. Total payroll and benefits charged to this grant for the fiscal year were approximately \$1,260,000
- Out of 35 payroll items tested for CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse, two timesheets submitted were not signed and certified by the employee or the employee's supervisor in a timely fashion. The timesheets were signed more than 90 days after the end of the pay period. Approximately \$730 was charged to the grant for these two individuals for this pay cycle. Total payroll and benefits charged to this grant for the fiscal year were approximately \$4,738,916.
- Out of 28 payroll items tested for CFDA 93.994 - Maternal and Child Health Services, one timesheet submitted was not signed and certified by the employee or the employee's supervisor in a timely fashion. The timesheets were signed more than 90 days after the end of the pay period. Approximately \$500 was charged to the grant for this individual for this pay cycle. Total payroll and benefits charged to this grant for the fiscal year were approximately \$6,861,000.

Corrective Action:

This finding was reissued as current year reference number: 09-29.

Reference No. 08-25

**Allowable Costs/Cost Principles**

**Special Tests and Provisions - Food Instrument Disposition**

**Special Tests and Provisions - Review of Food Instruments to Enforce Price Limitations and Detect Errors**

(Prior Audit Issue - 07-31)

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - 6TX700506**

**Type of finding - Significant Deficiency**

The Department of State Health Services (DSHS) utilizes the WIC EBT (Lone Star cards) and WIC TX WIN (paper voucher) systems to process the food vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557 (WIC). Development Team Leads have access to migrate changes to the production environment for both systems. Access to migrate changes to production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to production environment. In addition, no periodic review is performed of active users and user access right to identify and remove inappropriate system access to WIC EBT or WIC TX WIN.

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: 09-30.

Reference No. 08-26

**Earmarking**

(Prior Audit Issue - 07-34 and 05-11)

**CFDA 93.994 - Maternal and Child Health Services Block Grant to the States****Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008****Award number - 6 B04MC06591-01 and 1 B04MC07774-01****Type of finding - Significant Deficiency and Non-Compliance**

In accordance with 42 USC 705(a)(3)(A) and 42 USC 705(a)(3)(B), the state agency must use at least 30% of payment amounts for services for children with special health care needs.

Initial Year Written:	2004
Status:	Implemented

U.S. Department of Health and Human Services	
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Monthly reports are submitted to management which detail the current expenditure level and to-date percentage for each of the earmarking requirements. Although funds are earmarked at the beginning of the award period in amounts sufficient to meet the percentage requirements, the subrecipient contracts used to meet these requirements are sometimes not fully expended during the grant award period and thus, cause the Department of State Health Services (DSHS) to be noncompliant with these minimum earmarking requirements. It was noted that the state agency used 25.5% of total federal funds on services for children with special health care needs for the award year October 1, 2004 - September 30, 2006. An additional approximately \$1,702,900 was needed for children with special health care needs.

Corrective Action:

Corrective action was taken.

Reference No. 08-27

**Special Tests and Provisions - Control, Accountability and Safeguarding of Vaccines****CFDA 93.268 - Immunization Grants****Award year - January 1, 2006 to December 31, 2006 and January 1, 2007 to December 31, 2007****Award number - CCH622571 - 04 and CCH622571 - 05****Type of finding - Non-compliance**

According to Federal requirements at A-102 Common Rule §\_\_\_.20, State recipients are required to maintain effective control and accountability for all vaccines. Furthermore, vaccines must be adequately safeguarded and used solely for authorized purposes.

Initial Year Written:	2007
Status:	Implemented

U.S. Department of Health and Human Services	
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The storage and distribution of vaccines was outsourced to a third party - General Injectable and Vaccines (GIV) during fiscal year 2004. Historically, GIV has hired their independent auditor to perform an Agreed Upon Procedures (AUP) engagement related to GIV inventory, consisting of testing the roll forward of vaccines including receipt, transfer to providers, loss, and ending inventory. Additionally, DSHS has historically done a yearly site visit of GIV to ensure proper safeguarding of vaccines.

Per DSHS management, neither the AUP nor the site visit was performed during fiscal year 2007. DSHS management noted that the GIV contract was initially going to be terminated in the middle of fiscal year 2007, and the shipping and storing of vaccines was going to be taken over by the Centers for Disease Control (CDC). However, this transfer of responsibilities was delayed until subsequent to fiscal year 2007. To compensate for the delay in transfer, DSHS did monitor estimated to actual inventory on a monthly basis by vaccine to manage the levels of inventory on hand.

Corrective Action:

Corrective action was taken.

Reference No. 08-28

**Special Tests and Provisions - Food Instrument Disposition**

**CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

**Award year - October 1, 2005 to September 30, 2006 and October 1, 2006 to September 30, 2007**

**Award number - 6TX700506**

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

In accordance with 7 CFR Section 246.12(q) a State agency is required to account for the disposition of all food instruments within 150 days of the food instrument's first valid date for participant use. That time frame was reduced to 120 days for all food instruments issued on or after March 27, 2007. The State agency must identify all food instruments as either issued or voided; and identify issued food instruments as either redeemed or unredeemed. Redeemed food instruments must be identified as one of the following: (1) validly issued, (2) lost or stolen, (3) expired, (4) duplicate, or (5) not matching valid enrollment and issuance records. State agencies generally do this by analyzing computer reports that provide detailed issuance and redemption information on each food instrument.

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Agriculture	

A sample of 40 unreconciled food instruments issued in fiscal year 2007 was selected for review. 6 of the 40 items exceeded the 150 or 120 days requirement to identify the status of the food instrument. In two of the six cases, the food instruments were issued prior to March 27, 2007 and exceeded the 150 day requirement by 41 and 4 days. In the other four cases, the food instruments were issued subsequent to March 27, 2007 and exceeded the 120 day requirement by one to six days. Per review of these six situations, DSHS contacted the local agency approximately more than 90 days subsequent to the issue date. In each case, WIC Food Issuance and Redemption Services (FIRS) indicated that follow up phone calls were made to the local agency; however, there was no formal tracking of these attempted contacts. All six vouchers were found to be correctly classified as issued, lost, expired, duplicated, or not matched; therefore, there are no questioned costs.

Corrective Action:

Corrective action was taken.

Reference No. 08-29

**Special Tests and Provisions - Peer Reviews**

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

**Award year - October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007; October 1, 2006 to September 30, 2008**

**Award number - 05B1TXCMHS; 06B1TXCMHS; 07B1TXCMHS**

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

The Department of State Health Services (DSHS) must provide for independent peer reviews that assess the quality, appropriateness, and efficacy of treatment services provided to individuals. At least five percent of the entities providing services in the State shall be reviewed annually. The entities reviewed shall be representative of the entities providing the services (42 USC 300x-53(a)).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Health and Human Services	

To determine the sufficiency of peer reviews, DSHS provided two different types of reviews performed during fiscal year 2007. The first type was a review of Mental Health and Mental Retardation (MHMR) Texoma Center (the Center) whose purpose was to provide the DSHS Mental Health Contracts Unit with an accurate assessment of the current business and operational practices that may be hindering the Center from operating in a financially viable and stable manner, and to provide written recommendations to DSHS regarding the feasibility of returning the Center to financial stability. The second review had the goal of determining whether the Local Mental Health Authorities (LMHAs) were meeting the standards outlined in the Mental Health Community Standards, Rule 412.310 requiring centers to meet a 14-day timeframe between when a person makes an initial call to when the person is first seen for an initial intake for routine services. Neither of these types of reviews was sufficient to meet the Federal compliance requirement for peers reviews noted above.

DSHS's rationale for not performing peer reviews is that they believe that communications from the Substance Abuse and Mental Health Services Administration (SAMHSA), the federal cognizant agency, waived DSHS of this requirement. The correspondence from SAMHSA indicates that while the requirement for peer reviews remains in the statute for the program, it is not monitored or reviewed by SAMHSA, and efforts have been made and continue to be made to remove this requirement from the statute.

Corrective Action:

Corrective action was taken.

Reference No. 08-30

**Subrecipient Monitoring**

(Prior Audit Issue - 07-36, 06-16, 05-20, 05-18, 04-07, 04-27, 03-12, 02-11, 02-15, 02-19, 01-555-36)

**CFDA 93.217 - Family Planning - Services**

Award year - April 1, 2007 to March 31, 2008 and April 1, 2006 to March 31, 2007

Award number - 2 FPHPA060898-26 and 5 FPHPA060898-25

**CFDA 93.268 - Immunization Grants**

Award year - January 1, 2006 to December 31, 2006 and January 1, 2007 to December 31, 2007

Award number - CCH622571 - 04 and CCH622571 - 05

**CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance**

Award year - August 31, 2006 to August 30, 2007

Award number - U90/CCU617001-07

**CFDA 93.889 - National Bioterrorism Hospital Preparedness Program**

Award year - September 1, 2005 to August 31, 2006 and September 1, 2006 to August 31, 2007

Award number - U3RHS05946-01-01 and U3RHS07583-01-00

**CFDA 93.917 - HIV Care Formula Grants**

Award year - April 1, 2007 to March 31, 2008 and April 1, 2006 to March 31, 2007

Award number - 2 X07HA00054-17 and 6 X07HA00054-16

**CFDA 93.940 - HIV Prevention Activities - Health Department Based**

Award year - January 1, 2007 to December 31, 2007 and January 1, 2006 to December 31, 2006

Award number - U62/CCU623516 and U62/CCU623516

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

Award year - October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007; October 1, 2006 to September 30, 2008

Award number - 05B1TXCMHS; 06B1TXCMHS; 07B1TXCMHS

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

Award year - October 1, 2006 to September 30, 2008, October 1, 2005 to September 30, 2007 and October 1, 2004 to September 30, 2006

Award number - 07B1TXSAPT, 06B1TXSAPT, and 05B1TXSAPT



CFDA 93.994 - Maternal and Child Health Services Block Grants to the States  
Award year - October 1, 2005 to September 30, 2007 and October 1, 2006 to September 30, 2008  
Award number - 6 B04MC06591-01 and 1 B04MC07774-01

**Non-major Programs:**

- CFDA 14.241 - Housing Opportunities for Persons with AIDS
  - CFDA 66.001 - Air Pollution Control Program Support
  - CFDA 66.701 - Toxic Substances Compliance Monitoring Cooperative Agreements
  - CFDA 93.000 - Hansen's Disease and Detection of Latent Tuberculosis Infection in Health Care Workers
  - CFDA 93.006 - State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program
  - CFDA 93.018 - Strengthening Public Health Services at U.S.-Mexico Border
  - CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs
  - CFDA 93.150 - Projects for Assistance in Transition from Homelessness
  - CFDA 93.197 - Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children
  - CFDA 93.230 - Consolidated Knowledge Development and Application (KD&A) Program
  - CFDA 93.235 - Abstinence Education Program
  - CFDA 93.243 - Substance Abuse and Mental Health Services - Projects of Regional and National Significance
  - CFDA 93.275 - Substance Abuse and Mental Health Services - Access to Recovery
  - CFDA 93.279 - Drug Abuse and Addiction Research Programs
  - CFDA 93.558 - Temporary Assistance for Needy Families
  - CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
  - CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
  - CFDA 93.667 - Social Services Block Grant
  - CFDA 93.769 - Demonstration to Maintain Independence and Employment
  - CFDA 93.943 - Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups
  - CFDA 93.944 - Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
  - CFDA 93.945 - Assistance Programs for Chronic Disease Prevention and Control
  - CFDA 93.974 - Family Planning - Service Delivery Improvement Research Grants
  - CFDA 93.977 - Preventative Health Services - Sexually Transmitted Diseases Control Grants
  - CFDA 93.978 - Preventative Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants
  - CFDA 93.982 - Mental Health Disaster Assistance and Emergency Mental Health
  - CFDA 93.988 - Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems
  - CFDA 93.991 - Preventive Health and Health Services Block Grant
  - CFDA 97.032 - Crisis Counseling
- Type of finding - Significant Deficiency and Material Non-Compliance

Department of State Health Services (DSHS) passed through approximately 26% of federal funds for fiscal year 2007 to subrecipients to carry out the objectives of the federal programs. DSHS 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, DSHS also must ensure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to DSHS. DSHS is to review the report and to issue a management decision, if applicable.

Initial Year Written:	2000
Status:	Partially Implemented
U.S. Department of Health and Human Services	
U.S. Department of Homeland Security	
U.S. Department of Housing and Urban Development	
Environmental Protection Agency	

DSHS' subrecipient monitoring procedures include use of standardized contracts, a risk assessment process, technical assistance, program monitoring, and financial monitoring. The A-133 audit report collection and review is centralized and performed by Health and Human Services Commission (HHSC) Office of Inspector General (OIG) for the State of Texas. In addition, each of the three divisions of DSHS with subrecipient contracts also have a Contract Management Unit (CMU) to perform a variety of procedures for their respective grants. Some of the CMU procedures include: review and approval of requests for payments received from subrecipients and monitoring of periodic reports received to ensure the respective subrecipient remains within the budget per the contract, perform closeout procedures, and coordinate and communicate with the Director, Contract Oversight and Support Section, and other DSHS departments, to ensure subrecipient contracts include necessary elements, and necessary issues are being escalated when required.

While there has been an increase in communication between the various departments involved in the subrecipient monitoring processes, from contract set-up through contract close-out, there is still heavy reliance placed on the financial monitoring site visits and other fiscal related activities being performed by the Contract Oversight and Support Section (COS). The procedures conducted by the CMU are primarily high level and do not appear to adequately lessen the reliance placed on the site visits and other fiscal activities being performed by COS.

Furthermore, for a number of the financial monitoring visits performed in the last two years, the monitoring reports did not appear to be reviewed timely by management. Some on-site review reports have still not been sent out to the subrecipient to notify them of their findings and it had been six months or more after the initial visit. Additionally, while HHSC OIG notifies COS personnel at DSHS of subrecipient A-133 findings specific to DSHS funding and of delinquent submissions, DSHS does not appear to have formal policies and procedures in place in regards to how to proceed with the recording, imposing, and maintaining of sanctions on subrecipients in this regard.

The 2007 level of funding for the overall COS risk assessment at DSHS is as follows:

- 262 high risk subrecipients receiving approximately \$133.4 million in funding,
- 297 moderate risk receiving approximately \$298.7 million in funding and
- 59 low risk subrecipients receiving approximately \$50.9 million in funding.

Included in the above subrecipient totals, is an estimated 34% of contract funds that are paid on a unit rate or fee for service basis. These contracts consist of mainly a set fee paid for each service provided (i.e., shot given, claim processed, etc.). COS identifies the unit rate subrecipients in their risk assessment process within the payment type attribute. This attribute is given a 10% weighting factor in the overall COS risk assessment score, which is considered in the selection of sites to visit by COS. In addition, the unit rate contracts are monitored through programmatic reviews utilizing audit procedures such as review of claims, eligibility determinations, resulting deliverables, and vaccine usages.

Financial monitoring of subrecipients by COS is summarized below for the past three years. The three year coverage is approximately 68%.

- In fiscal year 2007, 90 of approximately 620 subrecipients, 19% of subrecipient contract values
- In fiscal year 2006, 83 of approximately 520 subrecipients, 30% of subrecipient contract values
- In fiscal year 2005, 69 of approximately 725 subrecipients, 19% of subrecipient contract values

KPMG also notes that out of the 90 subrecipients who had financial monitoring site visits in 2007, 12 (13%) were rated as low risk, 35 (39%) were rated as moderate risk, and the remaining 48% visited were considered high risk.

Additionally, out of the 90 subrecipients visited for financial monitoring in 2007, 54 (60%) had been finalized with the final report being sent to the subrecipient as of October 2007. The remaining 2007 financial site visits were pending either the initial draft report to the subrecipient, the subrecipient's corrective action plan, or the final acceptance report to the subrecipient. On average, the amount of time it took to get an initial report out to the subrecipient after a financial monitoring review in fiscal year 2007 was 4.5 months.

**STATE HEALTH SERVICES, DEPARTMENT OF**

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Total payments to subrecipients charged to the major and non-major programs for fiscal year 2007 were:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program in FY07</u>
CFDA 14.241	\$ 2,870,081
CFDA 66.001	20,000
CFDA 66.701	4,200
CFDA 93.000	311,187
CFDA 93.006	40,032
CFDA 93.018	377,933
CFDA 93.116	3,935,892
CFDA 93.150	3,700,144
CFDA 93.197	408,253
CFDA 93.217	15,134,323
CFDA 93.230	50,146
CFDA 93.235	4,255,467
CFDA 93.243	7,048,397
CFDA 93.268	8,939,727
CFDA 93.275	13,177,647
CFDA 93.279	18,586
CFDA 93.283	66,384,231
CFDA 93.558	1,912,379
CFDA 93.566	2,568,904
CFDA 93.576	32,613
CFDA 93.667	3,030,622
CFDA 93.769	2,065,194
CFDA 93.889	29,661,263
CFDA 93.917	18,020,939
CFDA 93.940	10,147,421
CFDA 93.943	39,494
CFDA 93.944	1,011,591
CFDA 93.945	49,387
CFDA 93.958	31,402,188
CFDA 93.959	115,036,407
CFDA 93.974	174,997
CFDA 93.977	4,808,094
CFDA 93.978	305,141
CFDA 93.982	7,200,052
CFDA 93.988	440,412
CFDA 93.991	2,295,578
CFDA 93.994	13,259,247
CFDA 97.032	641,087
Total	\$ <u>370,779,256</u>

Corrective Action:

This finding was reissued as current year reference number: 09-31.

## Texas Education Agency

Reference No. 08-31

### Allowable Costs/Cost Principles

#### CFDA 84.048 - Vocational Education - Basic Grants to States

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - V048A040043, V048A050043, V048A060043, V048A070043

#### Special Education Cluster

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - H027A040008 and H173A040004, H027A050008 and H173A050004, H027A060008 and H173A060008,  
H027A070008 and H173A070008

Type of finding - Significant Deficiency

Access to the Budget Analysis Tool (BAT) application production server is not restricted appropriately. Two developers have "Budget Management User" access to the BAT application. Budget Management Users (BPM) are users within the Texas Education Agency (TEA) Budget Office that are authorized to perform all processes, generate any report, and modify any agency budget information from within BAT. This includes adjusting funding percentages/structures, adding/modifying division/sub object information and adding/adjusting position forecasting information for any division within TEA. Controls should be in place to restrict developer's access to the production environment.

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Education

No compliance exceptions were noted during the review of selected 2007 allowable cost transactions for the major program noted above.

### Corrective Action:

This finding was reissued at current year reference number: 09-33.

Reference No. 08-32

### Subrecipient Monitoring

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

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - S011A040044, S011A050044, S011A060044, S011A070044

#### CFDA 84.048 - Vocational Education - Basic Grants to States

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - V048A040043, V048A050043, V048A060043, V048A070043

#### CFDA 84.357 - Reading First State Grants

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - S357A040045, S357A050045, S357A060045, S357A070045

#### Special Education Cluster

Award year - July 1, 2004 to September 30, 2005; July 1, 2005 to September 30, 2006; July 1, 2006 to September 30, 2007;  
July 1, 2007 to September 30, 2008

Award number - H027A040008 and H173A040004, H027A050008 and H173A050004, H027A060008 and H173A060004,  
H027A070008 and H173A070004

**Non-major Programs:**

- CFDA 12.000 - Troops to Teachers
- CFDA 84.002 - Adult Education - State Grant Program
- CFDA 84.010 - Title I Grants to Local Educational Agencies
- CFDA 84.013 - Title I Program for Neglected and Delinquent Children
- CFDA 84.144 - Migrant Education - Coordination Program
- CFDA 84.181 - Special Education - Grants for Infants and Families with Disabilities
- CFDA 84.184 - Safe and Drug - Free Schools & Communities - National Programs
- CFDA 84.186 - Safe and Drug - Free Schools & Communities - State Grants
- CFDA 84.196 - Education for Homeless Children and Youth
- CFDA 84.206 - Javits Gifted and Talented Students Education Grant Program
- CFDA 84.213 - Even Start - State Educational Agencies
- CFDA 84.281 - Eisenhower Professional Development State Grants
- CFDA 84.282 - Charter Schools
- CFDA 84.287 - Twenty - First Century Community Learning Centers
- CFDA 84.298 - State Grants for Innovative Programs
- CFDA 84.318 - Education Technology State Grants
- CFDA 84.330 - Advanced Placement Program
- CFDA 84.332 - Comprehensive School Reform Demonstration
- CFDA 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs
- CFDA 84.358 - Rural Education
- CFDA 84.365 - English Language Acquisition Grants
- CFDA 84.366 - Mathematics and Science Partnerships
- CFDA 84.367 - Improving Teacher Quality State Grants
- CFDA 84.369 - Grants for State Assessments and Related Activities
- 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 97.036 - Public Assistance Grants (including CFDA 83.544)

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

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

Initial Year Written:	2007
Status:	Partially Implemented
U.S. Department of Education	
U.S. Department of Health and Human Services	
Corporation of National and Community Services	
U.S. Department of Defense	
U.S. Department of Homeland Security	

The TEA's subrecipient monitoring procedures include use of standard contracts, technical assistance, a risk assessment process, program monitoring, and financial monitoring including compliance reviews, site visits, and A-133 audit report collection and review. In addition, the TEA employs the use of certain edits within their computer system, TGIF, to assist with period of availability and reasonableness of monthly draw amounts based on total amounts awarded.

The monitoring of subrecipient compliance with fiscal requirements is performed primarily by the Grant Audits Section of the Division of Financial Audits. Specifically, this section uses a risk assessment process to identify subrecipients for financial monitoring. The risk assessment process includes the use of critical indicators, such as "independent auditor identified an instance(s) of material noncompliance and/or material weaknesses in internal controls," that classify subrecipients as high risk grantees. For the 2007 fiscal year, the section conducted compliance reviews of 10 subrecipients that failed three or more critical indicators and an additional 43 subrecipients who failed 1 or 2 critical risk indicators. During the conduct of the compliance reviews, section auditors requested certain fiscal records from the subrecipient and reviewed these records to determine compliance with federal fiscal requirements.

In addition to the compliance reviews, the section also received complaints from external parties or referrals from TEA program personnel or grant administrators to perform an audit, investigation, review or other monitoring activity of specific grantees and grants. In each instance, the audit, review or other monitoring activity was initiated as a correspondence or desk process. However, in certain instances, section auditors determined that an onsite visit was warranted due to the scope of the monitoring activity (e.g., multiple years, multiple grants) or the complexity of the issues identified. In 2007, section auditors conducted 11 audits or investigations pursuant to a complaint filed with the TEA or a referral from a TEA division. To the degree feasible, TEA program personnel and auditors coordinated efforts as to the deployment of resources to review selected subrecipients. In total for fiscal year 2007, 54 audits, investigations and compliance reviews were performed. Of this number, seven were conducted onsite.

In addition to the work performed by the Grant Audits Section, the Investigations Section of the Division of Financial Audits performed onsite follow up visits on selected corrective action plans submitted by grantees as part of the annual A-133 audit report. Section auditors exercised their professional judgment in assessing the severity of the compliance issues identified by independent auditors in the annual audit report to determine which issues warranted an in-depth onsite follow up visit. The onsite follow up visits included the selection of sample items to ascertain if the subrecipient corrected the identified deficiency. In fiscal year 2007, section auditors conducted 3 onsite follow up visits.

Despite the coordination between program and fiscal personnel, TEA’s primary focus is on performance and program results with a limited number of resources available to monitor fiscal compliance. Of the approximately 1,370 subrecipients, 444 were assessed as high risk in 2007. Of this number, a total of 57 subrecipients underwent a follow-up review, audit, investigation, or compliance review (10 were onsite). These 57 subrecipients accounted for approximately 16.2% of the total funds passed through in fiscal year 2007.

Similarly, in fiscal year 2006, 159 were assessed as high risk in 2006. A total of 53 subrecipients underwent a follow-up review, audit, investigation, or compliance review. (Note: Of the 53 audits, investigations and compliance reviews conducted, 14 were conducted onsite.) These 53 subrecipients accounted for approximately 12.6% of the total funds passed through in fiscal year 2006. In summary, approximately 14.5% of the total funds passed through had financial monitoring in the past 2 years.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2007 were:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
12.000	\$ 220,327
84.002	41,407,823
84.010	1,208,779,643
84.011	53,432,267
84.013	8,211
84.048	50,613,305
84.144	103,002
84.181	75,349
84.184	(216,209)
84.186	23,775,589
84.196	6,140,167
84.206	306,054
84.213	10,290,267
84.281	(6,341)
84.282	10,548,456
84.287	84,780,295
84.298	10,772,343
84.318	19,935,539
84.330	24,317
84.332	8,946,856
84.334	1,067,469

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
84.357	85,742,635
84.358	7,389,460
84.365	84,266,016
84.366	2,577,976
84.367	248,844,335
84.369	3,800,000
84.938	18,400,163
93.558	8,058,070
93.630	3,367,688
93.938	74,215
94.004	2,657,946
97.036	(1,248,668)
Child Nutrition Cluster	1,187,417,254
Special Education Cluster	<u>969,891,986</u>
Total	\$ <u><u>4,152,243,805</u></u>

Corrective Action:

This finding was reissued as current year reference number: 09-32.

**Texas State Library and Archives Commission**

Reference No. 07-38

**Subrecipient Monitoring**

**CFDA 45.310 - State Library Program**

**Award year - October 1, 2003 to September 30, 2005, October 1, 2004 to September 30, 2006, October 1, 2005 to September 30, 2007**

**Award number - LS-00-04-0044-04, LS-00-05-0044-05, LS-00-06-0044-06**

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

The Texas State Library and Archives Commission (State Library) is required by Federal regulations to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. The State Library's subrecipient monitoring procedures include a risk assessment process, technical assistance, and site visits. According to OMB Circular A-133, Section .400, the State Library must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 audit performed and provide a copy to the State Library within the required timeframes.

Initial Year Written:	2006
Status:	Implemented
National Foundation of the Arts and the Humanities	

The State Library does not have a process to collect the OMB Circular A-133 reports nor to review and issue any necessary management decisions. Approximately \$8 million was passed through to subrecipients during fiscal year 2006.

Additionally, the State Library requires its subrecipients to have an approved Budget Revision when making cumulative transfers among budget cost categories or projects which are expected to exceed 10 percent of the total grant. The State Library does monitor the budget revisions with each request for payment, ensuring that no changes were made per that involve in excess of 10%. However there is no formal policy to review the cumulative expenditures to ensure requests have been made and approved in advance of 10% fluctuations between budget categories or projects. For one of five files reviewed, the State Library Program did not approve the subrecipient's change in budget which was greater than 10 percent.

Corrective Action:

Corrective action was taken.



## Summary Schedule of Prior Audit Findings - Other Auditors

Federal regulations (*Office of Management and Budget Circular OMB Circular A-133*) state, “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2007 Schedule of Findings and Questioned Costs.
- Each finding in the 2007 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

This section of the Summary Schedule of Prior Audit Findings for the year ended August 31, 2008, has been audited by other auditors.

### Lamar Institute of Technology

Reference No. 08-33

#### Eligibility

##### Student Financial Assistance Cluster

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.063 Award Number Not Applicable, CFDA 84.032 Award Number Not Applicable**

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

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s cost of attendance (COA) minus the expected family contribution (EFC). 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: 2007
Status: Partially Implemented
U.S. Department of Education

COA refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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. This schedule provides the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students, as well as students with low assessed tuition. All of the schedules, however, are based on the COA of a full-time student for a full academic year.

Lamar Institute of Technology (Institute) calculated financial need incorrectly for 2 of 50 (4 percent) students tested. Specifically:

- The Institute did not adjust one student’s COA calculation to reflect less than half-time enrollment in one of the enrollment periods. As a result, the Institute overestimated the student’s financial need by \$2,897.

- The Institute did not adjust another student's COA to reflect additional enrollment in one class prior to disbursement of financial assistance, as required by its policies. As a result, the Institute underestimated the student's financial need by \$457.

Neither of these errors affected the students' eligibility for the Federal Family Education Loan amounts they received, and neither of these errors resulted in loan overpayments or questioned costs.

The second student discussed above also received an incorrect Pell Grant award of \$3,544 instead of \$4,050 because his enrollment level in the Fall 2006 semester was not adjusted from three-quarter-time to full-time. The Institute has corrected the Pell Grant award to this student.

Recommendation:

The Institute should improve its process for reviewing its Student Financial Aid System's financial need calculations and awards to ensure that (1) the information in that system is accurate and (2) awards are based on the correct level of enrollment.

Management Response and Corrective Action Plan 2007:

*Management concurs with findings related to student eligibility, specifically related to proper calculation of student cost of attendance, needs analysis and accurate determination of Pell Grant eligibility. Automated systems are in place to receive Institutional Student Information Record (ISIR) information, to include student/family resource data, projected enrollment level, housing status, Expected Family Contribution, and subsequently load this data into the Financial Aid Module (FAM) of our Student Information System (SIS). Additionally we utilize the Packaging Aid Resource System (PARS) module to automate packaging of various sources of financial assistance. This system is established to determine enrollment levels, assign corresponding cost of attendance budgets, award correct Pell Grant amounts based on EFC, calculate unmet need and authorize awards from additional funding sources as appropriate. Mechanisms are in place to compare anticipated enrollment levels from student data from the Free Application for Federal Student Aid (FAFSA) and from FAM which reflects actual/registered hours on our campus at the time of awarding. These systems are effective and accurate when manual intervention does not occur. In many cases, however, the student's projection of anticipated enrollment does not reflect reality when registration occurs. In situations where Anticipated FAM Hours do not match the registered hours disbursement of financial aid awards are blocked. Many manual adjustments must occur to update enrollment level, cost of attendance budgets eligibility and award amounts so that disbursement can actually be completed. This is where human intervention may result in errors such as those sited here. In an effort to ensure that financial need has been calculated correctly and that awards are subsequently determined appropriately we have relied on an "in-house FOCUS report/query generated by our Institutional Research department. This report provides output indicating all potential aid recipients whose anticipated hours do not match registered hours for a given term.*

*In response to this finding and after research into options available improve our processes and to improve accurate use of system information and awards based on the correct level of enrollment, the financial aid office will implement the use of an additional program designed to provide better fund management. This report (SBAL16) provides output on a fund specific basis, displaying student identification data, EFC, the amount of Pell Grant (for example) that has been offered and the number of registered hours for each semester. This output will be reviewed against cost of attendance budget for each student to ensure that need (COA – EFC) has been properly calculated for the actual enrollment level and that awards have been made at appropriate levels.*

Management Response and Corrective Action Plan 2008:

*As indicated in previous communication the Financial Aid Department discovered available computerized programs to provide increased accuracy of disbursements based on expected family contribution and accurate cost of attendance budgets as determined by enrollment level. This department continues to utilize the SBAL 16 which provides effective comparative data related to specific aid sources, EFC for identified students, award amounts, and registered hours which is compared to system generated cost of attendance budgets enabling adjustments to be made as appropriate. Additionally the addition of an Assistant Director will allow for an additional level of oversight and monitoring ensuring that awards are being made properly based on actual enrollment, accurate cost of attendance budgets, expected family contribution and other relevant aid.*

*Implementation Date: February 2008*

*Responsible Person: Lisa Schroeder*

Reference No. 08-34

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.063 Award Number Not Applicable, CFDA 84.032 Award Number Not Applicable**

**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: 2007 Status: Partially Implemented  U.S. Department of Education
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Lamar Institute of Technology (Institute) does not maintain appropriate segregation of duties between its admissions and the financial aid offices. All of the employees in the financial aid office have full access to the student information system and the admission screens. These screens provide users with the ability to add and remove students, as well as modify access to students' personal records.

Recommendations:

The Institute should:

- Restrict full access to the admissions screens for financial aid employees so that they cannot add/remove students and modify student personal records in the student information system.
- Review all access to the student information system on an annual basis to ensure that access is valid and that appropriate level of access are assigned to employees based on their current job function.

Management Response and Corrective Action Plan 2007:

Management concurs with findings related to the importance of maintaining proper segregation of duties between admissions and the financial aid office. We agree that the institute should restrict input access to admissions screens to prevent the ability to add/remove students and/or modify student personal records in the Student Information System. Although an interim review has determined that such access exists on lower level screens that fall with the shared components area, we agree that such access is unnecessary, and does not maintain proper separation of duties. In response to issues sited here, requests will be submitted to the Admissions, Records and Information Technology departments to review access for all LIT financial aid personnel. A request will subsequently be submitted through all of the respective security channels to amend access as appropriate and to specifically transforming input capability to view-only access on all of the admissions screens that currently allow updates by financial aid staff. A schedule will be established to provide for annual review of security templates and access granted to financial aid personnel. Additional reviews will be requested as appropriate in the case of system-wide changes, new personnel etc.

Management Response and Corrective Action Plan 2008:

Following the audit, Financial Aid personnel were immediately instructed to discontinue any access involving updates to screens that fall within the admissions/records areas of authority. This was done as a pre-emptive effort to prevent inappropriate update access to areas outside the scope of our responsibility. The necessary changes were submitted to the Security Officer at the Central Computing Center. Security templates have been amended, authorizing Financial Aid personnel "view-only" access to the admissions/records data fields in the 100 and 200 levels screens.

Implementation Date: February 2008

Responsible Person: Lisa Schroeder

**Lamar State College - Orange**

Reference No. 08-35

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

**Type of finding - Significant Deficiency**

System Access

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: 2007
Status: Implemented
U.S. Department of Education

Lamar State College - Orange (College) does not maintain appropriate access to its Student Information System and does not evaluate employees' access levels on a regular basis. The College's financial aid director has access to enter payments and refunds, as well as the ability to add, delete, and register students within the Student Information System. In addition, a financial aid employee has access within the Student Information System to add students, as well as modify and delete student information.

When there is inappropriate access to the Student Information System, fictitious student accounts could be created; student personal information could be modified; and unauthorized aid could be awarded, disbursed, and refunded.

Disbursement Notification

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or the parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be made in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

The College did not consistently send the required notifications to FFELP loan recipients in fiscal year 2007. Auditors we are unable to verify that the College sent notifications to 11 of 12 (91.67 percent) FFELP loan recipients tested. In addition, the disbursement notification the College provided did not contain any of the required criteria.

The College's Financial Aid Office uses a manual process to produce the notifications. Specifically, it depends on staff to accurately review the *Texas Guaranteed Student Loan Corporation Disbursement Report* and create notification e-mails. When the College does not distribute the required notifications, this reduces the opportunity for loan recipients to cancel the awards if they choose to do so.

Transfer Students

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 required determinations. In addition, the institution may not make a disbursement to that student for seven days following its request unless (1) it receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS and (2) the information it receives allows it to make that disbursement (Title 34, Code of Federal Regulations, Section 668.19 (b) 1).

The College's Financial Aid Office does not have a documented process to ensure that it verifies transfer students' financial aid history prior to disbursement of funds. The College had no documentation available to show that it accessed NSLDS prior to its disbursement of funds to four transfer students tested. The College's transfer student verification process is manual, and the College does not retain printouts or record dates of its NSLDS access in the Student Information System.

Corrective Action:

Corrective action was taken.

**Lamar State College - Port Arthur**

Reference No. 08-36

**Eligibility**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30 2007**

**Award Number - CFDA 84.007 P007A066986, 84.033 P033A066986 and CFDA 84.063 P063P064241**

**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 minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) that is provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student'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(d) (2)).

Initial Year Written: 2007  
Status: Implemented  
  
U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." The 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).

For 4 of 30 students tested at Lamar State College - Port Arthur (College), the cost of attendance budgets were calculated incorrectly and did not match the student financial aid budget schedule. This was primarily due to an information technology coding error, which resulted in the Financial Aid System miscalculating the students' financial need. This resulted in underawarding students their maximum potential federal assistance.

Corrective Action:

Corrective action was taken.

Reference No. 08-37

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30, 2007**

**Award Number - CFDA 84.007 P007A066986 and CFDA 84.063 P063P064241**

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

Early Disbursement of Title IV, Higher Education Act (HEA) Program Funds

If a student is enrolled in a credit-hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, Higher Education Act (HEA) program funds to a student or parent for any payment period is 10 days before the first day of class for a payment period (Title 34, Code of Federal Regulations, Section 668.164 (f) (1)).

Initial Year Written: 2007  
Status: Implemented  
  
U.S. Department of Education

Lamar State College - Port Arthur (College) disbursed funds more than 10 days before the first day of class for 28 of 64 disbursements tested (for 15 of 40 students) for the spring 2007 semester. In each case, the College disbursed the funds 11 days before the start of class, instead of the required 10 days (1 day early). All other disbursement information, including the amount of the disbursement, was correct.

According to management, the College purposely scheduled this disbursement date to occur on a Friday in an effort to improve business operations by eliminating the need for such a time-consuming task at the start of the work week. However, in its attempt to increase efficiency, the College inadvertently failed to meet all compliance requirements.

Inappropriate Access to the Financial Aid System

User access to the College's Financial Aid System was inappropriately defined. The Vice President of Student Services had update capabilities to the financial aid module, as well as to the business services/accounting module. In addition, the Assistant Director of Computer Services had update capabilities in the business services/accounting module, as well as to other modules within the Financial Aid System. Improper user access to both of these modules increases the risk of unauthorized federal assistance being awarded and/or disbursed. After the completion of audit fieldwork, the College tightened user access security measures, and these users' access to the Financial Aid System has been corrected.

Corrective Action:

Corrective action was taken.



**Prairie View A&M University**

Reference No. 08-38

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P062319**

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

Pell Payment Data

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 2007, Part 5, Student Financial Assistance Cluster, Section III.L.1.e, page 5-3-16).

Initial year Written: 2007
Status: Partially Implemented
U.S. Department of Education

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 5-3-25).

In a sample of 50 students tested at Prairie View A&M University (University), 20 students received Pell Grant awards. For 15 of those 20 students (75 percent), the University did not report the correct date of disbursement of Pell Grant awards to the COD System.

Disbursement Notification

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Programs (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

In a sample of 50 students tested at the University, 45 students received FFELP loans. For 6 of those 45 students (13.33 percent), the University provided incorrect disbursement dates on the disbursement notification letters it sent to the recipients of those loans. The disbursement notification letters included all the required elements; however, the disbursement dates on the letters did not agree with the dates in the University's Financial Aid System.

Recommendations:

The University should:

- Ensure that it reports correct disbursement dates for all Pell Grant awards to the COD System as required.

- Ensure that it includes correct disbursement dates on the disbursement notification letters it sends to FFELP loan recipients.

Management Response and Corrective Action Plan 2007:

*We agree with the Pell Payment Data finding and the Disbursement Notification finding. Since we are currently transitioning from our current Financial Aid Management system, SIS Plus, to Banner, we have developed a Corrective Action Plan to incorporate both software solutions. Our current SIS Plus procedures have been amended to include a reconciliation to ensure that correct and consistent disbursement dates appear on all reports and letters referenced. These corrective procedures will be implemented for SIS Plus by March 31, 2008 and for Banner by August 31, 2008.*

Management Response and Corrective Action Plan 2008:

*Description of Corrective Action Taken:*

Pell Payment Data

*Using processes found in SIS Plus, the University has automated the reporting of Federal Pell Disbursements to the Common Origination and Disbursement (COD) System.*

Disbursement Notification

*The Loan Manager requests a data file containing loan disbursements. The information is then imported into a Microsoft Access database to generate a mail merge document. The letters are then sent via mail to students within 30 days after crediting the student's account.*

*Implementation Date: August 2008*

*Responsible Person: Carlos Clark*

**Department of Public Safety**

Reference No. 08-39

**Reporting**

**Homeland Security Cluster**

**Award year - see below**

**Award number - see below**

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

The Office of Management and Budget's Circular A-133 Compliance Supplement requires recipients to submit the Financial Status Report, SF-269 (OMB No. 0348-0039) on a quarterly basis for the Homeland Security Cluster. Recipients use the SF-269 to report the status of funds for all non-construction projects and for construction projects for which the financial status report is required in lieu of the SF-271.

Initial Year Written: 2007  
Status: Implemented

U.S. Department of Homeland Security

Four of the five (80 percent) SF-269 reports auditors tested at the Department of Public Safety (Department) did not tie to the Department's accounting records. The differences ranged from \$15,916 to \$118,341. The total dollar value of these discrepancies represented 0.18 percent to 1.31 percent of the total expenditures reported on these reports. The reports did not tie to accounting records because the Department did not report component units' expenditures correctly. Specifically:

- One of the component units on the SF-269 report covering January 1, 2007, to March 31, 2007, included an expenditure of \$170,310 that needed to be reallocated in the internal accounting system to the correct budget. At the time of audit testing, \$118,229 had not yet been corrected.
- One of the component units on the SF-269 report for July 1, 2006, to September 30, 2006, included an expenditure of \$80,237 that was for a prior period. It was not included in the prior period and, as a result, was recorded in the July 1, 2006, to September 30, 2006, report.
- One of the component units on the SF-269 report for April 1, 2007, to June 30, 2007, was understated by \$74,786, and another component unit was overstated by \$15,761.
- One of the component units on the SF-269 report for July 1, 2007, to September 30, 2007, was understated by \$12,390 (\$19,431 was inappropriately excluded and \$7,041 was inappropriately included, resulting in a net understatement of \$12,390).

The Homeland Security Cluster has multiple grant sub awards and award years, as noted below:

**Award Number**

**Award Year**

2003-MU-T3-4020  
2004-GE-T4-4015  
2005-GE-T5-4025  
2006-GE-T6-0068

October 1, 2004 - April 30, 2007  
December 1, 2003 - December 31, 2007  
October 1, 2004 - December 31, 2008  
June 30, 2006 - June 30, 2009

**Corrective Action:**

Corrective action was taken.

Reference No. 08-40

**Subrecipient Monitoring**

(Prior Audit Issue - 07-29)

**CFDA 97.039 - Hazard Mitigation Grant Program (including CFDA 83.548)**

**Award year - see below**

**Award number - see below**

**CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (including CFDA 83.544)**

**Award year - see below**

**Award number - see below**

**CFDA 97.008 - Urban Areas Security Initiative**

**Award year - December 1, 2003 - December 31, 2007**

**Award number - 2004-TU-T4-4013**

**Homeland Security Cluster**

**Award year - see below**

**Award number - see below**

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

The Department of Public Safety (Department) passes through a significant amount of federal funds to subrecipients to carry out the objectives of federal programs. The 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. According to OMB Circular A-133, the Department must ensure that subrecipients that spend more than \$500,000 in federal funds have an OMB Circular A-133 Single Audit performed and provide a copy of the single audit report to the Department. The Department is required to review the audit report and to issue a management decision, if applicable.

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Homeland Security	

The Department asserts that its subrecipient monitoring process includes:

- Completing Public Assistance award packages (including quarterly progress reports) for the Public Assistance grants.
- Conducting close-out audits for all large Public Assistance projects, using dollar thresholds set annually by the federal government. For disasters declared in fiscal year 2007, the threshold distinguishing between a large project and a small project was \$57,000.
- Conducting site visits for Hazard Mitigation grants awarded for structural construction projects that are 50 percent complete.
- Reviewing quarterly reports for all other Hazard Mitigation grants.
- Conducting close-out audits for Hazard Mitigation grants.
- Conducting on-site visits for Homeland Security Cluster grants and Urban Areas Security Initiative grants.
- Sending certification letters to subrecipients that receive federal funds in a fiscal year to determine whether the Department should receive a single audit report.
- Reviewing and documenting the results of the single audits for all federal grant programs by completing an audit checklist.

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

Auditors identified the following issues:

- For 4 of 30 (13 percent) jurisdiction files tested, the Department did not prepare complete Public Assistance award packages. Each package should include five documents: project application summary, project worksheet, project completion and certification report, public grant summary, and package pick up checklist. The four files did not contain one of the two necessary signatures on the package pick up checklist; obtaining these signatures is important because they indicate that the jurisdiction understands and agrees to various grant provisions, including the single audit requirement. A representative from the Department and jurisdiction are required to sign the checklist.
- For 7 of 30 (23 percent) close-out audits tested, the Department did not have audit checklists in the audit documentation.
- For 16 of 23 (70 percent) close-out audits tested that had audit checklists, the Department did not have evidence that the auditor or the jurisdiction checked the debarment lists as required by the Department.
- For 4 of 30 (13 percent) subrecipients tested, the Department did not receive a certification letter or any correspondence regarding whether the subrecipients were required to obtain a single audit. If these subrecipients were required to submit a single audit report, the reports had not been submitted.
- Although there were no findings involving federal funds in the single audit reports that auditors tested, the Department does not have a process to ensure that it follows up on findings involving federal findings, as discussed in more detail below.

The Public Assistance grant program had multiple grant subawards and award years active during fiscal year 2007 as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
1274	FEMA-1274-DR	May 6, 1999
1287	FEMA-1287-DR	August 22, 1999
1323	FEMA-1323-DR	April 7, 2000
1356	FEMA-1356-DR-TX	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1287-DR	July 4, 2002
1479	FEMA-1323-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
3216	FEMA-3216-DR	September 2, 2005
3261	FEMA-3261-DR	September 21, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1709	FEMA-1709-DR	July 13, 2007
3277	Hurricane Dean (EM)	August 18, 2007

CFDA 97.039 - Hazard Mitigation Grant Program

Auditors identified the following issues:

- For 4 of 5 (80 percent) close-out audits tested, the Department did not maintain sufficient procurement documentation in the audit file as required by its audit checklist.
- For 1 of 5 (20 percent) close-out audits tested, the Department did not have an audit checklist in the audit documentation.

- For all 4 close-out audits tested that had audit checklists, the Department did not have evidence that the jurisdiction or auditor checked the debarment lists as required by the Department.
- Four of 8 (50 percent) single audits tested had findings related to federal funding received by the Department. The Department did not follow up on these findings and did not ensure that corrective action had been taken.

The Hazard Mitigation Grant had multiple grant subawards and award years active during fiscal year 2007 as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR-TX	October 21, 1998
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR-TX	June 9, 2001
1425	FEMA-1425-DR-TX	July 4, 2002
1439	FEMA-1439-DR-TX	November 5, 2002
1434	FEMA-1434-DR-TX	September 26, 2002
1479	FEMA-1479-DR-TX	July 17, 2003
1606	FEMA-1606-DR-TX	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007

CFDA 97.008 - Urban Areas Security Initiative

Auditors identified the following issues:

- For 3 of 34 (9 percent) subrecipients tested, the Department did not receive a certification letter or any correspondence regarding whether they were required to obtain a single audit. If the subrecipients were required to submit a single audit report, the audit reports had not been submitted.
- All 3 single audits had findings related to federal funding received by the Department. The Department did not follow up on these findings and did not ensure that corrective action had been taken.

CFDA 97.067 - Homeland Security Cluster

Auditors identified the following issues:

- For 1 of 50 (2 percent) subrecipients tested, the Department had not received a certification letter or any correspondence regarding whether the subrecipient was required to obtain a single audit. If the subrecipient was required to submit a single audit report, the audit report had not been submitted.
- Auditors identified one subrecipient with a single audit finding related to Homeland Security grant. The Department did not follow up on the finding and did not ensure that corrective action had been taken.

The Homeland Security Cluster had multiple grant subawards and award years active in fiscal year 2007 as noted below:

<u>Award Number</u>	<u>Award Year</u>
2003-MU-T3-4020	October 1, 2004 - April 30, 2007
2004-GE-T4-4015	December 1, 2003 - December 31, 2007
2005-GE-T5-4025	October 1, 2004 - December 31, 2008
2006-GE-T6-0068	June 30, 2006 - June 30, 2009

Corrective Action:

Corrective action was taken.

Reference No. 08-41

**Special Tests and Provisions - Subgrant Awards**

**CFDA 97.008 - Urban Areas Security Initiative**  
**Award year - December 1, 2003 - December 31, 2007**  
**Award number - 2004-TU-T4-4013**

**Homeland Security Cluster**  
**Award year - see below**  
**Award number - see below**  
**Type of finding - Significant Deficiency and Non-Compliance**

The Office of Management and Budget Circular A-133 Compliance Supplement specifies that states must obligate funds for subgrants within 60 days after the date of the grant award (Title III, Pub L. No. 108-90; Title III, Pub L. No. 108-334; Title III, Pub L. No. 109-90; and Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583). According to the Compliance Supplement, “obligate” has the same meaning as in federal appropriations laws; there must be an action by the State to establish a firm commitment; the commitment must be unconditional on the part of the State; there must be documentary evidence of the commitment, and the award terms must be communicated to the subgrantee and, if applicable, accepted by the grantee.

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Homeland Security	

CFDA 97.008 - Urban Areas Security Initiative

For all seven awards tested, the Department did not obligate the funds within the required 60-day period. The Department obligated the funds 91 days after the date of the grant award.

CFDA 97.067 - Homeland Security Cluster

For the two awards tested, the Department did not obligate the funds within the required 60-day period. The Department obligated the funds 91 and 102 days after the date of the grant award.

The Homeland Security Cluster had multiple grant subawards and award years active in fiscal year 2007 as noted below:

<u>Award Number</u>	<u>Award Year</u>
2003-MU-T3-4020	October 1, 2004 - April 30, 2007
2004-GE-T4-4015	December 1, 2003 - December 31, 2007
2005-GE-T5-4025	October 1, 2004 - December 31, 2008
2006-GE-T6-0068	June 30, 2006 - June 30, 2009

Corrective Action:

Corrective action was taken.

Reference No. 08-91

**Reporting**

(Prior Audit Issue 07-26)

**CFDA 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) (including CFDA 83.544)**

**Award year - see below**

**Award number - see below**

**CFDA 97.039 Hazard Mitigation Grant Program (including CFDA 83.548)**

**Award year - see below**

**Award number - see below**

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

The Department of Public Safety (DPS) must report on a quarterly basis for each Federal Emergency Management Agency (FEMA) approved project a FEMA form 20-10, Financial Status Report (OMB No. 3067-0206), per OMB A-133. A supervisor did review the report to ensure the report was complete as to the required information. Supporting documentation is not reviewed by management in sufficient level of detail to ensure the accuracy of the reports.

Initial Year Written: 2006  
 Status: Partially Implemented  
  
 U.S. Department of Homeland Security

CFDA 97.039 - Hazard Mitigation Grant Program

Thirty-five reports were filed during fiscal year 2007 for Hazard Mitigation. The non-federal share of a project's costs must be at least 25 percent of the expenditures. Three of the reports reflected 25 percent of the jurisdictions reward amount as the non-federal share amount instead of the actual amount matched as of the report date. During performance of subrecipient monitoring test work, invoices were selected for review and it was noted that only 75 percent of the total expenditures incurred were reimbursed to the jurisdiction by DPS.

The hazard mitigation grant has multiple grant sub awards and award years as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR-TX	October 21, 1998
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR-TX	June 9, 2001
1425	FEMA-1425-DR-TX	July 4, 2002
1439	FEMA-1439-DR-TX	November 5, 2002
1434	FEMA-1434-DR-TX	September 26, 2002
1479	FEMA-1479-DR-TX	July 17, 2003
1606	FEMA-1606-DR-TX	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007

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

Fifty-seven reports were filed during fiscal year 2007 for Disaster Grants - Public Assistance and 28 were selected for test work. FEMA notifies DPS of the required non-federal share of a project's costs. For the disasters that are currently open, the non-federal share of a project's costs must be 25 percent of the expenditures, with the following exceptions: Disasters 1606, 3216 and 3261 - 0 percent non federal share. For all reports, the matching share reported on the FEMA Form 20-10 was calculated using total federal outlay amounts reported (i.e., 25 percent of the total federal amount reported) instead of based on actual costs incurred. During performance of subrecipient monitoring test work, invoices were selected for review and it was noted that only 75 percent of the total expenditures incurred were reimbursed to the jurisdiction by DPS.



The public assistance grant has multiple grant sub awards and award years as noted below:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
1274	FEMA-1274-DR	May 6, 1999
1287	FEMA-1287-DR	August 22, 1999
1323	FEMA-1323-DR	April 7, 2000
1356	FEMA-1356-DR-TX	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1287-DR	July 4, 2002
1479	FEMA-1323-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
3216	FEMA-3216-DR	September 2, 2005
3261	FEMA-3261-DR	September 21, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1709	FEMA-1709-DR	July 13, 2007
3277	Hurricane Dean (EM)	August 18, 2007

Corrective Action:

This finding was reissued as current year finding reference number: 09-47.

Reference No. 05-38

**Allowable Costs/Cost Principles**

**Cash Management**

**CFDA 20.218 - National Motor Carrier Safety**

**Award year - See below**

**Award number - See below**

**Type of Finding - Material Weakness Control and Material Non-Compliance**

Allowable Costs:

Per OMB Circular A-87, attachment B, Section 8H, support of salaries and wages, where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which:

Initial Year Written: 2004  
Status: Partially Implemented

U.S. Department of Transportation

- 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 coincide with the pay period,
- Are signed by the employee, and
- Budget estimates before the 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 the differences between budgeted and actual costs are less than ten percent.

Two of 24 personnel activity reports did not agree to the federal reimbursement request amount. Fourteen hours in excess of the time sheets was charged to the grant. These two employees were commissioned so the rate was \$31.84 an hour or \$446. The questioned costs relate to MB-03-48-1 and BR-03-48-1 awards.

The timesheets were reviewed by the immediate supervisor and thus certified. The certified timesheets are used by grant accounting to manually update the grant expenditure spreadsheet that is used to prepare the cash reimbursement requests. Cash requests are reviewed based on the expense spreadsheets, however, there is no detailed review of the data input into the spreadsheet. Total salary and benefits charged to the grant was approximately \$17,575,000.

Cash Management:

According to the Treasury-State Agreement for the State of Texas, the National Motor Carrier Safety grant is not included in Subpart A of 34 CFR, part 205, which implemented the Cash Management Improvement Act. Therefore The Department of Public Safety (DPS) should be complying with Subpart B, which applies to programs in the catalog of federal domestic assistance that are not subject to Subpart A. These standards state that “cash advances to a State shall be limited to the minimum amounts needed and shall be timed to be in accord only the actual, immediate cash requirement of the State in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of allowable indirect costs. Neither a State nor the Federal government will incur an interest liability on the transfer of funds for a program subject to this Subpart.” The expense spreadsheets discussed above are to be reconciled to the general ledger on a monthly basis. Sixteen reconciliations were reviewed and none of them agreed to the general ledger. Reconciliations appear to have been done at year-end only in conjunction with the preparation of the schedule of federal expenditures. Thirty expenditures were reviewed and it was determined that the invoice or payroll was paid prior to reimbursement request.

The National Motor Carrier Safety grant has multiple subawards and award years. During fiscal year 2004 the following grant award years and grant award numbers, respectively, were open: Award years: October 1, 2003 to September 30, 2004, September 1, 2003 to August 30, 2004, September 20, 1999 to September 30, 2003, October 1, 2002 to December 30, 2003, July 8, 2003 to July 8, 2004, October 1, 2002 to March 31, 2004, October 1, 2003 to December 31, 2004, March 31, 2004 to September 30, 2004, October 1, 2002, to September 30, 2004, April 1, 2003 to March 31, 2004, August 30, 2003 to September 30, 2004, September 30, 2002 to September 30, 2003, October 1, 2002 to September 30, 2004, October 1, 2003 to March 31, 2004; Award numbers: MB-03-48-1, CD-03-TX-1, MC-99-48-222, MC-01-48-222, MC-03-48-2, MC-03-48-1, MC-04-48-1, CD-02-48-2, BR-03-48-1, MH-03-48-1, MR-03-48-2, RB-02-48-01, BR-03-48-2, and MB-02-48-2.

Recommendation:

DPS should reconcile the expense spreadsheets to the general ledger on a monthly basis. These reconciliations should be reviewed by someone other than the preparer on a timely basis.

Management Response and Corrective Action Plan - Allowable Costs 2004:

*DPS concurs with the above finding. We found that the two employee’s reports not matching the supporting documentation related to human error from manual reporting procedures. Although the amounts involved were immaterial (approximately \$70) and within acceptable margins of error we are taking steps to implement a reporting system directly from the electronic database where this information is keyed to avoid the same type of human error on future reports.*

Management Response and Corrective Action Plan - Allowable Costs 2005:

*DPS concurs with the above finding. We found that the one employee’s reports did not match the supporting documentation. This difference is attributable to human error from manual reporting procedures. We are taking steps to implement a reporting system were all source documents will be reported in an electronic format so we can avoid the same type of human error on future reports.*

Management Response and Corrective Action 2006 - Allowable Costs 2006:

*DPS concurs with the finding above. There has been no significant change in the way that the employee hours are tallied from their weekly activity reports in order to determine the number of hours that will be submitted to the Federal Motor Carrier Safety Administration. The process remains manual. DPS continues to conduct self audits on this process to ensure accuracy.*

*The computer programming needed to make this process entirely electronic is nearing completion. System testing should begin in Spring 2007 and we are hopeful that the process will be converted over to electronic reporting by Summer 2007. Under this system, employee weekly reports (source documents) will be electronically transferred from field locations to the Motor Carrier Bureau database. Queries of the database will be run in order to pull out the hours that are eligible for reimbursement, thus eliminating the current manual counts. A summary document will then be certified by the Manager, Motor Carrier Bureau, and transmitted to Accounting so that an invoice can be prepared and submitted to FMCSA for reimbursement.*

Management Response and Corrective Action 2007 - Allowable Costs 2007:

*DPS continues to concur with the original audit findings from 2004. The Texas Highway Patrol (THP) Division has been working with the Divisions' IT Contractor to develop a reporting system where all source documents (i.e., employee weekly activity reports) for determining allowable costs eligible for reimbursement under the applicable Federal Grant Program are reported in an electronic format. Progress has been made in this effort with the completion of a look-up table that identifies which CVE Service employees are eligible to submit hours for reimbursement under the Motor Carrier Safety Assistance Program Grant. However, the necessary data links that will extract the needed data from the source documents have not been completed as yet by the contractor. At present, the contractor has limited manpower to devote to this project due to other higher priority THP Division projects. Therefore, the status of this recommendation remains as partially implemented. The process for tallying employee hours for reimbursement under the allowable cost provisions of the applicable OMB Circulars remains manual with the DPS conducting self audits to ensure accuracy.*

*Additionally, the State Programs Manager for the Texas Division of the Federal Motor Carrier Safety Administration (FMCSA) conducts periodic audits of our reimbursement voucher requests under the various FMCSA grants that have been awarded to the DPS. These audits have been satisfactory without any financial discrepancies being reported to the DPS concerning allowable costs that the Department has sought reimbursement for under the applicable FMCSA Grant Program.*

Management Response and Corrective Action 2008 - Allowable Costs 2008:

*DPS continues to concur with the original audit findings from 2004. The Texas Highway Patrol (THP) Division continues to work with the Divisions' IT Contractor to develop a reporting system where all source documents (i.e. employee weekly activity reports) for determining allowable costs eligible for reimbursement under the applicable Federal Grant Program are reported in an electronic format. Progress has been made in this effort with the completion of a look-up table that identifies which CVE Service employees are eligible to submit hours for reimbursement under the Motor Carrier Safety Assistance Program Grant. However, the necessary data links that will extract the needed data from the source documents have not been completed by the contractor. The contractor has limited manpower to devote to this project due to other higher priority THP Division projects. Therefore, this recommendation remains partially implemented. The contractors currently estimate this electronic process to be fully implemented by December 2009, provided there are no unexpected delays. The process for totaling employee hours for reimbursement under the allowable cost provisions of the applicable OMB Circulars remains manual with the DPS conducting self audits to ensure accuracy.*

*In addition, the State Programs Manager for the Texas Division of the Federal Motor Carrier Safety Administration (FMCSA) continues to conduct periodic audits of our reimbursement voucher requests under the various FMCSA grants that have been awarded to the DPS. These audits have been satisfactory without any financial discrepancies being reported to the DPS concerning allowable costs that the Department has sought reimbursement for under the applicable FMCSA Grant Program.*

*Implementation Date: December 2009*

*Responsible Person: Major David L. Palmer, THP Division*

*Management Response and Corrective Action Plan - Cash Management 2004:*

*DPS concurs with the finding above. We are implementing new procedures and hiring additional personnel to address the issues identified above.*

*Management Response and Corrective Action Plan - Cash Management 2005:*

*DPS concurs with the finding above. The attempts to hire personnel solely responsible for the reconciliation process were not successful. Management has decided to restructure the department and add the additional responsibilities of reconciliations to the six Grant Accountants. The Accountants will have one set of assigned programs they will be responsible for auditing and billing. A separate set of programs will require reconciling to the internal accounting system (MSA) and the Uniform State Wide Accounting System (USAS). The reclassification for this job function change is currently in the Human Resources Department pending approval.*

*Management Response and Corrective Action 2006 - Cash Management 2006:*

*The approved reclassification for the Grant Accountant positions was received 09/30/06. These positions were filled in November 2006. We will be implementing monthly reconciliations on the MCSAP programs this Fiscal Year.*

*Management Response and Corrective Action 2007 - Cash Management 2007:*

*Procedures and training for monthly reconciliations began in January 2007. During FY07 we were able to reconcile 50% to 75% of the Motor Carrier programs on a quarterly basis with 100% reconciled in the 4th quarter before the Annual Financial Report was completed. There will be 100% monthly reconciliations in FY08.*

*Management Response and Corrective Action 2008 - Cash Management 2008:*

*The procedures and training that was implemented in 2007 made it possible to reconcile Motor Carrier Programs on a monthly basis 50% to 75% of the time. In 2008 we were able to complete monthly reconciliations 75% of the time. In an attempt to reach our goal of 100% monthly reconciliations, we are training the Grant Accountants to reconcile their programs as part of the monthly billing process. The Assistant Grant coordinators for each section will review and approve the reconciliations. The Grant Coordinator will perform additional reviews each quarter to ensure compliance.*

*Implementation Date: January 2009*

*Responsible Person: Janet L. Espinosa*

**Sul Ross State University**

Reference No. 07-43

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2005 to June 30, 2006**

**Award Number - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable**

**Type of Finding - Material Weakness Control and Material Non-Compliance**

Disbursement Notifications

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, code of Federal Regulations, Section 668.165).

Initial Year Written: 2006 Status: Partially Implemented  U.S. Department of Education
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Sul Ross State University (University) did not send disbursement notifications to all 33 students tested. The University was unaware of the requirement and did not send notifications to FFELP fund recipients for the Fall 2005 and Spring 2006 semesters. Although the University created a program in late Spring 2006 to correct this deficiency, a significant portion of financial aid disbursements for the Fall 2005 and Spring 2006 semesters had already occurred. The University began sending disbursement notifications during the first session of the Summer 2006 semester. Per the Schedule of Expenditures of Federal Awards for the year ended August 31, 2006, the University disbursed \$8,384,995 in FFELP loans during fiscal year 2006.

Corrective Action:

This finding was reissued as current year reference number: 09-50.

## Texas A&M Health Science Center

Reference No. 08-42

### Eligibility

#### Student Financial Assistance Cluster

Award year - July 1, 2006 to June 30, 2007

Award number - CFDA 84.032 Award Number Not Applicable

Type of finding - 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 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: 2007  
Status: Partially Implemented

U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." 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 10871l).

For its Graduate School of Public Rural Health Program, Texas A&M Health Science Center (Health Science Center) estimates a student's cost of attendance based on half-time enrollment for each semester a student is enrolled, regardless of the number of hours in which the student is actually enrolled. As a result, if a student is enrolled in more than a half-time course load, the student's cost of attendance and financial need are understated. The understatement of financial need could result in the student not receiving aid for which he or she is eligible.

The Health Science Center incorrectly calculated the cost of attendance for 4 (10 percent) of 40 students tested.

### Recommendation:

The Health Science Center should determine each student's cost of attendance and financial need based on the student's actual enrollment status.

### Management Response and Corrective Action Plan 2007:

*At the time students are awarded the Office of Student Financial Aid does not know the number of hours that a student in the School of Rural Public Health will actually attempt. As noted in your finding, 36 out of 40 students were enrolled as half-time students. Our statistics show that the average number of hours attempted by an SRPH student is 7.87 hours per term which is half-time attendance. The decision was made to award students as half-time to prevent the over-awarding and over-payment of federal aid. Any student enrolling as a full-time student who needs additional assistance would always receive a revised award package if requested.*

*To ensure that awards to SRPH students more accurately reflect their eligibility, a review of award packages will be made after enrollment to determine their accuracy. Affected students will be notified and award packages will be revised if the student so desires.*

Management Response and Corrective Action Plan 2008:

*At the time of our initial response we indicated that the change would be made in January of 2008 and that has been done. It was implemented with the packaging of awards for students for the 2008-2009 award year, beginning with the summer of 2008. We also made sure to verify that any student from the School of Rural Public Health who requested additional funds received an audit of their file to determine that the appropriate budget was used and that the student was not over or under awarded to be in compliance with federal guidelines.*

*Our budgets are required to be approved by the Texas Higher Education Coordinating Board each year. The THECB requires that graduate budgets use 10 hours as the standard. We are in compliance and using the 10 hour budget for all of our SRPH students for the 2008-2009 award year.*

*Implementation Date: January 2008*

*Responsible Person: Harold Whitis*

Reference No. 08-43

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30 2007**

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

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

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Education
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Texas A&M Health Science Center (Health Science Center) did not include in its disbursement notifications to FFELP loan recipients, the right to cancel, nor the timeframes or procedures by which the students or parents must notify the institution that they wish to cancel the loan or loan disbursement.

Recommendation:

The Health Science Center should include required cancellation information in its disbursement notifications to FFELP loan recipients.

Management Response and Corrective Action Plan 2007:

The requirement to notify a student only applies if the funds are disbursed by electronic funds transfer payment or master check. The Office of Student Financial Aid has always sent timely notifications to students but when we began using EFT in the fall of 2004, the requirement to notify students of the right to cancel and the correct procedure and timeline were not added to the notification.

The Office of Student Financial Aid concurs with the State Auditor's finding. When this omission was discovered during the State Auditor's visit to our campus, the notification was immediately revised to include the required information to students.

Management Response and Corrective Action Plan 2008:

During the June 2007 audit, it was noted by the State Auditor's Office (SAO) that the required student notification was omitted from the letters distributed by the Financial Aid Office in College Station. The change was made to the letter in June 2007 as the

Corrective Action Plan indicated and no errors were noted for College Station students in the SAO follow-up audit. The follow-up audit did note that the timeline for cancelling a loan was not in the required student notification sent to students from the Financial Aid Office in Dallas.

As of September 2008, all of the Financial Aid Office employees now report to the Executive Director of Student Financial Aid in College Station and processes are being reviewed and standardized. The change to the Dallas letter was made on December 9, 2008, when notified of the error by the SAO.

The Texas A&M Health Science Center is also implementing a new student information system called BANNER that will automate the required notification to all students. This implementation will be effective for the 09-10 academic year, which includes students enrolling in June of 2009.

Implementation Date: December 2008

Responsible Person: Harold Whitis



**Texas A&M University**

Reference No. 08-44

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.007 P007A064136**

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

Federal Supplemental Educational Opportunity Grants Awarded to Students without Pell Grants

In selecting among 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) (1)).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

Two judgmentally selected students at Texas A&M University (University) received FSEOG but did not receive any Pell Grant awards. The University made a manual entry error while processing the awards and used incorrect fund codes. Specifically, it used (1) the FSEOG fund code instead of the Aggie State Grant fund code for one student and (2) the FSEOG fund code instead of the Education Excellence Scholarship fund code for the other student.

FSEOG Underawarded

An institution may award FSEOG for an academic year in an amount it determines a student needs to continue his or her studies. However, FSEOG may not be awarded for a full academic year in an amount that is less than \$100 or more than \$4,000 (Title 34, Code of Federal Regulations, Section 676.20(a) (1)).

One judgmentally selected student at the University received less than the minimum amount of FSEOG. The student received an additional scholarship, and the University reduced the FSEOG amount accordingly to avoid any overawards. However, the University's Financial Aid System did not identify this because the University had incorrectly set up the minimum award limit as "\$1" in the Financial Aid System instead of "\$100." As a result, the Financial Aid System allowed the University to award less than the minimum amount of FSEOG to the student.

Corrective Action:

Corrective action was taken.

Reference No. 08-45

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable (No 2006 Award)**

**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. 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) (1)-(4)).

Initial Year Written: 2007  
 Status: Partially Implemented  
  
 U.S. Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (Title 34, Code of Federal Regulations, Section 668.173(b)).

For 2 of 50 (4 percent) students tested at Texas A&M University (University), the University incorrectly filled out the Return of Title IV Funds form. For one student, the University reported an incorrect withdraw date on the form, and this resulted in the University returning \$175 less than it should have returned. However, the University returned that amount during this audit. For the other student, the University reported the amount disbursed to the student in the amount awarded column on the form. This led the University to not return any funds, when it should have returned \$216. However, the University returned that amount during this audit.

For 1 of 50 (2 percent) students tested, the University returned funds after the allowed 45 days. Specifically, the University returned funds 61 days after the student withdrew.

There is no 2006 award number for Perkins Loans because the University did not draw new funds.

Corrective Action:

This finding was reissued as current year reference number: 09-51.

Reference No. 08-46

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issue 07-47)

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

**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 (1) discovers that a Stafford Loan, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2006 Status: Partially Implemented  U.S. Department of Education
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Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report student status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (NSLDS *Enrollment Reporting Guide*, Chapter 3.1.1.3).

Auditors identified the following errors regarding student status changes:

- Three of 50 (6 percent) students tested graduated after the Spring 2007 semester, but this information was not reflected in NSLDS.
- One of 50 (2 percent) students tested changed to half-time status, but this information was not reflected in NSLDS. However, this student graduated after the Spring 2007 semester, and this information was reflected in NSLDS.
- Four of 50 (8 percent) students tested had status changes that were not reported to lenders, servicers, and guarantors.
- Twelve of 50 (24 percent) students tested had status changes that were not reported to the NSLDS within 60 days of the date of change.

Corrective Action:

This finding was reissued as current year reference number 09-52

**Texas A&M University - Commerce**

Reference No. 06-44

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2004 to June 30, 2005**

**Award number - Not Applicable for CFDA 84.032, CFDA 84.038, or CFDA 84.268**

**Type of finding - Reportable Condition Control and Material Non-Compliance**

If an institution credits a student's account at the institution with Direct Loan, Perkins, or Federal Family Education Loan Program (FFELP) funds, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement and (2) the student's 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. The requirement of FFELP funds applies only if the funds are disbursed by electronic funds transfer payment or master check (per Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written:	2005
Status:	Implemented
U.S. Department of Education	

Of the 40 disbursements tested at Texas A&M University - Commerce (University), none of the students received notification of the date and amount of award disbursement along with the right to cancel all or a portion of the loan. However, the University sends award letters instructing students to accept or reject the awarded amount within 14 days of the letter. The University also sends bulletins informing students that the University will begin disbursing assistance seven days before classes start. As reported in the Schedule of Expenditures of Federal Awards for 2004-2005, the University awarded \$26,989,199 in Direct loans, Perkins loans, and FFELP loans.

*Corrective Action:*

Corrective action was taken.

**Texas A&M University - Kingsville**

Reference No. 08-47

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.063 Award Number P063P062325, CFDA 84.007 Award Number P007A064135**

**Type of finding - Non-Compliance**

Pell Grant Award Amounts for Certain Students Were Less than the Minimum Amount Required

The minimum Pell grant award amount a student can receive is \$200 if the student is enrolled three-quarters time in any long semester in an academic year.

Initial Year Written: 2007  
Status: Implemented  
U.S. Department of Education

Six of the 75 judgmentally selected students at Texas A&M University - Kingsville (University) received less than the minimum amount in Pell grant awards. The University's financial aid system (Banner) erroneously computed the Pell grant award amounts for these six students. The reason for the under-award was a software error in the Pell award module in Banner. The error affected only these specific cases.

Certain Students Received Federal Supplemental Educational Opportunity Grants without Receiving a Pell Grant

In selecting eligible students for Federal Supplemental Educational Opportunity Grants (FSEOG), institutions must select students with the lowest expected family contributions who will also receive Pell grants in that year (Title 34, Code of Federal Regulations, Section 676.10).

Two of the 75 judgmentally selected students at the University received FSEOG but did not receive Pell grant awards for the Spring 2007 semester. This situation also was due to an error associated with the Pell module in Banner. Pell Grants are packaged using a special module. Other grants and loans use the general packaging program. FSEOG was correctly awarded to these Pell-eligible students, but the separate Pell module failed to package those students for Pell.

Certain Title IV Funds Were Not Returned

When the 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 grant or loan assistance the student earned. Any difference between the amount earned and the amount that was disbursed to the student must be returned to the Title IV programs (Title 34, Code of Federal Regulations, Section 668.22).

One of the 75 judgmentally selected students at the University dropped classes after receiving a Pell grant and FSEOG. The Pell grant was returned as required, but the required portion of the FSEOG was not returned. According to the Return of Title IV Funds form, the unearned grant amount that the student was required to return was \$121.42.

Corrective Action:

Corrective action was taken.

Reference No. 08-48

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30, 2007**

**Award Number - CFDA 84.032 Award Number Not Applicable and CFDA 84.038 Award Number Not Applicable**

**Type of Finding - Non-Compliance**

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) 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 date and amount of the loan 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 all or a portion of the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by Electronic Funds Transfer or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007
Status: Implemented
U.S. Department of Education

The disbursement notification letters that Texas A&M University - Kingsville (University) used included information on the right to cancel loans, either in full or in part, including corresponding procedures and timelines by which the student or parent must notify the institution that he or she wishes to cancel the loan. However, the University's notification letters did not include the date and amount of the disbursement.

Additionally, the University did not send disbursement notifications to FPL recipients for the Fall 2006 or Spring 2007 semesters. The University was unaware that the requirement applied to FPL funds.

Corrective Action:

Corrective action was taken.

**Texas A&M University - Texarkana**

Reference No. 08-49

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.007 Award Number Not Applicable, CFDA 84.032 Award Number Note Applicable, CFDA 84.063 Award Number Not Applicable**

**Type of finding - Significant Deficiency**

Institutions are required to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

Texas A&M University - Texarkana (University) does not have appropriate controls over access to its Student Information System (System). Four employees within the Financial Aid Office had the same level of access as the Director of Financial Aid. This access level allows employees to award and disburse funds into student accounts and modify key tables within the System. In addition, an individual who was no longer employed by the University continued to have active access to the System.

The University does not review access to the System on a regular basis, which increases the risk of unauthorized access to the System.

After auditors discussed these issues with the University, the University took corrective action.

Corrective Action:

Corrective action was taken.

**Texas Higher Education Coordinating Board**

Reference No. 08-50

**Special Tests and Provisions - ED Form 799**

(Prior Audit Issue 07-49)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2006 to June 30, 2007**

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

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

For lenders to receive payments of interest benefits and special allowance, they must submit a quarterly *Lender's Interest and Special Allowance Request and Report* (LaRS report) to the U.S. Department of Education (Department). The LaRS report is also used to report origination fees collected on new loans. In addition, other information on the Federal Family Education Loan Program (FFELP) portfolio must be reported to assist the Department in proper management of the FFELP. Parts IV and V of the LaRS report contain information regarding the changes to the guaranteed loan balances during the quarter and the analysis of the status of ending balances of all applicable accounts, including past due accounts (*Compliance Audits [Attestation Engagements] For Lenders and LenderServicers Participating in the Federal Family Education Loan Program*, Section II.1; Title 34, Code of Federal Regulations, Section 682.305(a); *Common Manual Unified Student Loan Policy*, Section A.3.B).

Initial Year Written: 2006  
 Status: Implemented  
  
 U.S. Department of Education

Auditors identified the following issues:

- The Texas Higher Education Coordinating Board (Coordinating Board) determined that its Higher Education Loan Management System (HELMS) incorrectly calculated special allowance prior period adjustments, and it did not include any special allowance prior period adjustments on the LaRS report for the quarter ending June 30, 2007. The Coordinating Board expects to correct these programming issues by the quarter ending March 31, 2008.
- When performing testing for due diligence in collection of delinquent loans for the three quarters ending March 31, 2007, auditors determined that the Coordinating Board incorrectly included loan amounts in Part V of its quarterly LaRS reports for (1) 2 of 37 (5 percent) loans tested with delinquency fewer than 271 days and (2) all of the 15 judgmentally selected student loans selected from the “over 270 days past due” category. These students were not included on the Coordinating Board’s past due list, which indicated that their loans were not in the current due diligence cycle. For these loans, no further collection efforts were required because a claim had already been paid, a suit had been filed, or the borrower was in bankruptcy. Loans that are not in the current due diligence cycle are not guaranteed. As a result, these loans should not have been reported. The loans were reported as a part of the Coordinating Board’s loans in repayment or in forbearance. None of these accounts received special allowance payments in the year starting July 1, 2006, but the programming of quarterly reports used to produce the LARS report prior to the conversion to HELMS on April 1, 2007, had not been modified to ensure that only the accounts reported in the SAP section were included in Part V of the LaRS.
- When performing testing related to Part III (Special Allowance) of the LaRS report for the quarter ending June 30, 2007, auditors determined that the Coordinating Board omitted to report to the Department certain loans that were included under invalid special allowance category combinations in HELMS. The invalid combinations included the “XF,” “SU XJ 0.06,” “SU XB 0.07,” “SF XM 0.06,” and “SU XM 0.06” categories. The ending principal balances of these loans totaled \$112,841.



- When performing testing related to Part IV (Loan Activity) of the LaRS report for the quarter ending June 30, 2007, auditors determined that the Coordinating Board incorrectly included capitalized interest on 8 of 10 (80 percent) loans judgmentally selected from the “Capitalized Interest and Other” category. This occurred because of a HELMS conversion issue that resulted in overstated special allowance average daily balances in Part III of the LaRS. The Coordinating Board corrected this issue in August 2007 and will report related special allowance payment adjustments in the quarter ending March 31, 2008. The Coordinating Board also incorrectly reported two claims paid totaling \$31,232.80 in the “Borrower repayment” category, but this error did not result in any questioned costs.
- When performing testing related to Part V (Loan Portfolio Status) of the LaRS report for the quarter ending June 30, 2007, auditors determined that the Coordinating Board incorrectly classified 4 of 10 (40 percent) judgmentally selected claims filed during quarter ending June 30, 2007 in the “Over 270 days past due” category.”

In addition, 4 of 15 (27 percent) loans judgmentally selected from the “Over 270 days past due” category should have been classified as “Claims filed.” These loans were 333 and 345 days delinquent. The Coordinating Board manually enters the claim’s submittal date in HELMS. The claims that were incorrectly classified were filed in June 2007, but their submittal dates were not entered into HELMS until after June 30, 2007. These classifications errors did not result in any questioned costs. However, 9 of 15 loans judgmentally selected from the “Over 270 days past due” category were not in the current due diligence cycle because a claim had already been paid or a suit had been filed. These accounts were more than 400 days past due and received special allowance payments in the quarter ending June 30, 2007. The principal balances of loans more than 400 days past due reported in the “Over 270 days past due” category totaled \$136,715.

In addition, all 4 student accounts judgmentally selected from the “Claims filed” category with past due days exceeding 400 were no longer in the current due diligence cycle, but the Coordinating Board reported them on Part III of the LaRS in quarter ending June 30, 2007. The principal balances of accounts more than 400 days past due reported in the “Claims filed” category totaled \$571,512. These issues are partly due to the incomplete status of the Coordinating Board’s corrective action on a finding identified in the prior fiscal year; they are also partly due to a HELMS conversion issue because some of these accounts correctly identified in HELMS with a “permanent void” flag still received special allowance payments.

The Coordinating Board has corrected the interest capitalization error and requested HELMS program modifications to ensure that it (1) reports only valid special allowance categories in Part III of the LaRS, (2) correctly reports special allowance prior period adjustments starting with the quarter ending March 31, 2008, and (3) removes accounts already identified as “permanent voids” in HELMS from the LaRS and processes related special allowance prior period adjustments.

Corrective Action:

Corrective action was taken.

Reference No. 08-51

**Special Tests and Provisions - Special Allowance Payments**

(Prior Audit Issues 07-51, 06-46, 06-47, and 06-48)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2006 to June 30, 2007**

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

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

Incorrect Reporting of Special Allowance Payments

The U.S. Department of Education (Department) pays a quarterly compensating special allowance to the lender/servicer on the average unpaid daily loan principal balances of eligible Federal Family Education Loan Program (FFELP) loans. The lender/servicer bills the Department on a quarterly basis for special allowance payments (SAP) through Part III of the *Lender's Interest and Special Allowance Request and Report* (LaRS report).

Initial Year Written: 2005  
 Status: Partially Implemented  
  
 U.S. Department of Education

The lender/servicer must separate loans according to loan type, applicable interest rate, and special allowance category, and the lender/servicer must provide the sum of average daily balances for each loan within these groups. The Department then calculates a special allowance per category. SAP categories are defined by the Department according to the type of loan; the date the loan was disbursed; the loan period; and, in some cases, the number of quarters for which the loan has been outstanding or the loan's status (in-school, grace, deferment, or repayment) (Title 34, Code of Federal Regulations, Section 682.302 (c)).

The lender/servicer also must report the status and balance of each FFELP loan held and make any adjustments to submissions covering earlier quarters. The Department's obligation to pay a special allowance for an eligible loan ends on the earliest of the following dates, as applicable: the date the loan is repaid; the date the lender receives a claim payment on the loan; the date the loan ceases to be guaranteed or loses its re-insurability; 60 days after the date the borrower defaulted on the loan, unless the lender files a claim with the guarantor before the 60th day; and other dates, as applicable, as outlined in Title 34, Code of Federal Regulations, Section 682.302(d).

The Texas Higher Education Coordinating Board (Coordinating Board) inappropriately reported SAP on 3 of 50 (6 percent) loans tested. Specifically:

- The Coordinating Board reported one loan with an inflated average unpaid daily loan principal balance. This occurred because of incorrect capitalization of interest on the loan when it was converted from the Coordinating Board's former mainframe system to its new Higher Education Loan Management System (HELMS). This resulted in an incorrect SAP calculation.
- The Coordinating Board inappropriately reported and collected SAP during the quarter ending June 30, 2007, on one loan that was no longer guaranteed. The Coordinating Board reported this loan correctly in its former mainframe system as a temporarily void account until the quarter ending March 31, 2007. However, the loan was incorrectly converted to "active billing, previously suspended" status in HELMS at the beginning of the quarter ending June 30, 2007. This occurred because of a manual processing error.
- The Coordinating Board incorrectly classified one loan's entire balance and reported it in SAP category "XJ EVAR" based on the loan's deferment status for the entire quarter ending June 30, 2007. Only a portion of that loan should have been assigned to the "XK EVAR" category. The category classifications depend on characteristics such as loan status, source of loan funds, disbursement dates, and rates of interest. The loan's deferment period ended on December 14, 2006, and the loan should have been converted to a repayment status on June 15, 2007. The Coordinating Board did not schedule the loan for repayment in HELMS.

The error related to the first of the three loans discussed above occurred because of a systematic error that the Coordinating Board corrected in the following quarter ending September 30, 2007. The Coordinating Board indicated it will report related SAP adjustments on the LaRs for the quarter ending March 31, 2008. This issue affected several loans, as noted in more detail below. The error on the other two loans discussed above occurred because of manual processing errors made during the conversion to HELMS. The Coordinating Board corrected these errors in quarter ending December 31, 2007.

Loan Balances Ineligible for Special Allowance Payments

The Coordinating Board continued to report and collect SAP on loan disbursements that were ineligible for SAP due to their status. These included disbursements associated with borrowers who were in judgment or disbursements for which a claim had been filed. The Coordinating Board planned to complete all research on these items and make any necessary adjustments on or before December 31, 2007.

Prior Period Adjustments

The Coordinating Board did not report SAP prior period adjustments to the Department for the quarter ending June 30, 2007. The Coordinating Board determined that some of these adjustments were calculated incorrectly because account histories were missing from HELMS, and it decided to omit them from the LaRS report until the programming issues were corrected. The Coordinating Board also omitted SAP prior period adjustments from the LaRS report for quarter ending September 30, 2007, but it expects to complete corrective action for the quarter ending March 31, 2008.

Corrective Action:

This finding was reissued as current year reference number: 09-57.

Reference No. 08-52

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issues - 07-52 and 06-45)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2006 to June, 30 2007**

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

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

Federal regulations require that, after the Texas Higher Education Coordinating Board (Coordinating Board) is notified of a student status change, it must use that information to make proper adjustments to each loan in a timely manner. For purposes of this requirement, “timely” means adjustments are made in time to satisfy the time requirements outlined in Title 34, Code of Federal Regulations, Section 682.209, for converting and beginning the collection of loans. The accuracy of billings for interest benefits and special allowance payments, and the timely conversion of loans to repayment status, depend on the timely and accurate processing of student status changes.

Initial Year Written: 2005
Status: Partially Implemented
U.S. Department of Education

The Texas Guaranteed Student Loan Corporation (TGSLC) and the National Student Clearinghouse (NSC) communicate student status changes to the Coordinating Board on a weekly basis. The Coordinating Board downloads electronic files from TGSLC and NSC each week for processing. Processing includes reviewing the downloaded information for each student and determining whether the downloaded information is more accurate than the Coordinating Board’s records. Occasionally, students or institutions will have already contacted the Coordinating Board directly with information. If it is determined that an update is necessary, the Coordinating Board staff manually input the change.

The Coordinating Board did not process 4 of 50 (8 percent) enrollment reports tested in a timely manner in accordance with regulations. In all four instances, the Coordinating Board did not update the reports because staff believed that because the students were current on their loan payments, the enrollment status changes were not necessary. Therefore, the Coordinating Board overlooked current information regarding the students' separation dates and did not update this information in its records.

In addition, the Coordinating Board did not update 1 of 50 (2 percent) enrollment reports tested in its Higher Education Loan Management System (HELMS). The student was incorrectly reported as a full-time student in repayment status, but the student's correct status was half-time in deferment status. This error was caused by an error in manual data entry.

Corrective Action:

This finding was reissued as current year reference number: 09-58.

Reference No. 08-53

**Special Tests and Provisions - Due Diligence by Lenders or Servicers in the Collection of Delinquent Loans**

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2006 to June 30, 2007**

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

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

A lender is required to maintain complete and accurate records of each loan that it holds. In determining whether the lender met the due diligence compliance requirements pertaining to collection of delinquent loans, the documentation maintained must include a collection history showing the date and subject of each communication between the lender and the borrower or endorser relating to collection of a delinquent loan; each communication (other than regular reports by the lender showing that an account is current) between the lender and a credit bureau regarding the loan; each effort to locate a borrower whose address is unknown at any time; and each request by the lender for default aversion assistance on the loan (Title 34, Code of Federal Regulations, Section 682.414(a)(4)).

Initial Year Written: 2007 Status: Partially Implemented
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U.S. Department of Education
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Auditors could not determine whether the Texas Higher Education Coordinating Board (Coordinating Board) followed all borrowers' delinquency procedures (1) for 3 of 37 (8 percent) students tested in the three quarters ending March 31, 2007 and (2) for 9 of 13 (69 percent) students tested in quarter ending June 30, 2007. Auditors could not determine this because supporting call sheets were not available to test. Although the corresponding due diligence call codes were documented in the Coordinating Board's new Higher Education Loan Management System (HELMS), call sheets were not generated from April 2007 through July 2007 because of problems within HELMS.

Corrective Action:

This finding was reissued as current year reference number: 09-59.

Reference No. 08-54

**Special Tests and Provisions - Cures**

(Prior Audit Issues 07-53 and 06-49)

**CFDA 84.032 - Federal Family Education Loans (FFEL) - Lender**

**Award year - July 1, 2006 to June 30, 2007**

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

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

A lender requests payment of interest benefits and special allowance for eligible loans by billing the U.S. Department of Education (Department) at the end of each calendar quarter. The lender does this by submitting a *Lender's Interest and Special Allowance Request and Report* (LaRS report). A lender is prohibited from billing for federal interest benefits and special allowance payment on loans that are not eligible for federal reinsurance coverage. It is the lender's responsibility to repay immediately all federal interest benefits and special allowance payments on a loan that is, or was, ineligible to receive payments (Common Manual, Unified Student Loan Policy, Appendix A.3). A lender may have the guarantee on a loan reinstated by curing the applicable violation. Upon reinstatement of a loan's guarantee, the lender is again eligible to receive claim payments, interest benefits, and special allowance payments on the loan; the lender is ineligible to receive these payments from the date of the first unexcused violation to the date of the cure (Common Manual, Unified Student Loan Policy, Section 14.5). A lender must comply with the cure procedures in Title 34, Code of Federal Regulations, Part 682, Appendix D, for loans with due diligence or timely filing violations and related cure information must be accurately reported on the LaRS report.

Initial Year Written: 2005
Status: Partially Implemented
U.S. Department of Education

The Texas Higher Education Coordinating Board (Coordinating Board) did not accurately classify all cures and pending cures in its system and incorrectly reported them on the LaRS report for the quarter ending June 30, 2007. It incorrectly classified 2 of 5 (40 percent) loans it reported on part IV of the LaRS report as guarantee voided (pending cures). One of these loans should not have been reported on the LaRS report because the account became permanently uninsured during the quarter. This occurred because of a manual processing error that was corrected at the beginning of the following quarter. The other loan should have been classified as a cure. This occurred because of a lack of timeliness in identifying cures in the Coordinating Board's new Higher Education Loan Management System (HELMS).

In addition, 1 of 14 (7 percent) pending cures tested in the first three quarters ending March 31, 2007, was not correctly adjusted on the LaRS report to rebate special allowance payments (SAP) during the cure process. A prior period adjustment from the December 15, 2005, violation date to September 30, 2006, should have been processed in the quarter ending December 31, 2006. The Coordinating Board did not correct this error in the quarter ending June 30, 2007 (the Coordinating Board did not report SAP prior period adjustments to the U.S. Department of Education for that quarter). Similarly, SAP prior period adjustments related to new pending cures identified in quarter ending June 30, 2007, also were not reported to the Department. This occurred because of HELMS conversion issues.

During fiscal year 2007, the Coordinating Board was in the process of changing from an old automated system to HELMS. During that period, there were errors that the Coordinating Board believed could have been caused by that transition to HELMS. The Coordinating Board has established a March 2008 target date to have all system-related errors corrected.

Corrective Action:

This finding was reissued as current year reference number: 09-60.

**Texas Southern University**

Reference No. 08-55

**Cash Management**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to July 30, 2007**

**Award number - P033A064145 (FWS)**

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

The U.S. Department of Education (Department) provides funds to an institution under the advance, reimbursement, just-in-time, or cash monitoring payment methods. Under the reimbursement payment method, the institution must make disbursements to students and parents for the amount of funds those students and parents are eligible to receive under the federal Pell grant program, the federal Academic Competitiveness Grant (ACG) program, the national Science and Mathematics Access to Retain Talent (SMART) grant program, Direct Loan program, and campus-based programs before it may seek reimbursement from the Department for those disbursements. The Department considers an institution to have made a disbursement if the institution has either credited a student's account or paid a student or parent directly with its own funds. (Title 34, Code of Federal Regulations, Section 668.162)

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

For Federal Work Study (FWS) funds, an institution must time its draw downs to coincide with its payroll dates. An institution must calculate the amount of federal funds needed to meet payroll for a given pay period and draw down only the appropriate federal share of wages to be paid. Student wages must be paid within three business days of the date federal funds are received. (*Blue Book*, October 2005, Chapter 18, page 2-193).

Texas Southern University (University) requested to draw down the remainder of its FWS fund authorization on August 28, 2007. At the time of the drawdown, the University had not disbursed \$140,174 to FWS students. A reconciliation of the FWS fund usage provided by the University shows that \$113,913 was transferred to the 2007-2008 FWS fund, for which auditors were not able to obtain the supporting student disbursement detail and \$26,261 remained available.

In addition, the University's supporting documentation was incomplete for all August and September 2007 drawdown requests, and the supporting documentation did not include any general ledger expenditure information. Auditors were able to verify from other sources that all but one of these draw downs were appropriate. For most draw downs, auditors could not find evidence of supervisor approval, as required by the University's cash management policies and procedures.

Corrective Action:

Corrective action was taken.

Reference No. 08-56

**Reporting - Pell Payment Data**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - 84.063 P063P062327**

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

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) system (Office of Management and Budget (OMB) Notice 1845-0039-v.4). Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report the student payment data (1) within 30 calendar days after it makes payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Institutions may do this by reporting once every 30 calendar days, biweekly, or weekly, or they may set up their own systems to ensure that changes are reported in a timely manner (OMB Compliance Supplement A-133, March 2007, Part 5, Student Financial Assistance Cluster, III.L.1.e, pages 5-3-16 and 5-3-17).

Initial Year Written: 2007
Status: Implemented
U.S. Department of Education

For 4 of 50 (8 percent) students tested, Texas Southern University (University) did not report disbursement records to the COD system within 30 calendar days of the disbursement date. Two of these instances occurred because an upgrade the University loaded to its financial aid system prevented origination records from being transmitted. The University identified and corrected these errors in March 2007. A total of 11 students were affected by this issue. The two remaining instances were due to manual processing errors.

The University did not perform monthly reconciliations of its grant accounts between its financial aid sub-ledger and general Ledger, as required by the University's procedures. This occurred because of changes in personnel and reassignment of responsibilities for Title IV funds reconciliation. The University had reconciled its grant accounts as of June 30, 2007. The University also asserts that, beginning in July 2007, the Director of Grants and Contracts and the Financial Aid Accountant were given the responsibility of ensuring that accounts are reconciled monthly.

Corrective Action:

Corrective action was taken.

Reference No. 08-57

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

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

Disbursement Notifications Were Not Always Sent within Required Timeframes

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007  
 Status: Implemented  
  
 U.S. Department of Education

Texas Southern University (University) did not send notifications to FFELP loan recipients for 19 of 40 (48 percent) students tested for the Fall 2006 and/or Spring 2007 semesters. The University does not have controls to ensure that it sends disbursement notifications within the required periods.

Additionally, the University sends notification letters to students whose enrollment status still must be verified. The letters are sent when the disbursements are initially to be disbursed. This causes the letters to be sent before the required 30 days; therefore, the University does not mail these letters within the required time frame.

Funds Were Requested Too Early

In certifying a loan application for a borrower, an institution may not request a lender to provide it with loan funds by electronic funds transfer (EFT) or master check earlier than (1) 27 days after the first day of classes of the first payment period for a first-year, first-time Federal Stafford Loan Program borrower or (2) 13 days before the first day of classes for any subsequent payment period for a first-year, first-time Federal Stafford Loan Program borrower or for any payment period for all other Federal Stafford Loan Program borrowers.

The University requested FFELP funds from lenders earlier than 13 days in advance of the first day of classes for the Spring 2007 semester for 27 of 40 (68 percent) students tested.

Excessive Access to Student Financial Aid System

Institutions must 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 University performs periodic reviews of user access rights to its Financial Aid System. However, an employee in Business Services had full rights in that system to determine financial aid eligibility, as well as package and disburse awards. The employee did not appear to be familiar with these functions or be aware of this access. Although there was no evidence that the access had been used inappropriately, it was excessive.

Corrective Action:

Corrective action was taken.



Reference No. 08-58

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - P063P063294 (PELL), P007A064169 (FSEOG), P375A063294 (ACG), P376S063294 (SMART)**

**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 aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Sections 668.22(a)(1)-(3)).

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Education
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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 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) does not have controls to ensure that Title IV funds are returned within 45 days. For 13 of 30 (43 percent) returns tested, the funds were returned after 45 days.

The University also made incorrect calculations of the amounts to be returned for 4 of 30 (13 percent) students tested. The students returned more than the required amount. For a portion of the tested period, the University used its Banner system to calculate the amount of funds to be returned. The Banner system calculations were incorrect for the amount of funds to be returned by the student.

Corrective Action:

This finding was reissued as current year reference number: 09-62.

Reference No. 08-59

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to July 30, 2007**

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

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

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2007
Status: Partially Implemented
U.S. Department of Education

Texas Southern University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3.1.1.3).

For 21 of 40 (53 percent) students tested, status changes were not reported to NSLDS. In addition, status changes for 4 students were not reported within 60 days of the status change.

Corrective Action:

This finding was reissued as current year reference number: 09-63.

**Texas State Technical College - Harlingen**

Reference No. 08-60

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

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

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance 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: 2007  
Status: Implemented  
U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions 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 10871l).

Texas State Technical College - Harlingen's (College) Financial Aid System calculated cost of attendance (COA) incorrectly for all 50 students tested. Specifically, COA was understated for 45 students, and COA was overstated for 5 students. Although no over-awards were identified as a result of these errors, the understatement of COA may have caused students not to receive assistance for which they were eligible.

Auditors' control testing determined that per term student budget amounts were coded inaccurately in the Financial Aid System for the Fall 2006 and Spring 2007 semesters. Programming logic within the Financial Aid System incorrectly identified the College's school code; as a result, the housing student budget component defaulted to the lowest residency status rate ("living with parents"). Because of this, the student budget amounts were understated, and students were potentially awarded less assistance than they were eligible for.

Corrective Action:

Corrective action was taken.

Reference No. 08-61

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P073162**

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

Returning Funds to a Lender

When an institution receives Federal Family Education Loan (FFEL) Program funds from the lender by electronic funds transfer (EFT) or master check, it usually must disburse the funds within three business days. If a student is temporarily not eligible for a disbursement but the institution expects the student to become eligible for disbursement in the immediate future, the institution has an additional 10 business days to disburse the funds. An institution must return FFEL Program funds that it does not disburse by the end of the initial or conditional period, as applicable, promptly but no later than 10 business days from the last day allowed for disbursement. (Title 34, Code of Federal Regulations, Section 668.167)

Initial Year Written: 2007  
 Status: Implemented  
  
 U.S. Department of Education

For 7 of 50 students tested (11 disbursements), Texas State Technical College - Harlingen (College) did not disburse funds to students' accounts within three business days of receipt from the lender. This was not due to eligibility issues. The College requests loan funds several days prior to each term, but it does not disburse funds to students' accounts until the first day of classes (or the first day of the fiscal year for the fall term). As a result, these loan funds were held longer than three business days.

For 1 of these 7 students, the loan funds were held significantly more than three business days and were not returned to the lender within the required time frame. According to the College's Financial Aid Director, the College had difficulty identifying the intended recipient of these funds, which slowed the disbursement process. After the loan was matched to the correct student, the funds were disbursed.

Credit Balances

If financial aid disbursements to a student's account at the institution create a credit balance, the institution must pay the credit balance directly to the student or parent as soon as possible, but no later than 14 days after the date the balance occurred on the student's account, if the balance occurred after the first day of class of a payment period, or the first day of classes of the payment period if the credit balance occurred on or before the first day of class of that payment period (Title 34, Code of Federal Regulations, Section 668.164(e)).

For 1 of 50 students tested (2 disbursements), the student's spring and summer disbursements created a balance in the student's account, but the College did not pay the credit balance to the student within 14 days of the start of classes. The student was enrolled in a joint program with another institution. According to the College, the student's program was not originally included in the query that identified credit balances. After this omission was identified and corrected, the credit balance was disbursed to the student.

Disbursement Notifications

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

For 2 of the 50 students tested (4 percent), the College did not send the required disbursement notification for one of the disbursements. The College's Financial Aid System automatically produces disbursement notifications, but this process must be started manually. These two students received their disbursements later in the semester, after the notifications were sent to most students.

Additionally, all disbursement notifications the College sends do not contain the amount and date of the disbursement as required. The notifications inform students that a loan disbursement has been credited to their account, direct students to their online account, and include information about how to cancel the loan. The online account provides information about the type of loan and the amount, but it does not include the disbursement date.

Pell Payment Data

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) system. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the institution reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data 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. Institutions may do this by reporting once every 30 calendar days, bi-weekly, or weekly, or they may set up their own systems to ensure that changes are reported in a timely manner (Office of Management and Budget A-133 Compliance Supplement, Part 5).

For three students tested, the College did not report the amount or disbursement dates of Pell grant awards to the COD system. According to the College, these students would have been identified during the College's reconciliation process, which was not yet complete at the time of this audit. The College correctly reported these students to the COD System prior to completion of this audit.

Corrective Action:

Corrective action was taken.

**Texas State Technical College - Marshall**

Reference No. 08-62

**Eligibility**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30, 2007**

**Award Number - CFDA 84.007 P007A068753, CFDA 84.032 Award Number Not Applicable, CFDA 84.033 P033A068753, and CFDA 84.063 P063P055503**

**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 minus the Expected Family Contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) that is provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant, Title 34, Code of Federal Regulations, Sections 673.5; Federal Family Education Loans, Title 34, Code of Federal Regulations, Section 682.603(d) (2)).

Initial Year Written: 2007
Status: Partially Implemented
U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." The 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 10871l).

Texas State Technical College - Marshall (College) incorrectly calculated the cost of attendance for all 30 students tested. 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 or underaward of financial aid for any of the students tested.

Recommendation:

The College should ensure that the tuition and fee information used to calculate cost of attendance is entered correctly into the financial aid system. Implementation of a supervisory review process would ensure that future manual tuition and fee entries are made correctly.

Management Response and Corrective Action Plan 2007:

*The data entry error was corrected in July 2007 while the audit team was on campus. The supervisory review process will call for Suzanne Carter, Dean of Enrollment Management to verify that the correct tuition and fee amounts are entered into Colleague for the cost of attendance. Ms. Carter will have access to the college's tuition rates as set annually in February during the Board of Regents meeting. Susan Wingate, Assistant Director of Financial Aid will update the cost of attendance fields in Colleague and Ms. Carter will verify their accuracy.*

Management Response and Corrective Action Plan 2008:

*The manual error that was first found has been corrected. In the course of the follow-up audit, an automated error was found. The error did not result in an over-award or under-award of financial aid for any of the students tested. TSTC Marshall will manually check the financial aid budgets to ensure the Cost of Attendance (COA) is properly calculated.*

*Implementation Date: January 2009*

*Responsible Person: Susan Wingate*

Reference No. 08-63

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

**Type of finding - Non-Compliance**

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by Electronic Funds Transfer or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007
Status: Implemented
U.S. Department of Education

The FFELP disbursement notification letters that Texas State Technical College - Marshall (College) sent contained the information on rights to cancel loans and the procedures and the time requirement. However, the notification letters did not include the date and amount of disbursement. The College does not participate in the FPL program.

Corrective Action:

Corrective action was taken.

**Texas State Technical College - Waco**

Reference No. 08-64

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

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

Funds Not Always Disbursed within Three Business Days

An institution must return Federal Family Education Loan Program (FFELP) funds to a lender if the institution does not disburse those funds to a student or parent for a payment period within three business days following the date the institution receives the funds if the lender provides those funds to the institution by electronic funds transfer (EFT) or master check on or after July 1, 1999 (Title 34, Code of Federal Regulations, Section 668.167(b)(1)(ii)).

Initial Year Written: 2007
Status: Partially Implemented
U.S. Department of Education

For 18 students in a sample of 40 (and 33 of 97 transactions), Texas State Technical College - Waco (College) held funds more than three business days before disbursing them to the student accounts. Auditors made this determination using dates on the students' billing screens in the College's financial aid system. The College has asserted that those dates are not representative of the actual disbursement dates. However, auditors used these dates because (1) they were shown in the financial aid system and (2) the College reported these dates to the federal government as the disbursement dates.

Recommendation:

The College should:

- Include the date and amount of the disbursement in its FFELP disbursement notifications, and send these notifications within 30 days before or after the disbursement date.

Management Response and Corrective Action Plan 2007:

*TSTC Waco will implement the audit recommendation regarding dates for funds availability. Beginning with the Fall 2008 semester, we will post all FFELP funds with the transaction date equal to the actual disbursement date, rather dating the posting September 1. This process will mirror what the College presently does for the Spring and Summer semesters.*

Management Response and Corrective Action Plan 2008:

*TSTC Waco will implement the audit recommendation regarding dates for funds availability. Beginning with the Fall 2008 semester, we will post all FFELP funds with the transaction date equal to the actual disbursement date, rather dating the posting September 1. This process will mirror what the College presently does for the Spring and Summer semesters. The college is now participating in the Federal Direct Loan Program. The Pell and Direct Loan funds will transmit on August 15, 2008, which is 10 days prior to the start of the Fall 2008 term. We have approximately 100 students who have FFELP loans and everyone else will have Direct loans. The FFELP funds will transmit on August 20, 2008.*

Implementation Date: August 2008

Responsible Person: Jackie Adler



Disbursement Notifications Did Not Always Contain Required Information and Were Not Always Sent within Required Timeframes

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or FFELP loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by EFT or master check. The notification can be made in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

The FFELP disbursement notifications the College sent included all of the required elements except for the date and the amount of the disbursement.

In addition, for 3 of the 40 (8 percent) disbursement notifications auditors tested, the College did not send the disbursement notifications within 30 days before or after the disbursement date.

The College does not participate in the FLP program.

Corrective Action:

Corrective action was taken.

**Texas State Technical College - West Texas**

Reference No. 08-65

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

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

Disbursement Notification Letters

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Education
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Texas State Technical College - West Texas (College) could not provide documentation indicating that it sent disbursement notification letters to 9 (21 percent) of 43 students tested.

The College does not participate in the FPL program.

Access to the Student Information System

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

The College does not have appropriate controls over access to its Student Information System (System). The College's financial aid staff have inappropriate access to the System, which gives them the ability to post disbursement transactions and process refunds.

Recommendations:

The College should:

- Retain documentation indicating that it sent all disbursement notification letters to all FFELP loan recipients.
- Restrict access to the System based on job duties and responsibilities.

Management Response and Corrective Action Plan 2007:

Recommendation #1, Disbursement Notification Letters

The main campus at Sweetwater and each of its extension center locations will be responsible for sending student loan disbursement notifications to each student at the individual campuses before the expiration of the required 30 day limit. The first day is the date printed on the payment detail report designated as "For Receipts on (date)". E-mail notifications will be sent to the student's college assigned email address and a copy of each email that has been sent will be saved in a shared folder in the Groupwise system. Every email will contain the information required by regulations. These procedures will be monitored on a regular basis by the Financial Aid Director or designee.

Recommendation #2, Access to the Student Information System (Colleague)

Colleague access for every financial aid staff member will be individually reviewed and any access that is not required during the performance of their assigned duties will be submitted to the Director of Administrative Technology for deletion of such access. Additionally, any future requests for Colleague access for financial aid staff will be reviewed by the Financial Aid Director or designee prior to the addition of such access.

Management Response and Corrective Action Plan 2008:

Recommendation #1, Disbursement Notification Letters

Final assessment of our revised processing to notify all students according to the Disbursement Notification Letter procedures was completed on 08/01/08 and we are confident that the findings have been resolved according to our original Management and Corrective Action Plan 2008. Notifications are being retained to support the directive that all FFELP loan recipients are receiving the disbursement letter notifications as required by regulation.

Implementation Date: August 2008

Responsible Person: Connie Chance

Recommendation #2, Access to the Student Information System (Colleague)

Access to the Student Information System (Colleague) was reviewed and revised according to the recommendations of the auditors. Colleague access for each financial aid staff member was reviewed and adjusted to ensure that no one had the ability to post disbursement transactions and process refunds. This evaluation of access was completed prior to March 15, 2008.

Implementation Date: March 2008

Responsible Person: Connie Chance

## Texas Tech University

Reference No. 08-66

### Allowable Costs/Cost Principles

#### Research and Development Cluster

Award year - October 1, 2004 to September 30, 2007

Award number - CFDA 84.350 U350A040006

Type of finding - Significant Deficiency and Non-Compliance

#### Internal Service Charges

Charges made from internal service, central service, pension, or similar activities or funds must follow the applicable cost principles provided in Office of Management and Budget (OMB) Circular A-21. According to OMB Circular A-21, to be allowable under federal awards, costs must be given consistent accounting treatment within and between accounting periods. Consistency in accounting requires that costs incurred for the same purpose, in like circumstances, be treated as either direct costs only or indirect costs only with respect to final cost objectives (OMB Circular A-21, Sections C.10 and C.11).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

One internal service charge tested at Texas Tech University (University) was not processed in accordance with OMB Circular A-21. That charge should have been treated as indirect costs, but instead the University charged it directly to a federal grant. According to the University's Cost Accounting Standards Disclosure Statement (DS-2), local (basic) telephone costs should be treated as indirect costs except when approved by the sponsor. However, during fiscal year 2007, the University charged a federal grant \$512.32 for local telephone costs without sponsor approval. The University subsequently removed this charge from the federal account.

#### Cost Transfers

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 (OMB Circular A-21, Cost Principles for Educational Institutions, Section C, Subsection 4). The University's Operating Policy 65.04: Cost Transfers on Federally Sponsored Project or Other Sponsored Projects includes a similar requirement.

For 2 of 12 (17 percent) cost transfers tested at the University, the transferred costs were allowable for the projects to which the costs were transferred; however, the University originally charged these costs to unrelated federal projects. The University did this because at the time it originally charged these costs, it had not yet established the correct accounts. Therefore, the University made these transfers for reasons of convenience, which is not a valid justification according to OMB Circular A-21 and the University's policy.

#### Corrective Action:

Corrective action was taken.

Reference No. 08-67

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award year - July 27, 2006 to December 31, 2007, September 30, 2004 to June 30, 2007, August 1, 2006 to July 31, 2009, September 20, 2005 to March 6, 2009, and September 1, 2006 to August 31, 2008**

**Award number - CDFA 12.431 W911SR06-C00, CDFA 11.617 C70NANB3H5003, CFDA 47.049 CHE-0615321, CDFA 12.000 W9113M-05C-0, and CDFA 10.200 06-38889-035**

**Type of finding - Non-Compliance**

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. (Office of Management and Budget Circular A-102, Grants and Cooperative Agreements with the State and Local Governments, Section 1.d and A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Subpart B.13; Executive Orders 12549 and 12689, Debarment and Suspension; Title 45, Code of Federal Regulations, Part 76, Government-wide Debarment and Suspension).

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of  
Commerce  
National Science Foundation  
U.S. Department of Agriculture  
U.S. Department of Defense

Texas Tech University's (University) procurement process requires that, for transactions with amounts greater than or equal to \$25,000, the buyer must check the EPLS Web site to verify that the vendor has not been suspended or debarred.

For 5 of 10 (50 percent) procurement files tested, the University did not retain evidence that it performed the required review of the EPLS Web site at the time of the purchase. Auditors reviewed the EPLS Web site and determined that these five vendors were not currently suspended or debarred.

Recommendation:

The University should retain evidence in its procurement files, such as screen prints, that it performed the required review of the EPLS Web site for all purchase orders expected to equal or exceed \$25,000.

Management Response and Corrective Action Plan 2007:

*The University is currently in the process of implementing Banner, including SciQuest, which is the purchasing module to be used with Banner. Beginning September 1, 2008 the SciQuest system will provide a computerized audit for this documentation. In the meantime, in order to insure that all purchases greater than or equal to \$25,000 have documentation that the necessary review of the EPLS web site has been completed, the University will implement a policy that all such purchase transactions will have a screen print or equivalent evidence of the necessary review included with each appropriate file.*

Management Response and Corrective Action Plan 2008:

Although we expected Banner and SciQuest systems to provide the capability, we learned after the implementation the capability we expected was not there. Follow-up procedures by the SAO showed that 1 of the 5 items sampled did not have sufficient evidence of conducting the EPLS vendor search. After reviewing the audit finding and with the recent implementation of new accounting and procurement systems, the Purchasing and Contracting office held discussions with the State Auditor's Office relating to the best method to document the requirements in our new procurement session. We conducted additional staff training during January 2009. In addition, we have implemented an additional review requirement by a purchasing manager for each transaction above \$25,000. As of January 19, 2009, the Purchasing and Contracting staff has been fully trained in the proper method of reviewing the EPLS vendor search and providing documentation on all transactions greater than \$25,000.

Implementation Date: January 2009

Responsible Person: Jennifer Adling

Reference No. 06-50

**Reporting - Pell Payment Data****Student Financial Assistance Cluster**

**Award year - July 1, 2004 to June 30, 2005**

**Award number - CFDA 84.063 P063P042328**

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

Institutions submit Pell Grant origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) system. Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid.

Institutions must report the student payment data (1) within 30 calendar days after they make payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Federal rules specify that institutions may do this by reporting once every 30 calendar days, bi-weekly, or weekly; or they may set up their own systems to ensure that changes are reported in a timely manner.

Initial Year Written: 2005  
Status: Partially Implemented

U.S. Department of Education

For the 2004- 2005 award year, Texas Tech University (University) had procedures for the submission of origination and disbursement records. However, the University did not follow these procedures in a timely manner. After the University became a full participant in using COD for the 2003-2004 award year, it had difficulties with the COD software. The software difficulties and resulting reconciliation issues were not resolved for the 2003-2004 award year until late in fall 2004, which delayed reporting for the majority of fall semester Pell payments for the 2004-2005 award year. Within a random sample of 40 students (which included 73 Pell grant disbursements), 41 disbursements (35 for the fall semester and 6 for the spring semester) were reported to COD more than 30 days after the University made the payments to the students. Thirty-six of the 40 students tested had late submissions. However, auditors noted that the required data elements for both disbursement and origination records were properly included in the transmission files. The University awarded \$12,515,495 in Federal Pell Grants assistance during the 2004-2005 award year per the Fiscal Operations Report and Application to Participate (FISAP).

Corrective Action:

This finding was reissued as current year reference number: 09-71.

**Texas Tech University Health Sciences Center**

Reference No. 08-68

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P20063367, CFDA 93.925 Award Number Not Applicable**

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

Disbursement of Title IV Higher Education Act Program Funds

If a student is enrolled in a credit hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, Higher Education Act (HEA) program funds to a student or parent for any payment period is 10 days before the first day of classes for a payment period (Title 34, Code of Federal Regulations, Section 668.164 (f)(1)).

Initial Year Written: 2007
Status: Implemented
U.S. Department of Education

For 4 of 40 students tested (6 of 85 disbursements), Texas Tech University Health Sciences Center (Health Sciences Center) disbursed funds more than 10 days before the start of classes. In each case, the Health Sciences Center disbursed funds 11 days before the start of classes. Except for the disbursement date issue, the disbursements were properly documented and correct.

Required Reviews Prior to Disbursement

Before an institution may disburse Title IV, HEA program funds to a student who previously attended another eligible institution, the institution must use information it obtains from the National Student Loan Data System (NSLDS) or its successor system, to determine (1) whether the student is in default on any Title IV, HEA program loan; (2) whether the student owes an overpayment on any Title IV, HEA program grant or Federal Perkins Loan; (3) for the award year for which a Federal Pell Grant is requested, the student's scheduled Federal Pell Grant and the amount of Federal Pell Grant funds disbursed to the student; (4) the outstanding principal balance of loans made to the student under each of the Title IV, HEA loan programs; and (5) for the academic year for which Title IV, HEA aid is requested, the amount of, and period of enrollment for, loans made to the student under each of the Title IV, HEA loan programs (Title 34, Code of Federal Regulations, Section 668.19).

The Health Sciences Center did not maintain documentation that it verified the required information described above with information received from NSLDS prior to disbursing Title IV loan funds to transfer students. The Health Sciences Center asserts that its practice is to check NSLDS daily, or even multiple times each day during heavy disbursement times, but documentation supporting this assertion could not be located.

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 2007, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-16)). 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 5-3-25)).

For 1 of 40 students (1 of 85 disbursements) originally tested at the Health Sciences Center, the date of Pell disbursement did not match the disbursement date in the COD System. When auditors expanded this test to include four more Pell students, those students also did not have correct disbursement dates in the COD System. The disbursement amounts were reported correctly. The Health Sciences Center indicates that it sends disbursement information to the COD System in advance of the disbursement in order to make sure the student is eligible for aid; it then disburses funds when eligibility is confirmed. Although auditors acknowledge this process is a conservative approach, the date in the COD System should be the actual disbursement date.

Corrective Action:

Corrective action was taken.



**Texas Woman's University**

Reference No. 08-69

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 - June 30, 2007**

**Award number - CFDA 84.063 P063P062330**

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

In general, a student must be enrolled in an undergraduate course of study to receive a Pell grant. A student who has earned a baccalaureate degree or a first professional degree is not considered to be an undergraduate and cannot receive a Pell grant (Title 34, Code of Federal Regulations, Sections 690.2 and 690.6).

Initial Year Written: 2007  
Status: Partially Implemented  
U.S. Department of Education

Texas Woman's University (University) awarded and disbursed Pell grants to three post-bachelor students (students working on a second undergraduate degree), even though these students were not eligible to receive Pell grants because they had already earned an undergraduate degree. Specifically:

- Two of these students indicated on their Free Application for Federal Student Aid (FAFSA) that they would be working on their first bachelor's degree during the 2006-2007 school year. The University's financial aid system packaged these students based on their FAFSA responses. However, the University's financial aid counselors were responsible for reviewing the automatic packaging to verify the students' eligibility prior to disbursement.
- One of these students was an undergraduate in Fall 2006 and became a post-bachelor student in Spring 2007. The student's record still showed the student as undergraduate when the Pell grant was dispersed in Spring 2007. The student's record was not changed to post-bachelor until two days after the disbursement.

In June 2007, the University corrected these issues by removing the Pell grants from the students' accounts and returning the funds to the U.S. Department of Education.

Recommendation:

The University should ensure that it awards Pell grants only to eligible undergraduate students.

Management Response and Corrective Action Plan 2007:

*The Director of Financial Aid has been directed to review all automated and manual processes involved in awarding Pell Grants and to correct any deficiencies that could lead to awards to ineligible students. This review will include software set-ups, programming, and staff training needed to assure compliance in the current and future award periods.*

Management Response and Corrective Action Plan 2008:

All manual and automated Pell Grant award processes were reviewed to ensure that automated eligibility checks are made at the time of awarding and prior to the transmission of financial aid to student accounts. Eligibility checks are also ran daily on the entire aid population during periods of late admission and late registration where student academic program and enrollment data may change at an accelerated pace. Eligibility checks evaluate for enrollment in the first undergraduate degree. Computer set-ups now include elements to evaluate for the appropriate academic program at the time of awarding and again prior to transmitting aid to student accounts. Additionally, staff training has been conducted, and continues to be done on an ongoing basis, to ensure compliance with federal and state aid regulations. Implementation of revisions has been verified by the Internal Audit Department.

Implementation Date: April 2008

Responsible Person: Governor Jackson

Reference No. 08-70

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 - June 30, 2007**

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

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

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or the parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be made 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

Texas Woman's University (University) did not consistently send required notifications to FFELP loan recipients for the Spring 2007 semester within 30 days of the disbursement of loan proceeds. Auditors sampled 40 students, and 35 of them were student loan recipients. Thirty of the 35 (86 percent) student loan recipients did not receive the required notification within 30 days. The University does not participate in the FPL program.

The University's current notification process depends on a financial aid staff person initiating a notification letter routine in the student financial aid system. The content of the notification letter is generated by the system, but this function does not occur automatically at the time of disbursement. For the Spring 2007 semester, the notification letter routine was not initiated until March 2007. When the University does not distribute the required notifications within the required time period, loan recipients' opportunity to cancel their awards (if they choose to do so) is reduced.

Recommendation:

The University should correct the errors in its student notification process to ensure that it sends notifications to all FFELP loan recipients within the required time period.

Management Response and Corrective Action Plan 2007:

*The University has revised its process for notifying FFELP loan recipients within the required time period. Additional automation to enhance the process is in progress.*

Management Response and Corrective Action Plan 2008:

*Revised written procedures for loan notification letters were implemented on June 22, 2007. These procedures included the notification of multiple staff members when loan notification letters were scheduled to print and a hierarchy for follow-up. A Financial Aid Administrator will maintain a file of all such electronic notifications and any pending actions. The Financial Aid Administrator has responsibility for ensuring that the processes are executed regardless of The Administrator's or other staff's absences. On March 28, 2008, an automated process was added to automatically create saved lists of loan notifications weekly and to email the lists to the Loan Coordinator and Financial Aid Administrator on a weekly schedule for follow-up. This process will be reviewed for additional electronic upgrades in fall 2008. Implementation of revisions has been verified by the Internal Audit Department.*

*Implementation Date: April 2008*

*Responsible Person: Governor Jackson*

**Department of Transportation**

Reference No. 08-71

**Allowable Costs/Cost Principles**

**Cash Management**

**Period of Availability of Federal Funds**

**Reporting**

**Highway Planning and Construction Cluster**

**Award year - Various - Project Based**

**Award number - Federal apportionment pursuant to the Safe, Accountable, Flexible, Efficient Transportation**

**Equity Act: A Legacy for Users (SAFETEA-LU) Public Law 110-5**

**Type of finding - Significant Deficiency**

Office of Management and Budget Circular A-133, Section 300(b), requires entities to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Initial Year Written:	2007
Status:	Implemented
U. S. Department of Transportation	

In addition, Title 1, Texas Administrative Code, Section 202.20(1), states that “Information resources residing in the various state agencies of state government are strategic and vital assets belonging to the people of Texas. These assets must be available and protected commensurate with the value of the assets. Measures shall be take to protect these assets against unauthorized access, disclosure, modification or destruction, whether accidental or deliberate, as well as assure the availability, integrity, authenticity, and confidentiality of information. Access to state information resources must be appropriately managed.” Title 1, Texas Administrative Code, Section 202.25(3)(B) states that “A user’s access authorization shall be appropriately modified or removed when the user’s employment or job responsibilities within the state agency change.”

SiteManager User Access

The Department of Transportation (Department) uses the automated SiteManager system to monitor construction projects, generate daily work reports, and process contractor payment estimates for projects funded through the Highway Planning and Construction Cluster. Access to SiteManager is controlled by security administrators at each district and division within the Department.

However, the Department does not ensure that its districts and divisions restrict SiteManager access to current, active employees. Furthermore, the Department does not ensure that access to SiteManager is removed immediately upon termination of employment or a change in employee job functions. As a result, 2 of 61 (3 percent) employees tested had access to SiteManager after their employment had been terminated. Auditors also identified 30 additional employees who had access to SiteManager after their employment had been terminated or after their job functions changed and they no longer required the use of SiteManager. After auditors brought this matter to the Department’s attention, the Department inactivated access for all of the employees involved in the circumstances described above.

Removing access to SiteManager immediately upon termination of an employee or a change in job functions helps to ensure that information resources, including SiteManager, are protected against unauthorized access, disclosure, modification or destruction. This requirement also helps to ensure the availability, integrity, authenticity, and confidentiality of information.

During federal compliance testing, auditors did not identify any issues that resulted from the deficiencies discussed above.

Network and Financial Information Management System Password Settings

Employees and users of the Department's automated systems must have access to the Department's network to access those systems. The Financial Information Management System (FIMS) is the Department's internal accounting system used to create and process vouchers for payment. To access the network and FIMS, users must enter a password. According to the Department of Information Resources, state agencies should use unique passwords that contain both alphanumeric characters and special characters. However, the Department does not require this for users of its network and FIMS. Instead, the Department requires only that passwords be eight characters in length. The Department's network and FIMS password settings give users the *option* to use alphanumeric or special characters in their passwords; however, they do not *require* this.

Requiring the use of passwords that include both alphanumeric and special characters helps to ensure that information resources, including financial systems, are protected against unauthorized access, disclosure, modification or destruction. This requirement also helps to ensure the availability, integrity, authenticity, and confidentiality of information.

Corrective Action:

Corrective action was taken.

## University of Houston

Reference No. 08-72

### Cash Management

#### Student Financial Assistance Cluster

Award year - July 1, 2006 to June 30, 2007

Award number - CFDA 84.375 P375A062333

Type of finding - Significant Deficiency and Non-Compliance

The U.S. Department of Education (Department) provides funds to an institution under the advance, reimbursement, just-in-time, or cash monitoring payment methods. Under the reimbursement payment method, the institution must make disbursements to students and parents for the amount of funds those students and parents are eligible to receive under the federal Pell grant program, the federal Academic Competitiveness Grant (ACG) program, the national Science and Mathematics Access to Retain Talent (SMART) grant program, Direct Loan program, and campus-based programs before it may seek reimbursement from the Department for those disbursements. The Department considers an institution to have made a disbursement if the institution has either credited a student's account or paid a student or parent directly with its own funds. As part of the institution's reimbursement request, the Department requires the institution to identify the students for whom reimbursement is sought and submit to the Department documentation that shows that each student and parent included in the request was eligible to receive and has received the Title IV Health Education Assistance program funds for which reimbursement is sought (Title 34, Code of Federal Regulations, Section 668.162).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

To account for the funds disbursed, institutions report student payment information to the Department electronically. The Common Origination and Disbursement (COD) System provides a simplified process for requesting, reporting, and reconciling Pell grant, ACG, and SMART funds (Office of Management and Budget Notice 1845-0039-v.4). Grantees draw funds using the Grant Administration and Payment System (GAPS).

Any amounts not disbursed by the end of the third business day following the receipt of funds are considered to be excess cash and generally are required to be promptly returned to the Department (Title 34, Code of Federal Regulations, Section 668.166).

The University of Houston (University) uses the reimbursement method. On May 29, 2007, the ACG award authorization was reduced by \$253,538, as reflected in GAPS, which created an excess cash balance of \$47,499.18 (in other words, cash received to date exceeded the authorized amount by \$47,499.18). This affected 1 of 30 cash draws tested. The University disbursed the related expenditures to the students, but a programming error in the University's accounting system prevented these disbursements from being reported in COD. The programming error was not corrected, and the University processed an adjustment entry of \$49,214.18 on August 21, 2007, to refund the Department. As a result of this situation, the University carried an excess ACG cash balance of \$47,499.18 from May 29, 2007, to August 21, 2007.

The University converted to a new accounting system (PeopleSoft) for the 2008 award year, which should resolve issues pertaining to the ACG COD reporting processes.

#### Corrective Action:

Corrective action was taken.

Reference No. 08-73

**Eligibility**

(Prior Audit Issue 07-56)

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**CFDA 84.007 P007A064166and CFDA 84.063 P063P062333**

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

Awards of Federal Supplemental Educational Opportunity Grants

In determining awards for Federal Supplemental Educational Opportunity Grants (FSEOG), an institution must first select students with the lowest expected family contributions (EFC) who also receive Pell grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Pell grant recipients, it must award the remaining FSEOG funds to those eligible students with the lowest EFCs who will not receive Pell grants (Title 34, Code of Federal Regulations, Section 676.10).

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Education	

The University of Houston’s (University) student financial aid packaging system awarded FSEOG based on an EFC range, without regard to other Pell grant eligibility requirements. The University completed programming changes in April 2007 to award FSEOG funds to Pell-eligible recipients with zero EFC only, but this change only affected awards for the 2008 school year. The University had already awarded 2007 FSEOG before it implemented corrective action.

As a result, the University awarded \$3,000 in FSEOG funds to 3 of 40 (8 percent) students tested when those students had EFCs of between \$2,600 and \$3,500. These students were all Pell recipients, but this conflicted with the revised University policy and with federal regulations because other students who had received Pell grants had lower EFCs but were not awarded FSEOG.

In addition, 4 of 9 (44 percent) students judgmentally selected for testing because they had received FSEOG but had not received Pell awards received FSEOG when they should not have. Three were not eligible for Pell awards, and one had an EFC of \$3,757 that should have disqualified the student for the FSEOG award. The University awarded \$2,650 in FSEOG funds to these four students

Awards of Pell Grants and FSEOG to Post-baccalaureate Students

Except for certain post-baccalaureate programs leading to initial teacher certification or licensing credential within a state, a student is eligible to receive a federal Pell grant only for the period of time required to complete his or her first undergraduate baccalaureate course of study. The institution must determine when the student has completed the academic curriculum requirements for that first undergraduate baccalaureate course of study. Any noncredit or remedial course taken by a student, including a course in English language instruction, is not included in the institution's determination of that student's period of Federal Pell Grant eligibility (Title 34, Code of Federal Regulations, Section 690.6).

The University awarded Pell and/or FSEOG funds to 26 judgmentally selected students who were post-baccalaureate students in the semester they received these awards. In 2007, these students received \$19,203.37 in Pell awards and \$3,000 in FSEOG awards for which they were not eligible. The students’ classification changed from undergraduate to post-baccalaureate after funds were awarded, but the University did not adjust these students’ awards. The University implemented a new financial aid system for 2008 and asserted that controls were in place in the new system to prevent future errors in grant eligibility determination.

Corrective Action:

Corrective action was taken.

Reference No. 08-74

**Special Tests and Provisions - Student Status Changes**

(Prior Audit Issues 07-58)

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

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

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

Unless an institution expects to submit its next student status confirmation report to the U.S. Secretary of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days, if it (1) discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loans for Undergraduate Students (PLUS) has been made to or on behalf of a student who enrolled at that institution, but who has ceased to be enrolled on at least a half-time basis; (2) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (3) discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (4) discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 682.610(c)).

Initial Year Written: 2006  
Status: Partially Implemented

U.S. Department of Education

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC, regardless of whether those students receive federal financial assistance. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3.1.1.3).

The University did not report 5 of 50 (10 percent) student status changes tested within the required 60 days. Specifically:

- Three of the students graduated in May 2007 and were not reported to NSLDS until September 2007.
- One student graduated in May 2007 but was registered to take classes in the summer. The student was reported to NSLDS as withdrawn in September 2007. This student was not reported to the lenders/grantors as graduated or withdrawn.
- One student changed from full-time to half-time status, and this status change was not reported to NSLDS within 60 days.

Corrective Action:

This finding was reissued as current year reference number: 09-87.



**University of Houston - Downtown**

Reference No. 07-59

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2005 to June 30, 2006**

**Award number - CFDA 84.007 P007A054118**

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

In determining awards for Federal Supplemental Educational Opportunity Grants (FSEOG), an institution must give priority to students with the lowest expected family contributions (EFC) who also receive Pell Grants in that year (Title 34, Code of Federal Regulations, Section 676.10).

Initial Year Written: 2006  
Status: Implemented  
  
U.S. Department of Education

An institution is not in compliance with the U.S. Higher Education Act, as amended, and FSEOG regulations if it awards FSEOG funds on a first-come, first-serve basis or arbitrarily sets expected EFC benchmarks (or cut-offs) below which it selects FSEOG recipients. Such a practice could exclude eligible students from the FSEOG award process (U.S. Department of Education's 2005 - 2006 *Student Financial Aid Handbook*, Volume 3, Chapter 5).

The University of Houston - Downtown (University) awarded FSEOG funds totaling \$51,734 (26 percent of available FSEOG funds) to only 14 of 776 students who received Pell Grants and who also had EFCs of \$0. It awarded the remaining \$148,531 in FSEOG funds (74 percent of available FSEOG funds) to Pell Grant recipients who did not have the lowest EFCs. As a result, many Pell Grant recipients with the greatest financial need did not receive FSEOG assistance that should have been provided to them.

The University reported in the Schedule of Expenditures of Federal Awards that it awarded \$425,425 in FSEOG grants during fiscal year 2006.

Corrective Action:

Corrective action was taken.

Reference No. 07-60

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2005 to June 30, 2006**

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

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

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or the parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be made in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2006  
Status: Partially Implemented  
  
U.S. Department of Education

The University of Houston - Downtown (University) did not consistently send out the required notifications to FFELP loan recipients in fiscal year 2006. Of the 22 FFELP loan recipients sampled, 11 students (50 percent) did not receive any notification, and 7 students (32 percent) received notifications in the fall semester but not in the spring semester.

The University's current notification process is primarily manual and depends on employees to (1) accurately review the *Texas Guaranteed Student Loan Corporation Disbursement Report*, (2) enter the appropriate comment in the student financial aid management system, and (3) mail the notification. When the University does not distribute the required notifications, this reduces the opportunity for loan recipients to cancel the awards if they choose to do so.

Recommendation:

The University should automate its student notification process or implement a review process to ensure that it sends notifications to all FFELP loan recipients within the required time periods.

Management Response and Corrective Action Plan 2006:

*The University has automated this process to ensure that its notifications to all FFELP loan recipients are within the required time periods.*

Management Response and Corrective Action Plan 2007:

*Regarding the follow-up to this finding the errors were due to a system problem and was compounded by human error when a student worker reverted to the pre-automated process and copies were not made of the letters that were sent and not updated in PowerFaid.*

*The University has automated this process to ensure that its notifications to all FFELP loan recipients are within the required time periods.*

Management Response and Corrective Action Plan 2008:

*Management concurs with the audit finding.*

*While we did automate this process it was not implemented successfully due to a business process issue. We modified our business process by assigning this function to the Coordinator of Student Loans who has accountability for ensuring that notifications to borrowers are sent in a timely manner. We have also implemented a bi-weekly review to audit a sample of borrowers to ensure that the notification function has been met. The reviewing parties are the Director, Office of Scholarships and Financial Aid and the Assistant Director for Processing , Office of Scholarships and Financial Aid. These steps were implemented on December 10, 2008.*

*Implementation date: December 10, 2008*

*Responsible Person: LaTasha Goudeau*

**University of Houston - Victoria**

Reference No. 08-75

**Special Tests and Provisions - Disbursements To or On Behalf of Students**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 - June 30, 2007**

**Award number - CFDA 84.032 Award Number Not Applicable and CFDA 84.063 Award Number P063P063632**

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

Pell Payment Reporting

All institutions submit payment data to the U.S. Department of Education through the Common Origination and Disbursement (COD) System. Origination records can be sent well in advance of any disbursement, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid.

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Education
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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 Circular A-133 Compliance Supplement, Part 5, Section L.1.e) and the Secretary of the U.S. Department of Education accepts a student's payment data that is submitted in accordance with procedures established through publication in the *Federal Register*, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution (Title 34, Code of Federal Regulations, Section 690.83.(a)(2)).

In a sample of 50 students tested at the University of Houston - Victoria (University), 14 students received Pell Grant awards. However, the University did not report the correct date of disbursement of Pell Grant awards to the COD System for any of those 14 students.

The University did not record the actual disbursement dates; instead, it set the disbursement dates as 10 days prior to the semester start date and when disbursements were processed (in 6 cases, this was more than 30 days after disbursement). When the University does not accurately report disbursement dates, this increases the risk of over awards being made to students. In addition, the Secretary of the U.S. Department of Education could impose a fine on the institution if the institution fails to comply with the requirement (Title 34, Code of Federal Regulations, Section 690.83(c)).

Disbursement Notifications

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement, and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or the parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be made in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

The University did not consistently send the required notifications to FFELP loan recipients in fiscal year 2007. In the sample of 50 students, 47 were FFELP loan recipients. Three of these 47 students (6.38 percent) did not receive a notification, and one of these 47 students (2.13 percent) did not receive a notification in a timely manner. In addition the notification letters the University sent for the Fall 2006 and Spring 2007 semesters did not include information regarding the required right to cancel or the procedure and time by which the student or parent must notify the institution. The notification letters the University sent for the Summer 2007 semester were correct.

When the University does not send the required notifications or the notifications do not include required information on the right to cancel and cancellation procedures, the opportunity for loan recipients to cancel their awards is reduced.

### Transfer Student Monitoring

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 the following determinations: (1) whether the student is in default on any title IV, HEA program loan; (2) whether the student owes an overpayment on any Title IV, Higher Education Assistance (HEA) program grant or Federal Perkins Loan; (3) for the award year for which a Federal Pell Grant is requested, the student's scheduled Federal Pell Grant and the amount of Federal Pell Grant funds disbursed to the student; and (4) the outstanding principal balance of loans made to the student under each of the Title IV, HEA loan programs. 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).

The University did not follow the transfer student monitoring criteria for 5 of 14 (35.7 percent) transfer students included in a sample of 50 students. Specifically:

- Auditors were unable to locate documentation with the date of the file transfer to NSLDS for 4 of 14 transfer students.
- The University made a disbursement to 1 of the 14 transfer students one day after requesting information from NSLDS.

The University's financial aid counselors are not following and/or documenting their completion of the procedures in the *Financial Aid Manual*, Section 17, which requires a review of the student loan history, default status, overpayment status, and aggregate limits on NSLDS prior to disbursement of awards to transfer students.

When the University does not request information from NSLDS, does not wait the required seven days to disburse funds, or does not document that it has accessed NSLDS to verify student status, the University risks awarding or overawarding assistance to a student who may not be eligible.

### Returning Funds to Lender

An institution must return FFELP funds to a lender if the institution does not disburse those funds to a student or parent for a payment period within three business days following the date the institution receives the funds if the lender provides those funds to the institution by electronic funds transfer (EFT) and master check on or after July 1, 1999. An institution may delay returning FFELP funds to a lender for ten business days after the date if either of the following conditions exists:

- The institution does not disburse FFELP funds to a borrower because (1) the student did not complete the required number of clock or credit hours in a preceding payment period and (2) the institution expects the student to complete required hours within this 10-day period.

- The student has not met all the FFELP eligibility requirements and the institution expects the student to meet those requirements within this 10-day period (Title 34, Code of Federal Regulations, Sections 668.167(b)(1)(ii) and (iii), and Title 34, Code of Federal Regulations, Section 668.167(b)(3)).

The University did not consistently disburse funds received from the lender to the student's account within the required time frame. For a sample of 50 students in which 47 were FFELP loan recipients, the University did not disburse 6 FFELP loans for 4 students (8.5 percent) to the students' account within three business days. Eligibility was not an issue.

When the University does not disburse funds to students within the required time frame, the University is at risk for reduced availability of funds, fines, penalties, and possible conversion to the reimbursement program.

Recommendations:

The University should:

- Ensure that it reports correct dates for all Pell Grant awards to the COD System as required.
- Correct the errors in its disbursement notification process to ensure that it sends notifications to all FFELP loan recipients within the required time frames and that all required elements are included in the disbursement notifications.
- Ensure that it documents transfer student monitoring procedures for each transfer student and that it does not disburse funds for seven days after transmittal of request for information from NSLDS.
- Ensure that it disburses funding received from FFELP lenders to the student's account within the required timeframes.

Management Response and Corrective Action Plan 2007:

Pell Payment Reporting

*With the implementation of a new financial aid management system for the 2007-08 academic year, the Pell Grant award reporting procedure has been modified to reflect actual disbursement dates. A sample of Pell Grant recipients was conducted and reviewed for compliance. The process of submitting the Pell origination and disbursement files biweekly has been implemented.*

Disbursement Notifications

*With the implementation of a new financial aid management system for the 2007-08 academic year, procedures have been modified to identify all students who have had FFELP loans disbursed. An email is being generated and sent to the FFELP loan recipients. The additional required information has been added to the disbursement notifications.*

*The Financial Aid Office is monitoring this procedure for compliance during the 2007-2008 academic year to assure that the processes are functioning correctly.*

Transfer Student Monitoring

The Office of Financial Aid runs the NSLDS transfer monitoring request on a weekly basis. When a transfer alert file has been received, the students are reviewed for possible changes to the student's eligibility. A Financial Aid Counselor checks the Reviewed box once the student has been deemed eligible. The reviewed Transfer Alert reports are retained to indicate that transfer students were verified through the NSLDS database. Procedures are in place so that disbursements do not occur within seven days of transmittal of the request for information from NSLDS.

Returning Funds to Lender

Procedures for authorization of financial aid for disbursement have been modified. The automated process was implemented in August 2007 using a new financial aid management system to ensure that funds are disbursed to the student's account within the required time period. In addition, a Hold/Release process has been put into place to prevent student loans from arriving to UHV via EFT if the student has not enrolled or is not meeting the Satisfactory Academic Progress standards. This ensures the timely return of FFELP funds to the lender for ineligible students. Verification that procedures are functioning properly will be conducted through April.

Management Response and Corrective Action Plan 2008:

We implemented a new financial aid system for the 2007-2008 academic year and implemented a process for biweekly submission of Pell Origination and disbursement files. We modified our procedures to a.) help ensure that all disbursement notifications to FFELP loan recipients are timely and contain all required elements, b.) establish documentation for transfer student monitoring and to help ensure that disbursements do not occur within 7 days of the request for information from NSLDS and c.) help ensure disbursement of funding received from FFELP lenders to the students' accounts within the required timeframes. Note: Verified by Internal Auditing.

Implementation Date: April 2008

Responsible Person: Carolyn Mallory

**University of Texas at Austin**

Reference No. 08-76

**Eligibility**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30, 2007**

**Award Number - CFDA 84.007 P007A064173**

**Type of Finding - Non-Compliance**

In selecting among eligible students for Federal Supplemental Educational Opportunity Grant (FSEOG) program 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. If the institution has FSEOG funds remaining after giving FSEOG awards to all the federal Pell grant recipients at the institution, the institution must award the remaining FSEOG funds to those eligible students with the lowest EFCs who will not receive federal Pell grants (Title 34, Code of Federal Regulations, Section 676.10).

Initial Year Written: 2007  
Status: Implemented  
  
US Department of Education

The University of Texas at Austin (University) awarded FSEOG to students who were not eligible to receive and were not awarded Pell grants; in addition, not all Pell grant recipients received FSEOG. Of the 18 students who received Pell grants in the sample tested, only two received FSEOG. The University manually awarded FSEOG to students who needed financial assistance, and it did not verify whether those students had the lowest EFC and had also received Pell grants during the award year. As a result, the University awarded \$20,980 in FSEOG to 11 students who were not eligible for Pell grants.

Corrective Action:

Corrective action was taken.

Reference No. 08-77

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award Year - July 1, 2006 to June 30, 2007**

**Award Number - CFDA 84.007 P007A064173**

**Type of Finding - Non-Compliance**

Not Returning Title IV Funds within Required Timeframe

Institutions must make returns of Title IV funds in the proper amount and in a timely manner and must apply the return of Title IV funds to federal programs as required. When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment, the institution must determine the amount of Title IV assistance 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 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) (1)-(4)).

Initial Year Written: 2007  
Status: Partially Implemented  
  
US Department of Education

Returns of Title IV funds are required to be deposited or transferred into the student financial aid account or electronic fund transfer must be initiated to the U.S. Department of Education or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew. (Title 34, Code of Federal Regulations, Section 668.173(b)).

The University of Texas at Austin (University) transfers funds electronically to students. For 6 of 50 (12 percent) students tested, the University did not return Title IV funds within 45 days of when it determined that the students withdrew from classes.

#### Not Calculating the Correct Amount of Title IV Funds

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 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. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determination.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student 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 of the 50 (6 percent) students tested, the University incorrectly calculated the amount of Title IV funding by deducting the origination fee that the lender charges from the amount the student received. The result was that the students received less funding than they should have received.

#### Returning Incorrect Amounts of Title IV Funds

Institutions must return the lesser of (1) the total amount of unearned Title IV assistance to be returned as described above or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. If, for a non-term program an institution chooses to calculate the treatment of Title IV assistance on a payment period basis, but the institution charges for a period that is longer than the payment period, "total institutional charges incurred by the student for the payment period" is the greater of (1) the prorated amount of institutional charges for the longer period or (2) the amount of Title IV assistance retained for institutional charges as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(g)).

For 3 of the 50 (6 percent) students tested, the University returned the incorrect amount or did not return any unearned Title IV funding during 2007. One of these three instance occurred because of a \$32.63 clerical error. No documentation was submitted to the University's Student Financial Aid Department for the other two instances, and the Title IV funds were not returned.

#### Corrective Action:

This finding was reissued as current year reference number: 09-90.



Reference No. 08-78

**Allowable Cost/Cost Principles**

**Research and Development Cluster**

**Award year - December 1, 2005 to November 30, 2009; March 1, 2006 to February 28, 2009; February 15, 2007 to January 31, 2011; February 1, 2005 to March 31, 2008; September 1, 2004 to July 31, 2009; December 1, 2003 to November 30, 2007**

**Award number - CFDA 93.242 2 R01 MH041770-19A1,20, CFDA 93.859 5 R01 GM073087-01A1,02, CFDA 93.286 1 R01 EB004873-01A2, CFDA 93.859 5 R01 GM074258-01 -02 -03, CFDA 93.242 5 R37 MH044754-16 -17 -18 -19,CFDA 93.867 5 R01 EY02688-26 -27 -28 -29**

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

Appropriated funds for the National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration 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 I (Public Law 110-005, Revised Continuing Appropriations Resolution, 2007). The Executive Level I annual salary rate was \$183,500 for the period from January 1, 2006, through December 31, 2006. Effective January 1, 2007, the Executive Level I salary level increased to \$186,600 (NOT-OD-07-051, Salary Limitation on Grants, Cooperative Agreements, and Contracts).

Initial Year Written: 2007  
Status: Partially Implemented  
  
U.S. Department of Health and Human Services

The University of Texas at Austin (University) did not adequately monitor the salary and wages charged to National Institutes of Health (NIH) grants. Four of 7 researchers (representing 6 of 11 grants) tested charged salaries to NIH grants that exceeded the NIH salary cap. The University subsequently removed the excess charges from the federal accounts

The University does not have an adequate system to monitor the salaries it charges to NIH grants to ensure those charges do not exceed the executive salary cap. When the University does not limit the salary and wage expenses charged to NIH grants, it risks loss of funding for existing and future grant awards.

Corrective Action:

This finding was reissued as current year reference number: 09-92.

Reference No. 08-79

**Equipment and Real Property Management**

**Research and Development Cluster**

**Award year - August 15, 2006 to August 14, 2010, September 1, 2006 to February 28, 2007**

**Award number - CFDA 81.000 DE-FG02-06ER46303 A000, CFDA 93.000 2007-02807-001**

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

A recipient's property management standards for equipment acquired with federal funds and federally-owned equipment must require that equipment records be maintained accurately and include the location and condition of the equipment. Additionally, equipment owned by the federal government must be identified to indicate federal ownership (Office of Management and Budget Circular A-110, Subpart C, 34.f).

Initial Year Written: 2007  
Status: Partially Implemented  
  
U.S. Department of Energy  
U.S. Department of Health and Human Services

The University of Texas at Austin (University) has a policy that requires equipment with a unit cost of \$5,000 or more be assigned to a departmental inventory. In addition, the Office of the Texas Comptroller of Public Accounts defines controlled items as those items with a unit cost of \$500 to \$4,999.99. The Office of the Texas Comptroller of Public Accounts also requires that controlled item be assigned to a departmental inventory. The University's policy states that its Inventory Services Department will affix a numbered property control plate to the property (or assign an inventory number) and enter appropriate data on the University's computerized inventory system. (*Handbook of Business Procedures*, Section 16.2.A)

Inventory records for 3 of 43 (7 percent) equipment items tested contained inaccurate information about the equipment. Specifically:

- For two of these items, the University tagged the equipment with a different inventory number than was shown in its inventory records. The University assigned these equipment items temporary inventory numbers during its year-end inventory process. It subsequently assigned new inventory numbers to the equipment, but it had not yet updated its inventory records to reflect these new numbers.
- For one of these items, the inventory record for the equipment did not contain sufficient information about the location of the equipment. The equipment item was in a University office that was located off campus, but the inventory record did not contain enough information to easily locate the equipment item.

The University has updated the inventory records for the three items discussed above.

Corrective Action:

This finding was reissued as current year reference number: 09-94.

Reference No. 08-80

**Matching, Level of Effort, Earmarking**

(Prior Audit Issues 07-69, 06-63, 05-57, 04-53, 03-09, and 02-48)

**Research and Development Cluster**

**Award year - Multiple**

**Award number - All Grants with Matching Requirements**

**Type of finding - Significant Deficiency**

Non-federal entities may be required to share in the cost of research. The specific program regulations, general agency award guidance, or individual federal award will specify applicable matching requirements, including the minimum amount or percentage of contributions or matching funds provided by the institution (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 5, Section G). The matching contributions must also comply with the requirements of OMB Circular A-110, Section .23, including the allowable cost principles of OMB Circular A-21. These requirements include that matching contributions must be from allowable sources, must value in-kind contributions according to the principles of OMB Circular A-21 and the terms of the award, and must be composed of allowable costs.

Initial Year Written:	2001
Status:	Partially Implemented
Federal Agencies that Provide R&D Grants	

The University of Texas at Austin (University) does not have an adequate system for monitoring whether it meets required matching contributions. The University's system for tracking its matching contributions is decentralized, and each department is responsible for maintaining its own documentation of contributions. As a result, forms of documentation varied widely among different awards, and retrieving this documentation was time-consuming. In addition, for 6 of 7 (86 percent) awards tested, the University's Effort Certification System (ECS) could have provided documentation of matching contributions, but the department did not record contributions in ECS for these awards.

Despite this control deficiency, the University was able to provide sufficient evidence showing that it complied with applicable matching requirements and award terms.

*Corrective Action:*

This finding was reissued as current year reference number: 09-95.

## University of Texas at Brownsville

Reference No. 08-81

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

Award year - July 1, 2006 to June 30, 2007

Award number - CFDA 84.032 Award Number Not Applicable

Type of finding - Significant Deficiency and Non-Compliance

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007  
Status: Implemented

U.S. Department of Education

The University of Texas at Brownsville (University) did not send notifications to FFELP loan recipients for the Fall 2006 and Spring 2007 semesters. Therefore, none of the 26 students in auditors' test sample received disbursement notifications. The University does not have controls to ensure that it sends disbursement notifications within the required time periods.

#### Corrective Action:

Corrective action was taken.

**University of Texas M.D. Anderson Cancer Center**

Reference No. 08-82

**Allowable Costs/Cost Principles**

**Research and Development Cluster**

**Award year - Not Applicable**

**Award number - Not Applicable**

**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 (Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, Section J, Subsection 10).

Initial Year Written: 2007 Status: Partially Implemented  U.S. Department of Health and Human Services
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For 14 of the 28 payroll items tested at the University of Texas M.D. Anderson Cancer Center (Cancer Center), the employees' Effort Certification Reports for the applicable period were not completed in a timely manner (completion was considered timely if it occurred within 30 days of receipt of the forms).

The Cancer Center's effort certification policy in effect for fiscal year 2007 did not contain time limits for completion of effort reporting. However, guidance from the University of Texas System (System) on effort reporting policies requires that institutions implement effort policies that (1) require all *Effort Certification Reports* to be completed within 30 days of receipt of the forms and (2) include the consequences of not completing *Effort Certification Reports* in a timely manner (UTS-163 - Guidance on Effort Reporting Policy).

A prolonged elapsed time between activity and confirmation of the activity can potentially (1) decrease the accuracy of reporting and (2) increase the time between payroll distribution and any required adjustments to that distribution.

Recommendation:

The Cancer Center should ensure that employees complete *Effort Certification Reports* in a timely manner.

Management Response and Corrective Action Plan 2007:

*The Cancer Center's Effort Reporting policy has been drafted and will be included in the Institutional Policy handbook upon approval from executive committee and the President's Advisory Board.*

*In accordance with UTS 163, the policy will require that all Certifications must be completed within thirty days of notification that the effort reports are ready for review and, and will include the consequences of not completing the effort reports in a timely manner.*

*The Cancer Center is implementing an electronic effort reporting system to replace its current paper based system. Electronic effort reporting will increase efficiency in providing reports to certifiers, and facilitate timely completion of certifications.*

Management Response and Corrective Action Plan 2008:

The corrective actions planned have been implemented.

1. The Institutional Effort Reporting Policy has been adopted.
2. The new electronic effort certification system has been implemented. Training sessions were held in June and July. The system was opened to Departmental Effort Coordinators in mid-July. Notification to faculty went out August 1<sup>st</sup> that the system was available for them to use for certification.

Implementation Date: August 2008

Responsible Person: Claudia Delgado

Reference No. 08-83

**Equipment and Real Property Management**

**Research and Development Cluster**

**Award year - Not Applicable (control finding related to institutional policy only)**

**Award number - Not Applicable (control finding related to institutional policy only)**

**Type of finding - Significant Deficiency**

The recipient's property management standards for equipment acquired with federal funds and federally-owned equipment must require that equipment records be maintained accurately and include the location and condition of the equipment. Additionally, equipment owned by the federal government must be identified to indicate federal ownership (Office of Management and Budget Circular A-110, Subpart C, 34.f).

Initial Year Written:	2007
Status:	Partially Implemented
Federal Agencies that Provide R&D Grants	

The University of Texas M.D. Anderson Cancer Center (Cancer Center) has a policy that requires all new capitalized and controlled equipment be tagged with an inventory number upon receipt or prior to being placed into service (*Asset Management Module*, Chapter 4A).

Ten of 40 (25 percent) equipment items tested at the Cancer Center did not have an asset identification tag assigned or affixed to them prior to auditors' arrival. The total cost of these ten items was \$268,159.54.

Recommendation:

The Cancer Center should ensure that it affixes asset identification tags to equipment items upon receipt or prior to placing the items into service.

Management Response and Corrective Action Plan 2007:

Property management standards for the M. D. Anderson Cancer Center provide assurances that meet the requirements identified in the Office of Management and Budget Circular A-110, Subpart C, 34.f.

During the recent A-133 audit, the accuracy of federally-owned equipment records were confirmed:

- Location of the equipment
- Condition of the equipment
- Federal ownership identified

*In addition, this audit identified improvement needed regarding the application of asset identification tags.*

*Management has a long standing policy requiring the tagging of all capital and controlled assets upon receipt. The Equipment Compliance Committee, which is a cross section of Institutional and Departmental leaders reviews and revises policies on an ongoing basis and reports to the Institutional Compliance Committee. While efforts are made to ensure that all assets are tagged, the current process is manual in nature and does require time to ensure all assets are tagged. During the annual inventory process, Property Officers throughout the Institution are required to report untagged assets to Asset Management and annually certify that they have accounted for all assets within their departmental control. Management will continue to review and revise policies necessary to ensure that all assets are tagged in a timelier manner.*

*Late FY07, improvements were made to system functionality of the receiving screens in Lawson to better identify capital and controlled equipment. These enhancements will provide more information to the receiving dock personnel to improve the tagging decision process.*

*The University of Texas M. D. Anderson Cancer Center will continue to review procedures to ensure that asset identification tags are affixed to equipment items upon receipt or prior to placing items in service.*

*Management Response and Corrective Action Plan 2008:*

*The enhancements made in FY2007 to system functionality of the receiving screens in Lawson to better identify capital and controlled equipment have provided more information to the receiving dock personnel and have improved the tagging decision process.*

*In addition, corrective action includes the following:*

- 1) Pilot program to provide untagged listings and tags to departmental Property Officers & on-line reports. Based on the success of the pilot, the program will be rolled out to other departments.*
- 2) Continue to discuss preventive measures as part of yearly Property Network Training.*
- 3) Program to track assets, using Altiris software, has been designed and is being implemented.*
- 4) The Computing Management Control policy has been drafted and submitted for stewardship.*

*Implementation date: August 2008*

*Responsible person: M. Karen Drake*

Reference No. 08-84

**Reporting**

(Prior Audit Issue 05-62)

**Research and Development Cluster**

**Award year - May 1, 2006 to April 30, 2007, January 1, 2006 to December 31, 2006, June 1, 2006 to May 31, 2007, September 12, 2005 to July 31, 2006, June 26, 2006 to April 30, 2007, September 25, 05 to August 31, 2006**  
**Award number - CDFA 93.393 P01 CA034936 20, CDFA 93.395 U10 CA10953 39, CDFA 93.395 P01 CA108631 03, CDFA 93.399 P01 CA106541 03, CDFA 93.399 P01 CA108964 02, CDFA 93.397 P20 CA101936 04**  
**Type of finding - Significant Deficiency and Non-Compliance**

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Title 45, Code of Federal Regulations, Section 74.52, requires that the following forms be used for obtaining financial information from subrecipients: SF 269 (Financial Status Report) and PMS 272 (Report of Federal Cash Transactions). The National Institutes of Health's (NIH) Grants Policy Statement (March 2001 and February 2003, revised) - Part II, Terms and Conditions of NIH Grant Awards, specifies that financial or expenditure reporting is required as documentation of the financial status of grants and is accomplished using the Financial Status Report (FSR). The FSR is required on an annual basis and submitted for each budget period, unless the grant is under the Streamlined Non-competing Award Process (SNAP), in which case in lieu of the annual FSR, NIH uses the quarterly SF 272 to monitor the financial aspects of the grant. All non-SNAP NIH grant recipients are required to file an annual SF 269.

Initial Year Written: 2004  
 Status: Implemented  
  
 U.S. Department of Health and  
 Human Services

The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not consistently file the required financial reports with grantors in a timely manner. Six of the 40 (15 percent) financial reports tested were either not filed (1 report) or not filed in a timely manner (5 reports). The 1 report that had not been filed was 66 days late as of the end of audit testing; the Cancer Center is holding that report in order to review documentation for an expense claimed by a subrecipient. The 5 reports not filed in a timely manner were between 5 and 188 days late.

The Cancer Center's reporting process is primarily manual and depends on employees to gather the expenses for the period, verify the allowance and accuracy of the data, input data on a spreadsheet for approval by the Director of Grants and Contracts Accounting and the project Principal Investigator, and input information into a reporting system. When the Cancer Center does not report, or does not report in a timely manner, funding for the future periods may be delayed.

Corrective Action:

Corrective action was taken.



**University of Texas Medical Branch at Galveston**

Reference No. 06-71

**Allowable Costs/Cost Principles**

**Cash Management**

**Matching**

**Period of Availability**

**Reporting**

**Research and Development Cluster**

**Award year - 2005**

**Award number - All Research and Development Grants**

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

Recipients of federal awards are required to have financial management systems that (1) accurately disclose the financial results of each federally-sponsored project or program; (2) identify adequately the source and application of funds for federally-sponsored activities; and (3) provide effective control over and accountability for all funds, property, and other assets (per OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Section .21).

Initial Year Written: 2005  
Status: Partially Implemented  
Federal Agencies that Provide R&D Grants

In September of 2003, the University of Texas Medical Branch at Galveston (Medical Branch) implemented a new accounting system, converting from a mainframe to a complex database system. In the subsequent periods, the Medical Branch began to identify a number of problems with the system implementation. Of particular concern were problems with one module of the database system. This module is the basis for billing the federal government for research and development grants. It also contains information, such as the agreed-upon F&A (facilities and administration or indirect cost) rate and base for each grant, used to allocate costs among the various Medical Branch accounts. The Medical Branch was also experiencing problems with its time and effort reporting.

Subsequently, the Medical Branch contracted with an external specialist to identify the nature and extent of the compliance and operational problems with the system implementation. The Medical Branch expects that process to be complete in December 2006.

The Medical Branch's inadequate planning for and management of its financial management systems represents an overall control weakness in the accounting for federal programs and noncompliance with Uniform Administrative Requirements. During the audit period (fiscal year ended August 31, 2005), Medical Branch management did not know the full effect of the implementation problems on its accounting for federal programs, which represents a material weakness in management's controls over research and development programs. The compliance requirements most affected by these controls are Allowable Costs/Cost Principles, Cash Management, Matching, Period of Availability, and Reporting requirements.

In the third quarter of fiscal year 2005, the Medical Branch implemented a manual control to detect and correct any salary payments in excess of the limits set by the National Institutes of Health (NIH), which funds many of the Medical Branch's research and development programs. However, this control does not appear to be effective. It was not possible to determine within a reasonable amount of time the extent of noncompliance or whether there were questioned costs, but auditors identified at least two instances when the control did not detect overpayment of salary for the quarter tested.

On December 6, 2005, the Medical Branch advised the National Institutes of Health (NIH), which funds many of the Medical Branch's research and development programs, of compliance issues related to this system conversion. Among the issues specifically identified were billings, cost allocation, and noncompliance with NIH salary caps.

The Medical Branch reported total expenditures of \$129,600,257 for the research and development cluster in the Schedule of Expenditures of Federal Awards in the fiscal year ended August 31, 2005.

Recommendation:

To help ensure that the Medical Branch's financial management system conforms to Uniform Administrative Requirements and can be relied upon for the management and reporting of sponsored programs, the Medical Branch should continue its efforts to identify and correct system problems that affect the accounting for its federal programs.

Management Response and Corrective Action Plan 2005:

*Senior leadership at the Medical Branch is actively involved in the ongoing operational changes necessary to achieve research compliance, including resolution of system problems, accuracy of Time and Effort reporting, and integration of key operational areas which may affect the accounting for its federal programs. Efforts were initiated in August 2004 that led to an upgrade in July 2005 of the database system; the upgrade resolved the majority of the technical issues encountered with the system implementation. Additionally, specific projects addressing grants administration operational and accounting issues were initiated in November 2004 and continue at this time. In November 2005, an integrated team of senior leaders began an effort to strengthen our infrastructure and foundation to support our expanding research enterprise. Many corrective actions have already been taken, including reviewing and refreshing, a variety of policies and operating procedures during the early months of FY 2006.*

*A manual review and reconciliation was undertaken to scrutinize all Time & Effort entries for FY 2005, including approximately 4,500 worksheets detailing certification periods by individual. Secondary reviews of this data resulted in identification of improvements that could be made in the reconciliation process and these are being retrospectively incorporated into the FY 2005 review. The manual reconciliation process will continue for all periods until an automated system can be implemented for management of Time & Effort. Accountability for accurate entry of Time and Effort will be re-emphasized and continues to be the responsibility of each individual at all levels of involvement with the system. A mandatory, comprehensive training program for all those entering and/or reconciling time is being implemented in March 2006 to reinforce the Time & Effort guidelines.*

*Due to the complex nature of the issues and database systems we continue to monitor and refine our processes. Senior leadership is committed to providing effective control over and accountability for all federally sponsored activities. We will provide the status of our corrective actions to address this finding at the next quarterly audit finding update.*

Management Response and Corrective Action Plan 2006:

*During the initial install of PeopleSoft training for the end-user and the processing areas was not emphasized. There was a deficiency in knowledge about how information flowed through the various modules. A highly integrated, de-centralized system was rolled out to campus without adequate training and changes to existing business processes. In addition, numerous module-specific customizations were programmed. These customizations negatively impacted other modules because of the integrated nature of the system. Since the original install (version 8.4), an upgrade (version 8.8) has been installed. During the upgrade many of the previous customizations were removed and a rigorous systems implementation approach was used. A priority focus of the upgrade was the training of the end user and processing units. The training is ongoing and expanding today.*

*In addition to the training, a “help-desk” was established. The help desk is staffed with employees who previously worked in processing units, thereby making them functionally and technically knowledgeable. The help-desk also maintains a list of module specific ‘subject matter experts’ who also serve as a source of expertise.*

*UTMB has conducted a significant review of its PeopleSoft financial system through various projects. The “Balance Forward” project entailed reloading the balances that existed at the time of conversation then applying 30 months of transactions to compare against the production database. The variance was .003%. The results of this project established a high level of confidence in our financial system.*

*Staging reports have been developed to identify errors within the billing system. The reports are validated prior to initiating a draw. Templates have been created as a mechanism of standardizing the worksheets supporting financial reports. Additional staff is being hired to increase productivity, new processes are being implemented to increase accuracy and analysis is being done to reconcile and confirm balances within the system. Communications continue with Federal sponsors.*

*Other projects included a review of the contract limit (spending authority) conducted for all UTMB awards to assure that we could not inadvertently draw more than the value of any given award and implementation of a mechanism for stopping all expenditures on the research account while still allowing for revenue and adjustments, if applicable, related to the final report to be processed.*

*The 100% reconciliation of effort to salary expense is continuing from its inception (FY 2005) through the current period. This reconciliation process will continue until a new software program has been implemented that integrates with the PeopleSoft Human Capital Management system. Review of FY 2005 for all salary cap salaries has been performed and any necessary adjustments have been made.*

*Mandatory training for the research community is ongoing for Time & Effort and Financial Responsibility. Through a variety of targeted courses, the entire research community involved in these two areas will be trained by August 31, 2006.*

*Management Response and Corrective Action Plan 2007:*

*Research Services continues to enhance the identification and improvement of financial systems that support federal programs. Quality control reports are developed for currently identified issues. Additionally, there is an increased awareness of the need to identify and update review and monitoring processes for potential future items. System problems previously identified have been corrected and review/monitoring activities are being implemented to ensure correction of items on a timely basis. Additionally, an effort reporting risk assessment has been completed and is under review. A new effort reporting information system is being implemented.*

*Management Response and Corrective Action Plan 2008:*

*Senior UTMB leadership resolved the identified issues with changes in policies, operational activities and procedures, training requirements, resolution of information system problems, integration of key operational areas, and strengthening of the research accounting infrastructure.*

*Additionally, a manual review and reconciliation process was performed to scrutinize all Time & Effort entries for FY 2005, including approximately 4,500 worksheets detailing certification periods by individual. The manual reconciliation process will continue for all periods until the automated system can be implemented for management of Time & Effort in FY 2008.*

*UTMB conducted several significant projects including those related to balance forwards after a system conversion, contract limits, and salary cap salary reviews. Research Services also continues to enhance the identification and improvement of financial systems supporting federal programs with the implementation of quality controls reports and monitoring activities.*

*This is to confirm our conversation last week that due to the impact of Hurricane Ike on the UTMB campus is not practical at this time for the Texas State Auditor's Office to complete its follow up on the FY 2005 A-133 findings. The UTMB campus and City of Galveston are still in a state of recovery with limited available services. UTMB remains primarily in recovery mode with many of the individuals needed for the follow up having only returned to their offices in the last week, focused on resuming "normal" operations after a time away from their offices and a significant reduction in force. We understand that the findings will be repeated with a statement that you were unable to complete follow up due to the impact of Hurricane Ike.*

*Implementation Date: February 2008*

*Responsible Person: William New*

Reference No. 06-74

**Subrecipient Monitoring**

**Research and Development Cluster**

**Award year - 2005**

**Award number - See Below**

**Type of finding - Reportable Condition Control and Non-Compliance**

An entity that passes federal funds through to subrecipients is required to monitor the subrecipients' use of federal funds through reporting, site visits, regular contact, or other means. This monitoring should be adequate to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations and provisions of contracts or grant agreements (per Office of Management and Budget Compliance Supplement, Part 3, Section M).

Initial Year Written: 2005 Status: Partially Implemented  U.S. Department of Health and Human Services
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For 8 of 30 projects tested that involved subrecipients, the University of Texas Medical Branch at Galveston (Medical Branch) did not have evidence that it monitored the subrecipients during the projects.

Award Numbers -

- CFDA 17.261 AH124700260
- CFDA 93.000 N01-HV-28184
- CFDA 93.822 1 D18 HP 10040-03-00
- CFDA 93.359 6 D66HP01379-02-01
- CFDA 93.856 1 U54 AI057156-02, 5 U54 AI057156-02
- CFDA 93.865 1 P01 HD0389833-03, 5 P01 HD039833-03

Recommendation:

The Medical Branch should retain evidence that it has properly monitored subrecipients during research and development projects.

Management Response and Corrective Action Plan 2005:

*Research Services established a subrecipient administrative review program in late summer 2005. A checklist and standard procedure have been identified. In the four months since the inception of this program, work has been started to include all subrecipients in a review process but because of the time frame since inception, not all the population has been incorporated. Certain sponsored projects that may have been administered in areas at UTMB other than Research Services have now been included in the population of projects that will be administered as part of this function. The program is expanding to include all prior subrecipients and the current ones being added.*

Management Response and Corrective Action Plan 2006:

*The sub-recipient monitoring function is fully implemented. Projects not previously under the purview of Research Services have been included in the subrecipient monitoring function. These include the projects listed above. They have each been reviewed and included in the database. In addition, as part of the mandatory "Financial Management for PIs" training course, all Principal Investigators are educated regarding their responsibilities as it pertains to sub-recipients*

Management Response and Corrective Action Plan 2007:

*Research Services has implemented a subrecipient monitoring policy designed to ensure compliance with OMB Circular A-133 requirements. Research Services has initiated steps to insure that current procedures include a quarterly review to insure that all subrecipients will be reviewed over a one year period. As part of Research Services' SOP and review checklist, a determination is made regarding subrecipients requirement to meet A-133. This procedure will be continued.*

*Research Services was actively monitoring subrecipients prior to the implementation of InfoEd in December 2006. The change in information systems required changes to the established procedures and resulted in delays in the on-going monitoring process. Research Services has completed the transition to InfoEd and established effective quality assurance monitoring activities to ensure compliance with the established subrecipient monitoring policy. Additionally, the subrecipient monitor is using a quarterly/YTD progress report for management that will include the population reviewed, selection method for review, timeline of reviews and completeness with the federal guidelines. Management's review of this report will provide support that the monitoring program is addressing the necessary review components.*

Management Response and Corrective Action Plan 2008:

*UTMB Research Services implemented a subrecipient monitoring policy designed to ensure compliance with OMB Circular A-133 requirements. Current procedures are standardized with the utilization of a review checklist and include quarterly reviews to ensure all subrecipients will be reviewed over a one year period.*

*This is to confirm our conversation last week that due to the impact of Hurricane Ike on the UTMB campus is not practical at this time for the Texas State Auditor's Office to complete its follow up on the FY 2005 A-133 findings. The UTMB campus and City of Galveston are still in a state of recovery with limited available services. UTMB remains primarily in recovery mode with many of the individuals needed for the follow up having only returned to their offices in the last week, focused on resuming "normal" operations after a time away from their offices and a significant reduction in force. We understand that the findings will be repeated with a statement that you were unable to complete follow up due to the impact of Hurricane Ike.*

*Implementation Date: February 2008*

*Responsible Person: William G. New*

## University of Texas of the Permian Basin

Reference No. 07-74

### Eligibility

#### Student Financial Assistance Cluster

**Award year - July 1, 2005 to June 30, 2006**

**Award number - CFDA 84.063 P063P053265**

**Type of finding - Reportable Condition Control and Non-Compliance**

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, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

Initial Year Written: 2006  
Status: Partially Implemented

U.S. Department of Education

According to the Satisfactory Academic Progress (SAP) policy established by the University of Texas of the Permian Basin (University), "Undergraduate students are expected to maintain a minimum Cumulative Grade Point Average (CGPA) of 2.00 each semester they are enrolled. Students falling below this minimum CGPA are subject to academic probation or dismissal as described in the 'Grading Policies' section of the catalog. Failure to meet the minimum standards described above or in the 'Grading Policies' section of the catalog will result in sanctions ranging from losing eligibility for scholarships to termination of all financial aid eligibility."

The University did not enforce its SAP policy for 2 of 33 students tested, and these two students continued to receive Title IV loan funds after establishing CGPAs below 2.0. University management attributed the oversight to a breakdown in the manual process involving the review and follow-up on reported information related to academic progress.

### Corrective Action:

This finding was reissued as current year reference number: 09-106.

Reference No. 07-75

### Special Tests and Provisions - Disbursements To or On Behalf of Students

#### Student Financial Assistance Cluster

**Award year - July 1, 2005 to June 30, 2006**

**Award number - All Awards**

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

### Disbursement Notifications

If an institution credits a student's account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2006  
Status: Partially Implemented

U.S. Department of Education

The University of Texas of the Permian Basin (University) did not send the required disbursement notifications to FFELP loan recipients during the 2005-2006 award year. The University does not participate in the FPL program.

Returning Funds to a Lender

An institution must return Federal Family Education Loan Program (FFELP) funds to a lender if the institution does not disburse those funds to a student or parent for a payment period within three business days following the date the institution receives the funds if the lender provides those funds to the institution by Electronic Funds Transfer (EFT) or master check on or after July 1, 1999, or 30 days after the institution receives the funds if a lender provides those funds by a check payable to the borrower or copayable to the borrower and the institution (Title 34, Code of Federal Regulations, Section 668.167).

For 4 of 43 students tested (6 of 62 disbursements), the University held funds for longer than the maximum number of days allowed before disbursing them.

Disbursing Title IV, Higher Education Act Program Funds

If a student is enrolled in a credit-hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, Higher Education Act (HEA) program funds to a student or parent for any payment period is 10 days before the first day of classes for a payment period. The earliest an institution may disburse the initial installment of a loan under the Direct Loan program or Federal Family Education Loan Program (FFELP) to a first-year, first-time borrower is 30 days after the first day of the student's program of study (Title 34, Code of Federal Regulations, Section 668.164).

The University did not maintain support that enabled auditors to determine which students were first-time, first-year borrowers. As a result, the University was unable to demonstrate compliance with this requirement. As an alternative approach, auditors identified two students who appeared to be first-year students because the University's student information system showed no accumulated credits for these students at the beginning of the award year. Auditors tested information associated with these two students (which included three disbursements) and determined that the University did not wait the required 30 days after the first day of the students' program before disbursing loan funds.

Disbursement dates are not set in the financial aid system to ensure funds are disbursed within the appropriate timeframe. The financial aid office relies on an undocumented, manual process to determine when to distribute loan funds.

Required Reviews Prior to Disbursement

Before an institution may disburse Title IV, HEA program funds to a student who previously attended another eligible institution, the institution must use information it obtains from the National Student Loan Data System (NSLDS) or its successor system, to determine (1) whether the student is in default on any Title IV, HEA program loan; (2) whether the student owes an overpayment on any Title IV, HEA program grant or Federal Perkins Loan; (3) for the award year for which a Federal Pell Grant is requested, the student's scheduled Federal Pell Grant and the amount of Federal Pell Grant funds disbursed to the student; (4) the outstanding principal balance of loans made to the student under each of the Title IV, HEA loan programs; and (5) for the academic year for which Title IV, HEA aid is requested, the amount of, and period of enrollment for, loans made to the student under each of the Title IV, HEA loan programs (Title 34, Code of Federal Regulations, Section 668.19).

The University did not maintain evidence that it verified the required information described above with information received from NSLDS prior to disbursing Title IV loan funds. It is the University's practice to assign responsibility for verifying the information from NSLDS for all transfer students to staff in the Student Financial Aid Office; however, auditors found no indications that this verification was occurring.

General Controls

Institutions shall maintain internal control over federal programs that provides reasonable assurance that the institutions are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

The University does not have appropriate segregation of duties within its student financial aid office. Managers have the ability to manipulate the entire award process, including loading students in the student information system, awarding federal assistance, and disbursing funds to that student with no effective approvals throughout the process. In addition, disbursements of less than \$5,000 are generally processed without further inquiry.

All staff within the financial aid office also have the same level of access to the financial aid system (POISE). Student workers with access to POISE can perform the same functions that the financial aid director can perform, including viewing sensitive student information and changing award amounts.

Access to the financial accounting system (DEFINE) also is not appropriately restricted. The financial aid director has access that would allow updates to DEFINE and the creation of journal vouchers resulting in payables to anyone (including payments to university employees). Student workers have this same update access to DEFINE; therefore, they have the ability to view sensitive student information and create checks.

As a result of these weaknesses in internal controls, auditors expanded audit procedures. Auditors did not identify any fictitious students or inappropriate disbursements.

Corrective Action :

This finding was reissued as current year reference number: 09-107.



**University of Texas at San Antonio**

Reference No. 08-85

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.063 P063P063294, CFDA 84.007 P007A064169, CFDA 84.375 P375A063294, CFDA 84.376 P376S063294**

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

The determination of student financial assistance award amounts is based on financial need. Financial need is generally defined as the student's cost of attendance minus financial resources reasonably available. For Title IV programs, the financial resources available are generally the expected family contribution that is computed by the central processor and included on the student's Institutional Student Information Report 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 (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; Direct Loan, Title 34, Code of Federal Regulations, Section 685.301; Health Professions Student Loan, Title 42, Code of Federal Regulations, Section 57.206; Nursing Student Loan, Title 42, Code of Federal Regulations, Section 57.306(b)).

Initial Year Written:	2007
Status:	Implemented
U.S. Department of Education	

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." 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).

During the award year, the University of Texas at San Antonio (University) altered the methodology it used to calculate a student's cost of attendance, which resulted in cost of attendance being calculated inconsistently for students taking the same academic workload. The University calculated cost of attendance incorrectly for 7 of the 50 (14 percent) students tested. As a result, the University overawarded funds to two of these students. Both students' costs of attendance were calculated as if they were full-time students; however, both students were part-time students during the period for which they were awarded funds. The University awarded one student \$885 more need-based awards than his cost of attendance and expected family contribution allowed; \$166 of that amount could have been awarded as a non-need based award. The University awarded the other student \$211 more need-based awards than his cost of attendance and expected family contribution allowed; an additional \$1,223 of non-need-based awards was overawarded to that student.

Corrective Action:

Corrective action was taken.

Reference No. 08-86

**Reporting - Pell Payment Data**

(Prior Audit Issue 07-76)

**Student Financial Assistance Cluster****Award year - July 1, 2006 to June 30, 2007****Award number - 84.063 P063P063294****Type of finding - Significant Deficiency and Non-Compliance**

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System (Office of Management and Budget (OMB) Notice 1845-0039-v.4). Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report the student payment data (1) within 30 calendar days after it makes payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Institutions may do this by reporting once every 30 calendar days, biweekly, or weekly, or they may set up their own systems to ensure that changes are reported in a timely manner.(OMB Compliance Supplement A-133, March 2007, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-16 and 5-3-17))

Initial Year Written:	2006
Status:	Implemented

U.S. Department of Education

If an institution submits a student's payment data in the manner and form prescribed, and if the U.S. Department of Education accepts the data and considers that information to be accurate in light of other available information, the institution may receive either (1) a payment for an award to a Pell Grant recipient or (2) a corresponding reduction in the amount of federal funds received in advance for which it is accountable. Institutions are required to report to the U.S. Department of Education any change in enrollment status, cost of attendance, or other event or condition that causes a change in the amount of a federal Pell grant for which a student qualifies by submitting student payment data that discloses the basis and result of the change in award (Title 34, Code of Federal Regulations, Section 690.83).

For 6 of 40 (15 percent) students tested, the University of Texas at San Antonio (University) did not report disbursement records to the COD System within 30 calendar days of the disbursement date. Five of these instances were related to January 6, 2007, disbursement records that were not reported to COD until February 7, 2007, and one instance was related to a January 15, 2007, disbursement record that was not reported to COD until February 20, 2007. This occurred because an upgrade the University loaded to its financial aid system on January 15, 2007, caused incorrect disbursement numbers or sequences to be assigned to Pell disbursements. The final resolution of the issue did not occur until February 22, 2007.

In addition, for 34 of 40 (85 percent) students tested, the University reported an inaccurate cost of attendance (COA) amount to the COD System. In all but one of these cases, the University reported a lower COA to the COD System. These differences were related to issues from the prior year finding regarding Pell payment data reporting. University management implemented a corrective action plan in December 2006, but all 2006-2007 origination records processed before that date still reflected the incorrect Pell budgets (instead of the revised campus budgets for the 2006-2007 award year). These differences did not result in any overawards of Pell grants in the 2006-2007 award year.

**Corrective Action:**

Corrective action was taken.

Reference No. 08-87

**Special Tests and Provisions - Return of Title IV Funds**

**Student Financial Assistance Cluster**

**Award year - July 1, 2006 to June 30, 2007**

**Award number - CFDA 84.063 P063P063294, CFDA 84.007 P007A064169, CFDA 84.375 P375A063294, CFDA 84.376 P376S063294**

**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 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 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, Section 668.22(a)(1)-(4)).

Initial Year Written: 2007  
Status: Partially Implemented

U.S. Department of Education

Returns of Title IV funds must be deposited or transferred into the student financial assistance account or electronic fund transfers must be initiated to the U. S. Department of Education or the appropriate Federal Family Education Loans 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 University of Texas at San Antonio does not have controls to ensure that it returns Title IV funds within 45 days of determining that students withdraw. The University returned 20 of 27 (74 percent) returns tested after 45 days. For those 20, the University returned funds between 49 and 114 days after the students' withdrawal dates.

Corrective Action:

This finding was reissued as current year reference number: 09-109.

Reference No. 08-88

**Procurement and Suspension and Debarment**

**Research and Development Cluster**

**Award year - Multiple**

**Award number - CFDA 93.865 7R21 HD049664-02, CFDA 93.389 5G12 RR013646-08, CFDA 93.859 5S06 GM008194-27**

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

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed \$25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Office of Management and Budget Circular A-102, Grants and Cooperative Agreements with State and Local Governments, Section 1.d and A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Subpart B.13; Executive Orders 12549 and 12689, Debarment and Suspension; Title 45, Code of Federal Regulations, Part 76, Government-wide Debarment and Suspension).

Initial Year Written: 2007  
Status: Implemented

U.S. Department of Health and Human Services

The University of Texas at San Antonio (University) has a procurement policy that requires vendors to complete a debarment certification form if they participate in the bid or proposal process involving federal funds in the amount of \$100,000 or more. For purchases between \$25,000 and \$100,000 that are bid out, the University's invitation to bid contains a clause that requires the vendor to certify that it is not suspended or debarred by signing and returning the bid.

For three sole source purchase orders between \$25,000 and \$100,000, the University did not obtain the required suspension and debarment certifications. Auditor reviewed the EPLS and determined that the vendors associated with these three purchases were not suspended or debarred.

In addition, the University used a blanket purchase order for one purchase that exceeded \$100,000, and it did not obtain the required suspension and debarment certification for that purchase.

Corrective Action:

Corrective action was taken.

**University of Texas at Tyler**

Reference No. 07-87

**Eligibility**

**Student Financial Assistance Cluster**

**Award year - July 1, 2005 to June 30, 2006**

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

**Type of finding - Reportable Condition Control 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 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: 2006

Status: Implemented

U.S. Department of Education

The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." The University 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).

The University of Texas at Tyler (University) estimates a student's cost of attendance based on half-time enrollment for each semester a student is enrolled, regardless of the number of hours in which the student is actually enrolled for the semester. Therefore, if a student is enrolled in more than a half-time course load, the student's cost of attendance and financial need are understated. This understatement of financial need could result in the student not receiving aid for which he or she is eligible.

The University incorrectly calculated the cost of attendance for 31 (78 percent) of 40 students tested.

According to the Schedule of Expenditure of Federal Awards, the University awarded \$21,573,820 in federal financial assistance to students during 2005-2006.

Corrective Action:

Corrective action was taken.

**Water Development Board**

Reference No. 08-89

**Allowable Costs/Cost Principles**

**Cash Management**

**Matching and Earmarking**

**Period of Availability of Federal Funds**

**Reporting**

**CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds**

Award year - Multiple

Award number - CS-480002-03 SRF, CS-480002-04 SRF, CS-480002-05 SRF, and CS-480002-06 SRF

**CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds**

Award year - Multiple

Award number - FS-99679503 DWSRF-SWP, FS-99679504 DWSRF-SWP, FS-99679504 DWSRF-Construction, and FS-99679505 DWSRF-Construction

Type of finding - Significant Deficiency

Office of Management and Budget Circular A-133, Section 300(b), requires entities to maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Initial Year Written:	2007
Status:	Implemented
U.S. Environmental Protection Agency	

In addition, Title 1, Texas Administrative Code, Section 202.20(1), states that “Information resources residing in the various state agencies of state government are strategic and vital assets belonging to the people of Texas. These assets must be available and protected commensurate with the value of the assets. Measures shall be taken to protect these assets against unauthorized access, disclosure, modification or destruction, whether accidental or deliberate, as well as to assure the availability, integrity, utility, authenticity, and confidentiality of information. Access to state information resources must be appropriately managed.” Title 1, Texas Administrative Code, Section 202.25(3)(B) states that “A user’s access authorization shall be appropriately modified or removed when the user’s employment or job responsibilities within the state agency change.”

The Water Development Board (Board) does not always remove access to its network after an individual is no longer employed by the Board. Auditors determined that four individuals whose employment with the Board had been terminated still had access to the Board’s network. After auditors brought this issue to the Board’s attention, the Board removed the access for these individuals.

In addition, in July 2007, the Board’s internal auditor recommended that each employee have a current form on file that identifies all authorized access to the Micro Information Products (MIP, the Board’s internal accounting system) and a group of systems managed by the Office of the Comptroller of Public Accounts. The group of systems includes Uniform Statewide Accounting System, the Uniform Statewide Payroll/Personnel System, the Texas Identification Number System, and Web Warrant Inquiry/Cancellation Access. In addition, the internal auditor recommended that the Board review the forms when staff duties are altered significantly. Auditors reviewed access levels for MIP during federal compliance testing and determined that the access levels were appropriate.

During federal compliance testing, auditors did not identify any issues that resulted from the deficiencies discussed above.

Corrective Action:

Corrective action was taken.

## WATER DEVELOPMENT BOARD

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Reference No. 08-90

### Reporting

#### CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds

Award year - Multiple

Award number - CS-480002-03 SRF, CS-480002-04 SRF, CS-480002-05 SRF, and CS-480002-06 SRF

#### CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds

Award year - Multiple

Award number - FS-99679503 DWSRF-SWP, FS-99679504 DWSRF-SWP, FS-99679504 DWSRF-Construction, and FS-99679505 DWSRF-Construction

Type of finding - Significant Deficiency and Non-Compliance

The Water Development Board (Board) is required to submit annual reports to the U.S. Environmental Protection Agency beginning the first fiscal year after it receives payments under Title VI (Title 40, Code of Federal Regulations, Sections 35.3165(a) and (b)).

Initial Year Written: 2007  
Status: Implemented

U.S. Environmental Protection  
Agency

According to the Board, the *Clean Water State Revolving Fund (SRF) Annual Report* and the *Drinking Water Fund SRF Annual Report* are both due to the U.S. Environmental Protection Agency on November 30. In addition, the U.S. Environmental Protection Agency is required to conduct annual reviews and ensure that the Board complies with the terms of its capitalization grant agreements (Title 40, Code of Federal Regulations, Section 35.3165 (c)). The U.S. Environmental Protection Agency prepares and submits a program evaluation report to the Board.

The Board did not always submit required reports or management responses in a timely manner. Specifically:

- The Board submitted the *Clean Water SRF Annual Report* almost three months after the November 30, 2006, due date. In addition, the Board submitted its responses to the U.S. Environmental Protection Agency's comments and suggestions for that report on November 30, 2007. Responses were initially due in June 2007.
- The Board submitted the *Drinking Water SRF Annual Report* almost four months after the November 30, 2006, due date and almost one month after the extended due date.

The U.S. Environmental Protection Agency conducted annual reviews and submitted program evaluation reports to the Board for its responses. For the Clean Water SRF Program, the Board responded to the U.S. Environmental Protection Agency's request for clarification and correction two months after the requested date. For the Drinking Water SRF Program, the Board responded one month after the due date.

#### Corrective Action:

Corrective action was taken.